



Special Variation Application Form Part B

Junee Shire Council

Application Form

2023-2024

Local Government »

Enquiries regarding this document should be directed to a staff member:

Edward Jenkins (02) 9113 7774

Sheridan Rapmund (02) 9290 8430

The Independent Pricing and Regulatory Tribunal (IPART)

Further information on IPART can be obtained from [IPART's website](#).

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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Council information

Council name	Junee Shire Council
Date submitted to IPART	1 February 2023

About this application form

IPART has revised the Application Form to be completed by councils applying for a special variation (SV) to general income for 2023-24 under section 508(2) or 508A of the *Local Government Act 1993* (LG Act). The application form is in two parts:

- Special Variation Application Form Part A (separate Excel spreadsheet)
- Special Variation Application Form Part B (this MS Word document)

The SV Application Form Part B consists of:

- Description and Context Questions
- Criterion 1: Need for the variation
- Criterion 2: Community awareness and engagement
- Criterion 3: Impact on ratepayers
- Criterion 4: IP&R documents
- Criterion 5: Productivity improvements and cost containment strategies
- Criterion 6: Other relevant matters
- Council certification and contact information
- List of attachments

When completing this Application Form, councils should refer to the following:

- Apply for a SV or minimum rates (MR) increase page of IPART's [website](#)
 - Fact Sheet – Special Variations in 2023-24
 - Information paper – Special Variations in 2023-24
 - Information paper – Community awareness and engagement for special variations

The Office of Local Government (OLG) [SV Guidelines](#) issued in November 2020.

Preparing your application

How much information should a council provide?

While the criteria for all types of SVs are the same, the OLG Guidelines state that the extent of evidence required for assessment of the criteria can alter with the scale and permanence of the SV proposed.

The amount of information that a council provides will be a matter of judgement for the council, but it should be sufficient for us to make an evidence-based assessment of the application. Generally, the extent of the evidence should reflect the size and complexity of the variation sought.

Attaching supporting material

We encourage councils when filling in this Application Form to present data in tables or summaries and include full versions of documents as attachments. Responses in the text boxes should clearly cross-reference where the information is located in the supporting documents attached to the council's application. Extracts included in the responses in this application from Integrated Planning & Reporting framework (IP&R) documents and consultation material should be succinct and selected for relevance and significance.

Confidential content in supporting material

IPART will post all applications (excluding confidential content) on the IPART website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, or a document such as a council working document that does not have formal status, or a document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as **CONFIDENTIAL**. To protect confidential details in submissions from ratepayers, either redact or submit as a confidential attachment (see List of attachments).

Submitting the application online

Applications must be submitted through IPART's Council Portal by close of business on Friday, 3 February 2023.

- A file size limit of 10MB applies to the Application Form Part B.
- For supporting documents (Attachments) a file size limit of 400MB applies to public documents, and another 200MB to confidential documents.

Contact Arsh Suri on (02) 9113 7730 for assistance with using the Council Portal.

Publishing the council's application

Councils should also publish their application on their own website for the community to access.

Description and Context

These questions seek information not tied to a specific criterion in the OLG guidelines. Councils should provide a response where the Question is relevant to its application.

Question 1: What is the type and size of the special variation the council is applying for?

In the checkbox and Table 1, please indicate the type of the proposed SV - section 508(2) or 508A the council is requesting and:

- specify the percentage increases in each of the years in which the SV is to apply,
- the cumulative increase for a section 508A SV, and
- whether the SV is to be permanent or temporary.

A year is within the SV period if it is a year in which the council is proposing an increase of income that is not the rate peg. For example, if a proposal was for a permanent SV of 10% in each year of the next 2-years then 2023-24 and 2024-25 would be within the SV period. If the proposal was for a temporary SV of 8% for 2023-24 to be retained in the rate base for 5 years, the SV period would be 2023-24 only.

Provide select the proposed SV type using the checkbox and complete Table 1.

Special variation type

Permanent or Temporary

☐

Section 508(2)

☒

Section 508A

☒

Permanent

☐

Temporary

Table 1 The council's proposed special variation

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Is this year in the SV period?	yes	yes	no	no	no	no	no
Percentage increase (including the rate peg)	17.5%	12.5%	X.X%	X.X%	X.X%	X.X%	X.X%
Cumulative percentage increase over the SV period for s 508A (including the rate peg)	32.19%						

Note: Please leave the percentage increase value blank for years that are outside of the SV period.

Note 2: The cumulative percentage increase is the total increase in rates over the SV period. For example, a permanent multi-year SV of 10% in 2023-24 and 15% in 2024-25 would be a cumulative increase of 26.5% over the SV period. Due to the higher actual rate peg of 3.8% in 2023-24, the SV is revised to 13.7%, meaning that the total rise remains 17.5%.

Question 2: What is the key purpose of the requested special variation?

In the **text box** indicate at the highest level (that is, the shortest possible summary) the key purpose(s) of the proposed SV. The purposes could include one, or a combination of:

- improving financial sustainability
- maintaining existing services and service levels generally

- providing new or enhanced services or service levels for specific council operations
- implementing new projects or activities, e.g. environmental works
- reducing infrastructure backlogs for asset maintenance and/or renewals
- investing in new assets
- contributing to projects of regional significance
- meeting special cost pressures faced by the council
- meeting the shortfall where contributions for local infrastructure are capped.

This section should also include an outline of the key steps undertaken in reaching a decision to make an application.

The main purpose and drivers for the special rate variation are:

- To ensure financial sustainability.
- To maintain existing services and service levels generally.
- To maintain a robust capital works program that reduces the infrastructure asset backlog.

Without the SRV, Council will have insufficient money to maintain current services and will not be able to fully fund its Capital Works Program over the ten years.

Core deficits in the General Fund have developed over time as a result of growing costs outpacing revenue growth, along with additional compliance and governance costs.

Without the rate increase, Council's financial capacity to respond to unforeseen circumstances will be limited, and there will be an increased risk of exponential deterioration in Councils' asset conditions.

The special rate variation will ensure Council's ongoing financial sustainability with surpluses in General Fund, and therefore, the consolidated operations of Council.

Continuing General Fund deficits will significantly reduce Council's unrestricted cash position and restrict Council's ability to respond to community expectations for continuation of current services and asset conditions.

In its 2022-26 Combined Delivery Program, Operational Plan and LTFP, Council identified and flagged the need to consider an SRV.

Council has reviewed its services and asset renewal requirements. As part of the services review, Council has decided not to continue providing family day care services. This is expected to save \$113,000 per year. However, Council still requires additional revenue to continue the delivery of all other services at the current levels.

Council has also identified the need for additional funding of \$250,000 per year for the renewal program for buildings, parks and gardens, playgrounds, recreation and stormwater assets.

For Council's General Fund to be financially sustainable over the longer term, there is a need to address the ongoing annual deficits – estimated at \$1.0 million in 2023/24 increasing to \$1.6 million in 2031/32.

Over the past four years, Council has worked hard at identifying and implementing savings and productivity improvements. These cost retention actions have enabled Council to continue to

deliver the current suite of services and assets. All savings and improvements are incorporated within the LTFP base case (no SV income) cost structures.

Into the future, Council has developed a service review program for the next four years and implementation of the Renewable Energy Action Plan. It is expected that the outcome of these reviews will deliver further productivity improvements with very minimal savings.

In summary, Council undertook the following steps to determine the need and level for an SRV:

- Reviewed operations resulting in service savings
- Undertook asset financial modelling
- Updated Asset Management Strategy and Plans
- Developed ten-year LTFP models including base case and two other scenarios/options
- Assessed and developed financial sustainability options including SRV.

Council updated its LTFP incorporating the specific savings and SRV options for community engagement. Council consulted with the community on the potential SRV before making a final decision to apply.

Council included information on the proposed SRV in its regular newsletters and to the media. Ten forums were held for the community to find out more and to ask questions.

Council sought feedback from the community on the SRV and its updated Long Term Financial Plan from 5 September to 20 October 2022, through public forums, submissions and comments via Council's website.

After considering the community feedback, Council adopted the revised LTFP and resolved to submit an SRV application

.

Question 3: Is the council proposing to increase minimum rates in conjunction with the special variation?

Complete this question if the council proposes to increase minimum ordinary or special rates in conjunction with the SV for 2023-24.

Councils may have to submit a separate application for an increase to MR in addition to applying for the SV.

A separate MR increase application is needed in the following circumstances:

- The council is currently charging a minimum ordinary rate *at or below the statutory limit*, and intends, as part of implementing the SV, to apply a lower, higher or the same percentage increase as the requested SV percentage, which would result in a minimum rate in any rating category or sub-category *exceeding the statutory limit* for the first time.
- The council is already charging a minimum ordinary rate *above the statutory limit*, and the council is seeking to increase a MR by a percentage *higher than* the proposed SV percentage increase for any year.

- The council proposes to charge a special rate (other than a water supply or sewerage special rate) above \$2.
- The council already has approval from IPART to charge a special rate (other than a water supply or sewerage special rate) above \$2 and proposes to increase the amount of that rate.

In these situations, councils should complete Minimum Rate Application Form Part B 2023-24 (Word document) available on our website [here](#).

Councils **do not need** to submit a separate MR increase application if, in conjunction with the special variation, the proposed increase to minimum rates would result in minimum rates in all rating categories and/or sub-categories still being *at or below the statutory limits*.

To respond to this question, councils need only to provide the summary information required in the **question box**.

IPART will rely on data in the SV Application Form Part A and the MR Increase Application Form Part A for detailed information about how the proposed SV would increase minimum amounts of rates.

If the increase applies to an ordinary rate, complete this section

Does the council have an ordinary rate(s) subject to a minimum amount?	No
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Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time?	No
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Which rates will the increases apply to?	Choose an item.
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If the increase will apply to only some subcategories, specify	Click or tap here to enter text.
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Does the council propose to increase the minimum amount of its ordinary rate(s)? if so, by what percentage?	Choose an item. X%
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What will the minimum amount of the ordinary rate(s) be after the proposed increase?	\$Click to enter amount
--	-------------------------

Has the council submitted an application for a minimum rate increase?	Choose an item.
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If the increase applies to a special rate, complete this section

Does the council propose to increase the minimum amount of a special rate above the statutory limit?	No
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What will the minimum amount of the ordinary rate(s) be after the proposed increase?	\$Click to enter amount
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Has the council submitted an application for a minimum rate increase?	No
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The council must ensure that it has submitted MR Increase Application Form Parts A and Part B, if required.

Question 4: Does the council have an expiring special variation?

If the council has an expiring SV, IPART requires additional information to ensure the Instrument approving a new SV accurately calculates the amount the council has to remove from its general income before applying any adjustment to the council's general income which may be approved.

OLG's SV Guidelines specify that councils must contact OLG to confirm the calculation of the amount to be deducted from the council's general income for the expiring SV.

Complete this question if the council has a temporary SV which is due to expire:

- on 30 June 2023, or
- at the end of a later year in the period the requested SV would apply.

The council must calculate the amount to be removed from general income when the SV expires in accordance with the method explained in Attachment 1 to the SV Guidelines. It should also seek confirmation of this calculation from OLG and attach OLG's advice to the Application Form.

Provide the information as requested in the question boxes.

Does the council have an SV which is due to expire on 30 June 2023?	No
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Does the council have an SV which is due to expire at some time during the period for which the new SV is being requested?	No
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If Yes to either question: a. When does the SV expire?	Click or tap here to enter text.
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b. What is the percentage to be removed from the council's general income?	Click or tap here to enter text.
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c. What is the dollar amount to be removed from the council's general income?	Click or tap here to enter text.
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Has OLG confirmed the calculation of the amount to be removed?	Choose an item.
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Attachments required:

- Instrument(s) approving any SV which expires at the end of the current financial year or during the period covered by the proposed SV.
- OLG advice confirming calculation of the dollar amount to be removed from general income as a result of the expiring SV.

Question 5: Does the council have an existing (ongoing) section 508A special variation which applies in 2023-24?

Complete this question if the council has an existing section 508A multi-year SV instrument which approves an increase to general income above the rate peg for 2023-24 and future years within the period covered by the council's SV application.

If the council has an ongoing section 508A SV and is seeking additional changes to general income during the term of that existing SV, IPART will need to vary the original instrument if the additional SV is approved, rather than issuing an additional SV instrument to apply for 2023-24 (or later years).

The council should understand that by completing this application form and seeking a further change to the council's revenue path, it is, in effect, applying to IPART to vary the original instrument.

IPART will assess the application using the same criteria (see Criteria 1 to 6 in this SV Application Guide and the SV Guidelines), as for any application for a new SV.

While IPART's assessment will typically focus on the additional percentage increase sought, we may also consider whether it is appropriate to maintain the existing component of the section 508A SV, especially in light of any circumstances which are materially different from those in place when the original increase was approved.

OLG's SV Guidelines (Section 6) set out the list of factors which IPART may take into account when assessing an SV application, one of which is compliance with conditions in instruments approving previous SVs. When assessing applications for SVs in 2023-24, IPART will also take into consideration the council's compliance with conditions in instruments approving SVs in the previous five years.

The council's application should be clear about whether the information provided is in relation to the incremental increase being sought or the total cumulative increase that would be reflected in a varied instrument if the additional increase is approved.

Supporting documents could include extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Does the council have a section 508A multi-year SV instrument that applies in 2023-24?	No
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If yes to the above question, in the text box:

- Specify the percentage increase(s) and duration of the SV.

- Outline the council's actions in complying with conditions in the instrument approving the original SV.
- Describe any significant changes relevant to the conditions in the instrument since it was issued.

Attachments required:

- A copy of the SV instrument.
- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument.
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument.

Question 6: Has IPART approved a special variation for the council in the past five years?

When assessing applications for SVs in 2023-24 IPART will take into consideration the council's compliance with conditions in SV instruments approved in the previous five years. OLG's SV Guidelines (Section 6) sets out additional factors which IPART may take into account when assessing an SV application, one of which is compliance with conditions in instruments approving previous SVs.

Complete this question only if IPART has approved an SV for the council in the past five years.

You **do not need** to complete the text box for this question if the relevant information has been provided in the council's response to Question 5.

Supporting documents could include extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Does the council have a section 508(2) or 508A SV which IPART has approved in the past five years?	Yes
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If yes to the above question, in the text box, for each SV approved in the past five years, briefly:

- Specify the type of SV and the increase to general income approved.
- Outline the council's actions in complying with conditions in the SV instrument(s).
- Describe any *significant* changes relevant to the conditions in the SV instrument(s) since it was issued.

On 6 April 2022 the Office of Local Government announced guidelines for the Additional Special Variations (ASV) process for 2022-23 under circular 22-07 (ASV guidelines).

Council applied for a permanent Additional Special Variation (ASV) for a percentage increase in its general income of 2.5% in 2022-23 (inclusive of the rate peg). The rate peg for Council in 2022-23 was set at 0.7%. Council had budgeted for a 2022-23 increase of 2.5%.

IPART approved Council's application for a permanent 2.5% ASV in 2022-23 (including the rate peg). Council can increase its general income by 2.5% in 2022-23 and permanently keep this additional income in its rate base. IPART decision means Council can increase income by 1.8% above the rate peg.

The increase Council applied for matched the increase in income per the Long Term Financial Plan (LTFP) planning documents. Council's 2018-19 LTFP, as part of its IP&R documentation, budgeted a 2022-23 rate peg of 2.5% which matched Council's ASV application for 2.5% in 2022-23.

Council resolved on 15 March 2022 to apply to increase its income by 1.8% above the rate peg (\$0.08 million in 2022-23). It explained the reasons why the ASV was required, that is, the ASV was required to fulfil the objectives in Council's Delivery Program and Operational Plan, and Council also considered the impact on ratepayers to be reasonable.

Council's application showed that when considering updated forecasts, the forecast average Operating Performance Ratio was below 2.0%. This demonstrated a financial need for the additional income.

Attachment 20 is a copy of the ASV instrument approving the ASV.

Council confirms and declares that it is complying with the conditions of the ASV instrument and applying the ASV to fund services and asset renewals.

Attachments required:

- A copy of the relevant instrument(s) approving SVs issued by IPART in the past five years.
- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s).
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s).

Question 7: Does a project to be funded by the special variation require a capital expenditure review?

Complete **the question box** if the council intends to use any of the additional general income the council would receive if IPART approves the SV to undertake major capital project(s) which require a capital expenditure review.

OLG's [Capital Expenditure Guidelines](#) require a capital expenditure review for projects that are not exempt and cost in excess of 10% of council's annual ordinary rates revenue or \$1 million (GST exclusive), whichever is greater.

A capital expenditure review is a necessary part of a council's capital budgeting process and should have been undertaken as part of the IP&R requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Is a capital expenditure review required for a project to be funded by the proposed SV r in accordance with OLG's Capital Expenditure Guidelines?	No
If Yes, has a review been done and submitted to OLG?	Choose an item.
If yes, has the review been included as an attachment to this application?	Choose an item.

Question 8: Does the council have deferred general income increases available to it?

Complete **the question box** if council has decided not to apply the full percentage increases to general income available to it in one or more previous years under sections 506, 508(2) or 508A of the LG Act.

Section 511 of the LG Act was amended in 2020 to allow councils to catch-up any deferred general income increases over a period of 10 years.

In assessing this criterion, IPART will take into account whether a council has a large amount of revenue yet to be caught up over the next several years, and it should explain in its application how that impacts on its need for the SV.

Does the council have deferred general income increases available to it from one or more previous years under section 511 of the LG Act?	No
If Yes, has the collection of this additional income been included in the Council's Long Term Financial Plan (LTFP)?	Choose an item.

In the text box explain:

a. The quantum, rationale and timing of any deferred increases in general income.

[Click here to enter text.](#)

b. When council plans to catch up on the deferred general income through the catch up provisions and whether this been included in the LTFP.

[Click here to enter text.](#)

c. How does this deferred income impact on the council's need for the SV and its cumulative impact on ratepayers' capacity to pay?

[Click here to enter text.](#)

Criterion 1 – Need for the Special Variation

Criterion 1 in the SV Guidelines is:

The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the special variation) is clearly articulated and identified in the council's IP&R documents, in particular its Delivery Program, Long Term Financial Plan and Asset Management Plan where appropriate. In establishing need for the special variation, the relevant IP&R documents should canvass alternatives to the rate rise. In demonstrating this need councils must indicate the financial impact in their Long Term Financial Plan applying the following two scenarios:

- Baseline scenario – General Fund revenue and expenditure forecasts which reflect the business-as-usual model, and exclude the special variation, and
- Special variation scenario – the result of implementing the special variation in full is shown and reflected in the General Fund revenue forecast with the additional expenditure levels intended to be funded by the special variation.

The IP&R documents and the council's application should provide evidence to establish this criterion. This could include evidence of community need/desire for service levels/projects and limited council resourcing alternatives.

Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies.

In assessing this criteria, IPART will also take into account whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the special variation.

The response to this criterion should summarise the council's case for the proposed SV. It is necessary to show how the council has identified and considered its community's needs, as well as alternative funding options (to a rates rise). You should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

Information and financial analysis contained in the council's IP&R documents and its application should demonstrate the financial need for the proposed SV. IPART will undertake its own analysis of the council's financial performance under scenarios with and without the SV, as explained in Box 1. The council's response to criterion 1 should use the terminology included in Box 1

Box 1 IPART analysis of financial need using information in the council's application for a special variation

IPART uses information provided by the Council in its application to assess the impact of the proposed SV on the Council's financial performance and financial position in relation to its operating result and infrastructure spending.

Based on the Council's application and LTFP (where appropriate), we calculate financial forecasts under three scenarios:

1. **The Proposed SV Scenario** – which includes the Council's proposed SV revenue and expenditure.
2. **The Baseline Scenario** – which shows the impact on the Council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.
3. **The Baseline with SV expenditure Scenario** – which includes the Council's full expenses from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the Council's financial sustainability if it still went ahead with its full expenditure program included in its application but could only increase general income by the rate peg percentage.

Case for special variation – How did the council establish the need for the special variation?

In the table below, please provide a short summary of what the council published in its IP&R documents that show that the council meets each component of criterion 1. Please also provide a reference to where in the IP&R documents this evidence can be found. The answers to these questions should explain:

- How the council identified and considered the community's needs and desires in relation to matters such as levels of service delivery and asset maintenance and provision.
- How the decision to seek higher revenues above the rate peg was made.
- Which other options were examined, such as changing expenditure priorities or using alternative modes of service delivery.
- Why the proposed SV is the most appropriate option: for example, typically other options would include introducing new or higher user charges and/or an increase in loan borrowings, public private partnerships or joint ventures.
- How the proposed SV affects the LTFP forecasts for the General Fund, and how this relates to the need the council identified. Our assessment will also consider the assumptions which underpin the council's LTFP forecasts.
- If the need for the expenditure is not required to meet a financial need, the council should provide evidence of the community's desires for the services or assets to be funded by the proposed SV and its willingness to pay for them.

If the council has **an ongoing SV**, while the response should focus on the additional percentage increase to general income being sought, it should also specify:

- How the council has implemented the program of expenditure funded by the existing SV income.
- Whether any circumstances relating to the financial need for the additional revenue changed since it was approved, for example the council has received grant funding or income from other sources for the project.
- How changed circumstances have given rise to the need for an additional increase to general income.
- How closely revenue and expenditure in past years matched the projections made in the council's LTFP when applying for the original, and if relevant, the reasons for any significant differences.

Where the council **proposes to increase the minimum amount of rates** in conjunction with the SV, the responses to the questions should include information about the MR increases where relevant. However, the council should explain its rationale for increasing minimum rates above the statutory limit when completing the MR Increase Application Form Part B in relation to criterion 1: Rationale.

Table 2 Criterion 1 components

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the SV) is clearly articulated and identified in the council's IP&R documents	<p>Council identified the need for the SV in its 2022-25 Combined Delivery Program and Operational Plan (Attachment 2, Combined DP and OP) adopted on 28 June 2022 and also in the previous DPOP. In the Commentary on the DP and OP – Key Features, Council notes that "the primary purpose of the SRV is to ensure Council's Long Term Financial Sustainability, as well as maintaining service levels and enabling Council to undertake a viable Capital Works Program". (p 34) "If the proposed SRV does not proceed, there will need to be significant cuts to existing services, including staff reductions."(p 35).</p> <p>In the Cash Flow section of the Combined DP and OP, Council notes that "General Funds cash will decrease significantly in the first year due to the pre-paying of 75% of the Financial Assistance Grant and the River Road Grant. Keeping an adequate cash balance is reliant on the SRV being implemented."(Attachment 4, Combined DP and OP, p 35).</p> <p>The need and purpose of a different rate path for Council's general fund was further explored in the Long-Term Financial Plan (LTFP), both the version adopted on 28 June 2022 (Attachment 3), and the revised LTFP adopted on 15 November 2022 (Attachment 4), which modelled the proposed SV amount being sought in more detail.</p> <p>In the LTFP (Attachment 4), at the Executive Summary, 1.3 What We Know, Council notes "In 2021/22, Council made a net operating surplus of \$2.86 million when capital revenues are excluded. The net operating result was generated by abnormal circumstances, being an advanced payment of the Federal Assistance Grant, which would have otherwise been received in 2022/23 - and one-off revenue from residential land sales.</p> <p>Council's financial sustainability continues to face significant pressures, as highlighted in Attachment 4 - 4.4 Financial Environment - Balancing the Budget, pp 10-11:</p> <ul style="list-style-type: none"> • An increasing burden because of cost-shifting from other levels of government. • Additional costs of construction, particularly the cost of engaging contractors. • Increasing costs to procure goods and services have been consistently higher than rate pegging increases as determined by IPART. • The increased cost of fuel and fuel-based product costs. • Increased reporting and compliance burdens. • Greater competition in allocating external funding, such as the Financial Assistance Grants. <p>In the current LTFP (Attachment 4), Council outlines the "financial outcome base case scenario is that continual operating deficits commence from 2023/24, (pp 4-5), and Council runs out of cash by 2028-29 at the consolidated fund level and for General Fund in 2026/27. This, combined with the capital expenditure program, will adversely impact Council's unrestricted cash position every year of the LTFP.</p>	<p>Attachment 2, Junee Shire Council- Combined Delivery Program and Operational Plan 2022-25: Commentary on the DP and OP – Key Features, pp 34 – 35</p> <p>Attachment 4, Junee Shire Council- Long Term Financial Plan 2023-33 (LTFP), adopted 15 Nov 2022: Executive Summary – 1.3 What We Know, pp 4 – 6; 4.4 Financial Environment - Balancing the Budget, pp 10-11 4.15 Asset Management - 4.15.1 Asset Management Strategy, p 15</p> <p>Attachment 5, June Shire Council- Strategic Asset Management Plan May 2022, adopted 28 June 2022: 1.2 Asset Backlog, at p 2</p>

The above factors mean that, as with many Councils in NSW, Junee Shire Council is faced with an income gap, with costs increasing at a greater rate than revenues and a minimal cash buffer to absorb it.

Council recognises that financial sustainability cannot occur without a robust underlying asset management system. The alignment of asset management and economic sustainability outcomes are critical to the success of the LTTP, as well as the identification of appropriate service levels to support the community.

This is supported by Council's Strategic Asset Management Plan (SAMP) and Asset Management Plan for each asset class. Council's Strategic Asset Management Plan (Attachments 5 and 6) were recently reviewed and adopted.

Council has a combined asset backlog of \$5.3 million (as of 30 June 2021), with this being the estimated cost to bring assets to a satisfactory standard (Attachment 5, SAMP, p 2). The SAMP outlines the up-to-date costs of renewal, maintenance, and operation of Council's assets.

In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.

Council has implemented alternatives to a rate rise over the past four years. These cost-reduction actions have enabled Council to continue to deliver the current suite of services and assets. The savings and improvements have been incorporated within the base case cost structures of the Attachment 4 15 Nov 2022 adopted LTTP. These improvements have included:

- LED lighting programs
- green power energy - smart metering implemented
- Fringe Benefits Tax savings
- reduction in passenger vehicles
- increase in fuel tax credit rebate
- reduce debt by \$2 million over two years
- internal borrowings resulting in savings
- reduced leave liability.

Attachment 5: Junee Shire Council-Strategic Asset Management Plan (SAMP), adopted 28 June 2022, p2.

Attachment 4, Junee Shire Council-Long Term Financial Plan 2023-33 (LTTP), adopted 15 Nov 2022: pp 22,23 and 39.

In revising the LTTP, Council consider a range of improvement initiatives, namely

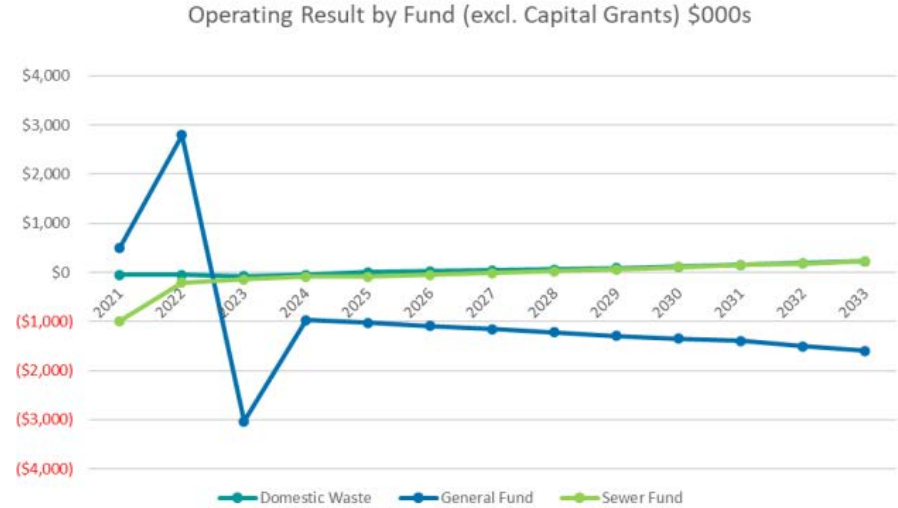
- reducing services and service levels
- increasing fees and charges
- ceasing/transferring services
- disposing of assets
- proposed SRV options.

Council had determined to transfer the family day care service to another service provider giving three months' notice. This and other alternatives were canvassed with Council in workshops in August and November 2022, and as a result, the LTTP was revised and updated to model the impact of the additional savings and an SRV. Council determined to consult the community on its preferred option ceasing the family day care service, increase asset renewal expenditure, and an SRV over two years. This would enable Council to:

- to achieve financial sustainability
- maintain existing services and service levels generally

	<ul style="list-style-type: none"> increase expenditure on the asset renewal program. <p>These sustainability improvement options, considered by Council, were presented to the community along with three SRV options. (Attachment 8, Presentation to Community - Special Rate Variation Community Meetings, Slides 11, 12 and 15)</p>	Attachment 8, Junee Shire Council- SRV Community Presentation: Slides 11 &12, Slide 15
In demonstrating this need councils must indicate the financial impact in their LTFP	<p>The updated LTFP outlines the financial impacts of the Special Variation and the base case without the Special Variation.</p> <p>The base case models the continuance of services and maintenance of assets at the current level. This scenario shows that Council will incur General Fund deficits before capital items from 2023-24 onward. It also demonstrates a significant depletion of cash, which funds the day-to-day operations of Council and asset renewal program. It is expected that Council's General Fund will run out of cash in 2027, highlighting the need for Council to achieve a small General Fund operating surplus.</p> <p>The SRV scenario models a normal continuance of services, maintenance of assets, additional asset renewal spend and ceasing the family day care service, as well as the inclusion of the proposed Special Variation. This scenario shows that with the proposed SRV, Council is able to maintain modest surpluses commencing in 2025. This enables additional renewal expenditure and increases in unrestricted cash to build a reserve to manage through potential economic shocks and unforeseen events.</p> <p>Council is applying for a proposed SRV of 15% in 2024 and 10% in 2025. (Attachment 4, LTFP, pp 4-5)</p> <p>The updated LTFP outlines the financial impacts of the SRV Case (Scenario Two) and the base case without the Special Variation (Scenario One).</p>	Attachment 4, Junee Shire Council- Long Term Financial Plan 2023-33, (LTFP), adopted 15 Nov 2022: Sections 5 and 6 pp 109 -25. Section 1.3 What We Know, pp 4-5.
The IP&R documents and the council's application should provide evidence to establish this criterion. This could include evidence of community need/desire for service levels/projects and limited council resourcing alternatives.	<p>The primary purpose of the SRV is to ensure that Council meets its obligations under section 8B of the Local Government Act 1993 to employ sound financial management principles. The proposed SRV will enable Council to continue to deliver services and service levels, while ensuring that it aligns general revenue and expenses and invests in responsible and sustainable infrastructure.</p> <p>The Community Strategic Plan highlighted the need to meet the current and future community service needs (Attachment 1). Through public consultation there was:</p> <ul style="list-style-type: none"> Expectation to continue to receive services at their current levels Desire to ensure assets remain at a satisfactory condition 	<p>Attachment 1, Junee Shire Council- Community Strategic Plan 'Making Tracks' 2035, re-adopted 28 June 2022: Objectives 1.3 and 6.3.</p> <p>Attachment 4, Junee Shire Council- Long Term Financial Plan 2023-33, (LTFP), adopted 15 Nov 2022:</p>

	<p>Further in May 2022, Council endorsed Junee's LTFP 2023-32 be advertised for public comment for 28 days. The introduction of an SRV scenario within this plan was put to Council and the community based on meeting the community's current service level expectations and the 10-year capital works program. No community feedback was received regarding the SRV scenario. Council resolved to adopt the Integrated Planning and Reporting documents at its ordinary meeting held on 28 June 2022.</p> <p>In developing the revised LTFP 2023 -32 (Attachment 4), Council committed to further investigation and consultation with the community between August and October 2022. The revised LTFP provided detailed financial information on two financial scenarios, one without a proposed SRV and another including the proposed SRV.</p> <p>There was a level of understanding and acceptance of the need for an SRV, as it would benefit the community by ensuring Council's financial sustainability. (Attachment 9, Special Rate Variation – Community Engagement Summary Report-June Shire Council, November 2022, p 6)</p> <p>All responders (52 completed surveys) agreed that they would like Council to be and remain in a strong financial position, and over 53% felt that it was very important for Council to maintain current levels of service. (Attachment 9, Special Rate Variation – Community Engagement Summary Report-June Shire Council, November 2022, pv8)</p> <p>Further details are provided in Criterion 2.</p>	<p>Attachment 9, June Shire Council SRV Community Engagement Report: Community Forums, p 6. Online Survey, p 8.</p>
<p>Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies</p>	<p>Morrison Low Consultants undertook an independent financial sustainability assessment as part of working with the Council in preparing the revised LTFP. Morrison Low Consultants used their LTFP forecasting tool to undertake the analysis and assessment, the details of which are included in the revised LTFP document (Attachment 4).</p> <p>The outcome of this assessment is detailed in the SRV background paper (Attachment 7) and the revised LTFP adopted 15 Nov 2022 (Attachment 4).</p> <p>Following is the 10-year General Fund forecasts under the base case scenario, evidencing the need to address the ongoing operating deficit.</p>	<p>Attachment 4, June Shire Council-Long Term Financial Plan 2022-33, (LTFP), pp 8 & 16.</p> <p>Attachment 7 – June Shire Council -SRV Background Paper pp 1-4</p>



The outcome summary of the financial sustainability analysis is detailed in the SRV Background Paper (Attachment 7), which was used for community engagement.

Council also needs to address the asset backlog issue with the 2021/22 General Fund backlog ratio at 3.5% (Attachment 18), and the Morrison Low modelling has the backlog increasing to 5.3% in year 10 under the base case scenario. This is detailed in the revised LTFP, Attachment 4 (p 16), where the average renewal expenditure over the 10-year forecast period is 81.2%, falling to 66.7% in year 10, noting the OLG performance target is 100%

Attachment 18 – Junee Shire Council- 2021/22 Audited Financial Statements – p 108.

IPART will also take into account whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the SV.

There are no rate increases that have been deferred under section 511 of the Local Government Act 1993.

Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

Financial sustainability of the council – What will be the impact of the proposed special variation?

The proposed SV may be intended to improve the council's underlying financial position for the General Fund, or to fund specific projects or programs of expenditure, or a combination of the two. We will consider evidence about the council's current and future financial sustainability and the assumptions it has made in coming to a view on its financial sustainability.

In the **table**, the council's response should explain:

- The council's understanding of its current state of financial sustainability, its long-term projections based on alternative scenarios and assumptions about revenue and expenditure.
- Any external assessment of the council's financial sustainability (e.g. by auditors, NSW Treasury Corporation), indicating how such assessments of the council's financial sustainability are relevant to supporting the decision to apply for an SV.
- The council's view of the impact of the proposed SV on its financial sustainability.

Table 3 Council's financial sustainability

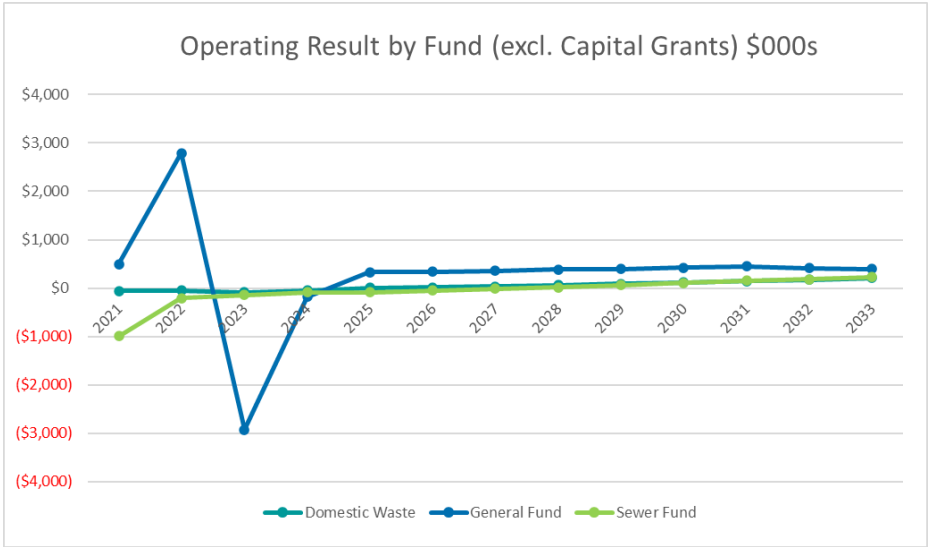
Item	Description	Reference to IP&R documents
Improve the councils underlying financial position for the general fund	<p>An independent consultant (Morrison Low Consultants) has assessed Council's General Fund financial position and has concluded that the current situation is financially unsustainable. This generally aligns with Councils' position. This is evidenced by the base case forecast operating performance ratio and the operating results (Attachment 7, p 2).</p> <p>The key issues and challenges for a sustainable Council include:</p> <ul style="list-style-type: none"> • Maintaining the Council's quality of services and infrastructure investment within the rate capping framework • Providing sufficient funding to renew existing assets to ensure that they continue to meet community needs • Delivering new and upgraded community infrastructure (roads, buildings, drains, footpaths etc.) to address the demands of a growing and changing community • Continuing to provide an appropriate range and level of services to the community • Managing within a narrow revenue base with limited growth opportunities • Managing ongoing cost-shifting from other levels of government, dealing with changes to legislative requirements and the expanding expectations of Local Government • Managing and responding to the ongoing environmental standards and their impact on Council's services, infrastructure and the community <p>(Attachment 4, LTFP, p 4)</p>	<p>Attachment 7, Junee Shire Council- SRV Background Paper: pp 2, 7 and 8.</p> <p>Attachment 4, June Shire Council- Long Term Financial Plan 2023-33: pp 4, 5 and 25.</p> <p>Attachment 11, Junee Shire Council- Ordinary Council Meeting Minutes 15 November 2022: Resolutions on Special Rate Variation and Long Term Financial Plan.</p>

Council is in a weak financial position with relatively high debt and cash reserves of \$5.75 million as of 30 June 2022 at the consolidated fund level and \$4.59 million for the general fund, much of which is restricted for other purposes. Without the adjustment of a proposed SRV cash reserves run out in 2028/29 at the consolidated level. The average condition of most of Council's assets is satisfactory, but a significant amount of assets need upgrading over time (Attachment 4, LTFP, p 5).

The proposed SRV will enable Council to deliver current services and improved assets to the community, while becoming financially sustainable in the longer-term. It will also enable Council to address its ongoing core deficits in the General Fund, ensuring Council is more resilient and responsive to shocks and unexpected events in the future (Attachment 7, SRV Background Paper, p 7).

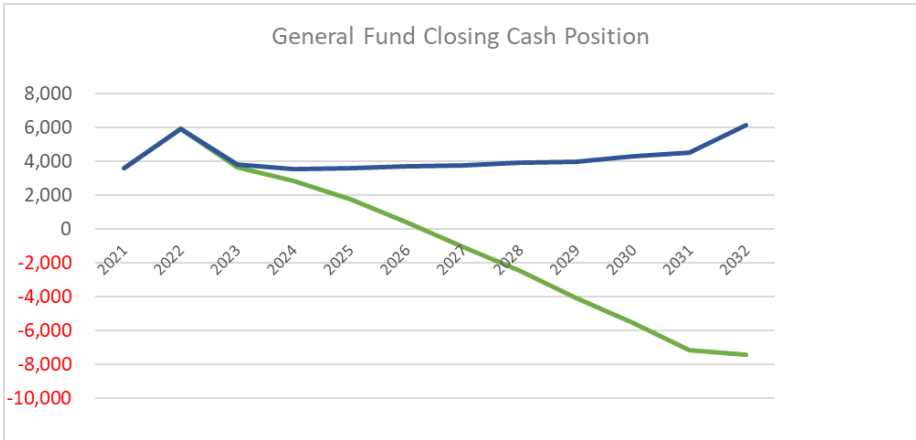
This is evidenced by the graph below and Attachment 4, LTFP, p 25; and Attachment 7, SRV Background Paper p 8.

Projected SRV case scenario (including SRV) operating results by fund as per the 2023-33 Long Term Financial Plan:



The estimated cash position of Council's General Fund for both scenarios is detailed below. It is evident that under the base case scenario, with ongoing operating deficits, Councils' General Fund is expected to run out of cash in 2027. However, the SRV option generates operating surpluses that sustain and improve Council's position. At the same time, this option allows for additional asset renewal funding. (Attachment 7, Background Paper – SRV, p 8)

Projected cash positions for base case and SRV option scenarios for the 10-year forecast period:



Council has updated its LTFP to show the impacts of both the base case scenario (no SRV) and the SRV case scenario (including the SRV). The LTFP was on public exhibition on 23 September to 27 October 2022, along with the proposed SRV for consultation and submission for comment. Council resolved to proceed with the proposed SRV application and adopted the updated LTFP on 15 November 2022 (Attachment 11, Ordinary Council Meeting Minutes- 15 November 2022 - Resolutions on SRV and LTFP)

And / Or

Fund specific programs of expenditure Not applicable.

Other [please overwrite cell to add other item]

Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

Financial indicators – What will be the impact of the proposed special variation on key financial indicators over the 10-year planning period?

In the text box please give a brief explanation on how the proposed SV would affect the council's key financial indicators (for the general fund, over the 10-year planning period):

With the implementation of the proposed SRV, this enables Council to deliver modest surpluses in the General Fund and as a result, a small positive Operating Performance Ratio, from 2024/25. The additional asset renewal expenditure improves the backlog ratio, should there be no SRV. It is estimated that the backlog ratio under the No SRV option for 2032/33 is 5.5% and with the SRV 4.6%. Council will continue to refine its SAMP strategies to further improve the asset renewal and maintenance ratios. Council's own source revenue ratio improves providing a move stable income base.

In Table 5 please provide the councils key financial indicators.

Table 5 Council financial indicators

Ratio	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Operating performance ratio excluding capital items	11.1%	-26.0%	-1.2%	2.9%	3.1%	3.4%	3.4%	2.9%	2.8%
Own source revenue ratio	51.1%	57.6%	58.3%	59.3%	61.1%	60.8%	61.8%	62.1%	62.4%
Building and asset renewal ratio	130.0	126.6	70.1	77.2	76.9	84.2	73.3	72.9	75.6
Infrastructure backlog ratio	3.5%	2.8%	3.0%	3.1%	3.3%	3.4%	3.6%	3.8%	4.0%
Asset maintenance ratio	97.0	84.3	83.7	83.0	82.4	81.8	81.2	80.6	80
Debt service ratio	4.8%	6.2%	7.6%	6.6%	5.6%	5.2%	4.9%	5.0%	5.2%
Unrestricted current ratio	2.5	0.71	0.83	0.92	1.04	1.10	1.17	1.17	1.24
Rates and annual charges ratio									

Criterion 2 – Community awareness and engagement

Criterion 2 in the SV Guidelines is:

Evidence that the community is aware of the need for and extent of a rate rise. The Delivery Program and Long Term Financial Plan should clearly set out the extent of the General Fund rate rise under the special variation. In particular, councils need to communicate the full cumulative increase of the proposed special variation in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV. The council's community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. The IPART fact sheet includes guidance to councils on the community awareness and engagement criterion for special variations.

To complete the questions for criterion 2 provide relevant extracts of the IP&R documents that set out the rate rises under the proposed SV and attach relevant samples of the council's consultation material.

The response should provide details and examples to demonstrate the clarity of information presented in the consultation materials, including information about:

- The need for the proposed SV.
- Specific programs or projects, levels and types of services, investment in assets and the options for funding them by rate increases.
- The proposed cumulative rate increases including the rate peg for each major rating category (in both percentage and dollar terms), particularly where the increase is to be applied differentially across ratepayer categories (i.e. rates will not increase uniformly by the SV percentage).
- The annual increase in average rates that will result if the proposed SV is approved in full (and not just the increase in daily or weekly terms).
- The size and impact on rates where an existing SV will continue, expire, be renewed or replaced at the end of the current financial year or during the period when the requested SV will apply.
- The rate levels that would apply without the proposed SV (clearly showing the impact of any expiring SV).
- Outlining evidence of residents and ratepayers being aware of the proposed SV.
- Outcomes could include the number of people reached by mail outs, the number of attendees at events and participants in online forums, the number of submissions made, surveys or feedback forms completed, as well as evidence of media reports and other indicators of public awareness of the council's SV intentions.
- Explaining how the community responded and the feedback the council received about its proposal.

The response should indicate how participants responded to any surveys, particularly the level of support for specific programs or projects, levels and types of services, investment in assets, as well as the options proposed for funding them by rate increases. Where the council has received submissions from the community relevant to the proposed SV, the application should set out the views expressed in those submissions.

Although this criterion does not require the council to demonstrate community support for the proposed SV, it is required to consider the results of the community consultation in preparing the application. The response should identify and document any action taken, or which will be taken, to address issues of common concern within the community about the proposed SV.

Some councils will need to provide additional information in their response to demonstrate how consultation material explained to the community details about the proposed SV and its impact on rates to reflect the specific circumstances of their application, for example:

- If the council is **renewing or replacing an expiring SV**, information was provided about the purpose, and duration of the expiring SV, the original and current percentage of general income the SV represents, whether the new SV is temporary or permanent, the amount of any *additional* increase above the rate peg being requested, and that if the proposed SV is not approved (i.e. only the rate peg applies), the year-on-year change in rates would be lower, or that rates may fall
- If the council **has an existing (ongoing) section 508A SV** and is applying for an *additional SV*, how the consultation material explained details about the existing SV, its size and duration, and the impact on rate levels when it does expire, as well as the impact on rate levels and annual increases with and without the additional SV.
- If the council proposes to **increase minimum rates**, the increase to minimum amounts, and any change to the proportion of ratepayers on the minimum rate for all relevant rating categories which would occur as a result of the SV.
- Where the council intends to **make any changes to the rating structure in 2023-24** in conjunction with the proposed SV, such as changes to subcategories and adjusting ad valorem rates following new land valuations, the need for or purpose of the change and its impact was explained to the community.

How did the council engage with the community about the proposed special variation?

In the table below please provide evidence as to how the councils community engagement met criterion 2.

Table 4 Evidence of council's community engagement meeting criterion 2

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
Evidence that the community is aware of the need for and extent of a rate rise.	<p>Council undertook a robust community engagement process on Council's financial sustainability and the proposed need for an SRV in accordance with the Community Engagement Plan (Attachment 12). Council was successful in reaching a wide variety of ratepayers by utilising in-person, social media, traditional print media, full webpage and email engagement types. Council was successful in implementing the engagement plan.</p> <p>Council captured a total of 262 direct interactions throughout the community engagement process and completed all engagement types as proposed in the SRV Community Engagement Plan. The number of emails that were sent out with invitations and to promote the feedback opportunity means that there is awareness and possible acceptance of the proposed SRV within the business ratepayers' group. The most effective engagement type being the community drop-in session at the Junee IGA. (Attachment 9, p 10)</p> <p>Seven community engagement forums were held for Council to inform the community on Council's financial and asset sustainability, along with the need for an SRV. As part of the forums Council responded to questions from those present. The forums were attended by approximately 85 ratepayers and consisted of:</p> <ul style="list-style-type: none"> • an in-person presentation • opportunities for questions and feedback • encouragement to visit Council's website page on the SRV process, to use the rates calculator and to submit further feedback. (Attachment 9, p 6) <p>There was some understanding and acceptance of the need for an SRV, as it would benefit the community by ensuring Council's financial sustainability. There was also general positivity around Council as a whole and many of the services provided, as well as the fact that ratepayers were being given a voice and have been proactively asked to provide input, i.e. through letters and the forums. (Attachment 9, p 6)</p> <p>Council held an additional community drop-in session outside of the Junee IGA, and Council staff were present to answer questions and encouraged the community to provide feedback. Approximately 80 people attended throughout the morning, with over 20 people completing surveys whilst they were there and many others taking surveys home to complete. Generally, the response was quite positive, however several attendees were vocal in their opposition to the SRV. (Attachment 9, p 8)</p> <p>Of the 52 completed surveys, a large majority (over 82%) had reviewed information provided by Council in relation to the SRV, with 55% feeling that adequate information and consultation had taken place. (Attachment 9, p9)</p>	<p>Attachment 12 June Shire Council SRV Community Engagement Plan.</p> <p>Attachment 9, June Shire Council SRV Community Engagement Report: pp 6, 8, 9 and 10.</p>

All respondents (52 completed surveys) agreed that they would like Council to be and remain in a strong financial position, and over 53% felt that it was very important for Council to maintain current levels of service. (Attachment 9, p 8)

In conclusion, there was support for a financially sustainable Council, and a demonstrated awareness of the need for and the extent of the rate rise.

The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category.

The Delivery Program and Operational Plan details a proposed SRV commencing in 2023/24. The amount of the SRV has been set at 15% in the first year and 10% in 2024/25. This is in addition to the allowable rate cap amount which is estimated at 2.5%. The SRV, if approved, would generate approximately \$677,000 income in 2023/24, and a further \$534,000 in 2024/25. This amount will be permanently included in the rate base in future years. (Attachment 2, p 34)

The revised Long Term Financial Plan (Attachment 4), was prepared in accordance with the OLG IP&R guidelines and requirements, it references the impact of the SV on Council and community. The impact on average rates for all rating categories was clearly set in the SRV Background Paper (Attachment 7, p 5), and as part of the community consultation information. It was provided on Council's website <https://www.junee.nsw.gov.au/srv/> and other community engagement material including mail-outs.

The following table provides an indication of the average annual rate and weekly increase likely to be experienced by the average land value for each rating category over the two-year SRV period. The increases include the estimated rate peg of 2.5%.

	2023/24 average annual rate	2023/24 weekly increase	2024/25 average annual rate	2024/25 weekly increase	Cumulative weekly increase over the two years
Farmland on land value of \$1,179,000	\$3972.00	\$ 11.38	\$4468.50	\$ 9.55	\$ 20.92
Residential - Town on land value of \$62,300	\$1082.87	\$ 3.10	\$1218.22	\$ 2.60	\$ 5.70
Residential - Rural and Village on land value of \$95,200	\$ 871.57	\$ 2.50	\$ 980.52	\$ 2.10	\$ 4.59
Business - Town on land value of \$89,800	\$3143.91	\$ 9.00	\$3536.90	\$ 7.56	\$ 16.56
Business on land value of \$52,300	\$1286.37	\$ 3.68	\$1447.17	\$ 3.09	\$ 6.78

Attachment 2, Junee Shire Council- Combined Delivery Program and Operational Plan 2022-25, p 34

Attachment 7, Junee Shire Council- SRV Background Paper p 5

The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.

Proposed cumulative rate Increases are detailed in the table below and in attachment 7, SRV Background Paper

	2023/24	2024/25	Cumulative
Permanent increase above the rate peg	15.0%	10%	26.50%
Rate peg	2.5%	2.5%	5.06%
Total increase	17.5%	12.5%	32.19%

The increase in dollar terms for the average ratepayer by rating category are detailed in the section immediately above and can be found in attachments 7 and 8. Noted that approved rate peg is 3.7% for 2023/24 and therefore the special variation percentage will be 13.8% instead of 15%

Further information on the impact on ratepayers is on Councils website <https://www.junee.nsw.gov.au/srv/> and other community engagement material including mail outs.

Attachment 7, Junee Shire Council- SRV Background Paper pp 4-5

Attachment 8 Junee Shire Council SRV Community Presentation p 19.

The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.

Council developed an SRV Community Engagement Plan and activities (Attachment 12) that set out all the mechanisms and activities that they would undertake for this engagement. Council used a broad range of mechanisms to inform the community of the proposed SV, including letter drops, website information publication, survey and public community engagement meetings, drop-in sessions, press releases, videos and social media.

Council adopted an inform and consult approach using the IAP2 Community Engagement Framework. Council developed a comprehensive engagement activity program to inform the community on Council's financial sustainability and the need for an SRV and/or options to close the financial gap.

Attachment 12, Junee Shire Council- SRV Community Engagement Plan; pp 8-9

Explain the action, if any, the council took in response to feedback from the community

Council staff and Councillors responded to questions and feedback in the community meetings and drop-in sessions. They also responded via email and online during the community engagement period.

While community feedback highlighted concerns about the additional rates, should the proposal proceed in the current economic environment, there was also positivity around the services that Council provides and the wish for Council to be in a sound financial position. Feedback was mixed with members of the community not wishing to bear additional costs and those who were happy with the level of service and wishing it to be maintained.

Feedback from submissions was collated and analysed and presented to Council in a Community Engagement Summary Report at the 15th November 2022 Council meeting (Attachment 10). On review of feedback and the responses provided to the community, Council resolved to pursue the SRV application to enable Council to continue to operate without reducing the services it currently provides to the Junee community.

Attachment 10 link to Junee Shire Council- Ordinary Council Meeting, 15 November 2022- [https://www.junee.nsw.gov.au/council/council-meetings/council-meeting-business-papers/General Manager's Report – item 3 – Application for Special Rate Variation 2023/24 and 2024/25, pp 130-136](https://www.junee.nsw.gov.au/council/council-meetings/council-meeting-business-papers/General%20Manager's%20Report-%20item%203-%20Application%20for%20Special%20Rate%20Variation%202023%2F24%20and%202024%2F25,%20pp%20130-136)

Note: Reference to application supporting documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 7, Community mailout leaflet, section 1, pp 1-3.

In the text box below, provide any other details about the councils: consultation strategy, timing or materials that are not captured in Table 4.

N/A

In the text box below, please provide any other details about the community's involvement in, engagement with or support of the proposed SV not captured in Table 4.

N/A

In Table 5 please list out any other attachments that the council has relied on to respond to criterion 2 not otherwise detailed in Table 4.

Table 5 Other criterion 2 attachments

Attachment number	Name of document	Page references ^a
Attachment 8	Junee Shire Council- SRV Community Presentation	
Attachment 14	Media Release – Special Rates Variation, 1 September 2022	
Attachment 9	Junee Shire Council- SRV Engagement Report - Appendix D SRV Results (Online Survey Summary) 01.11.22	
Attachment 13	Presentation to Councillors on Community Engagement Aug 2022	
Attachment 15	Presentation SRV Community feedback to Councillors Nov 2022	
Attachment 3	Junee Shire Council- LTFP 2023-33 Adopted 28 June 2022	
Attachment 16	Junee Shire Council- Rates and Charges Hardship Policy	
	Council webpage with all SRV information live from 31 August 2022: https://www.junee.nsw.gov.au/council/srv/ .	
	Recorded video of Mayor's Invitation to Community Information Sessions – 9 September 2022: https://www.junee.nsw.gov.au/wp-content/uploads/2022/09/Mayor-Video-Project.mp4	

Frequently Asked Questions – SRV:
<https://www.junee.nsw.gov.au/srv/#FAQ>

Community information drop-in session advertisement on Council's Facebook page at:
<https://www.facebook.com/JuneeShireCouncil/>

Recorded video of Community Information Session, 9 September 2022 – SRV Community Meetings at Council's webpage on SRV and at:
<https://www.youtube.com/watch?v=irqQbwugHUU>

If document is only relevant in part.

Criterion 3 – Impact on ratepayers

Criterion 3 in the SV Guidelines is:

The impact on affected ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. The Delivery Program and Long Term Financial Plan should:

- clearly show the impact of any rate rises upon the community
- demonstrate the council's consideration of the community's capacity and willingness to pay rates, and
- establish that the proposed rate increases are affordable having regard to the community's capacity to pay.

In assessing the impact, IPART may also consider:

- Socio-Economic Indexes for Areas (SEIFA) data for the council area; and
- Whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act.

This Application Form asks four questions for criterion 3. Councils should provide evidence to demonstrate:

1. the **impact on rates** of the proposed SV, including the **impact on minimum amounts** of any ordinary or special rate
2. how the council considered that the proposed rate rises were **affordable, having regard to ratepayers' capacity and willingness to pay**
3. how the council **addressed concerns about affordability** in determining the special variation is applied for, and
4. the council's plans for **addressing hardship** ratepayers may experience in meeting their obligations to pay rates in the future.

As well as considering the evidence provided by the council to demonstrate that the proposed rate increase is affordable for its community, IPART will undertake its own analysis of affordability by considering a range of data, including:

- the average growth in the council's rates in recent years, including previous SV increases
- how the council's average rates, current and under the proposed SV, compare with those in similar councils, and
- socio-economic indicators such as median household income, average rates to income ratio, outstanding rates ratio and SEIFA ranking.

The council's response to criterion 3 should also indicate how the required information is reflected in the Delivery Program and Long Term Financial Plan.

Is the impact on rates of the proposed special variation reasonable?

Although much of the quantitative information we need on the impact of the proposed SV on rate levels will already be contained in Worksheets 5a and 5b of SV Application Form Part A, the response to this question should clearly set out:

- the impact on rates across the council's rating structure should the SV be approved, compared with
- the rate levels which would apply if the SV is not approved.

This information should be provided in a table indicating average rates in 2023-24, and then both the dollar and percentage increase for each rating category and subcategory for each year of the proposed SV, and the cumulative increases for the whole period.

A simple table is sufficient where the council intends to apply the proposed SV percentage increase in general income to all rating categories and subcategories.

The approach is likely to be more complex where the council is applying an increase differentially across ratepayer categories or making any changes to the rating structure in 2023-24. In this case, the council's response should explain the basis for allocating the increase to general income among the ratepayers and how the rating structure would be different from that which would apply if the SV is not approved, and why. This information will be relevant to our assessment of the reasonableness of the impact on ratepayers.

If relevant, the council's response should also indicate the impact of any other anticipated changes (e.g. receipt of new valuations) in the rating structure, or any changes to other annual ratepayer charges such as for domestic waste management services. Please provide the councils response in the text box below.

The proposed Special Variation increases including forecast rate peg.

	2023/24	2024/25	Cumulative
Permanent increase above the rate peg	15.0%	10%	26.50%
Rate peg	2.5%	2.5%	5.06%
Total increase	17.5%	12.5%	32.19%
Noted that approved rate peg is 3.7% for 2023/24 and therefore the special variation percentage will be 13.8% instead of 15%			

Impact on average rates for resident and business

	2023/24 average annual rate	2023/24 weekly increase	2024/25 average annual rate	2024/25 weekly increase	Cumulative weekly increase over the two years
Farmland on land value of \$1,179,000	\$3972.00	\$ 11.38	\$4468.50	\$ 9.55	\$ 20.92
Residential - Town on land value of \$62,300	\$1082.87	\$ 3.10	\$1218.22	\$ 2.60	\$ 5.70
Residential - Rural and Village on land value of \$95,200	\$ 871.57	\$ 2.50	\$ 980.52	\$ 2.10	\$ 4.59
Business - Town on land value of \$89,800	\$3143.91	\$ 9.00	\$3536.90	\$ 7.56	\$ 16.56
Business on land value of \$52,300	\$1286.37	\$ 3.68	\$1447.17	\$ 3.09	\$ 6.78

How has the council considered affordability and the community's capacity and willingness to pay?

The council's response in the text box below should provide evidence to establish:

- That the proposed SV is reasonable in the context of the current rate levels, ratepayer base and its purpose.
- How the council considered the community's capacity and willingness to pay, and that the rate increases would be affordable for the community.

Evidence about capacity to pay could include a discussion of such indicators as SEIFA rankings, land values, average rates, disposable incomes, the outstanding rates ratio and rates as a proportion of household/business/farmland income and expenditure, and how these measures relate to those in comparable or neighbouring council areas.

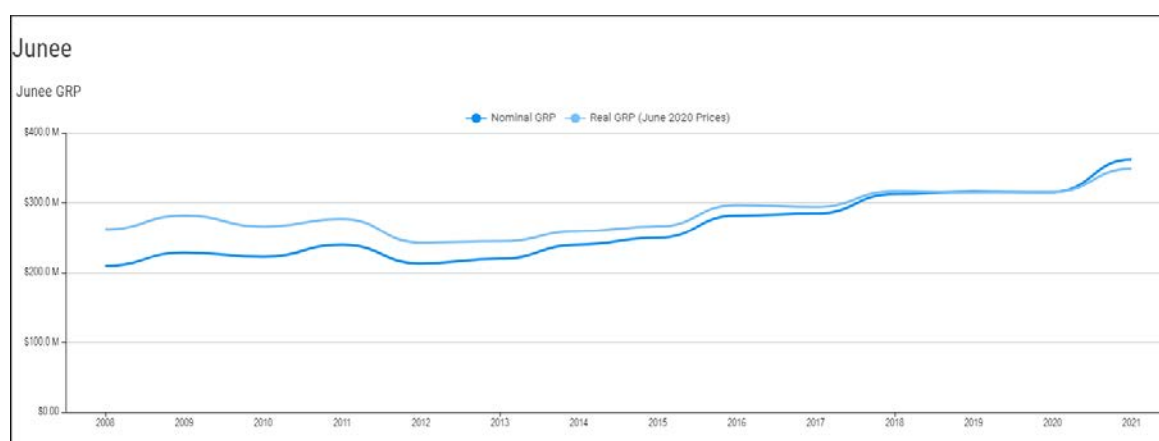
As many of these measures are highly aggregated, it may also be useful to discuss other factors that could better explain the impact on ratepayers affected by the proposed rate increases.

While councils should consider the affordability of the proposed rate increases for **all** affected ratepayers, in some circumstances, particularly where the increase will not be uniform for all ratepayers, councils should explain how the **affected** ratepayer capacity to pay was considered. This could apply, for example, where:

- The council intends to **apply the increase differentially across ratepayer categories**.
- The council intends to **make changes to the rating structure in 2023-24** in conjunction with the proposed SV.
- The proposal would **increase minimum rates** by a significantly high percentage.

Please provide the councils response in the text box below.

Product (GRP) is the net measure of wealth generated by the region. For Junee, the GRP has trended Gross Regional upwards, particularly post-COVID-19, as illustrated in the following graph.



The number of businesses has grown in Junee from 555 in June 2021 to 580 in June 2022.

Numbers have grown for almost all sizes, particularly at the higher turnover end:

- Turnover \$2m to \$5m grown by 64%
- Turnover \$5m to \$10m grown by 117%
- Turnover >\$10m grown by 500%.

Further building approvals have grown to \$23.6m (with \$21.9m being residential) in 21/22 from \$17.5m (\$11.2m residential) in 2020/21.

The unemployment rate for June in June 2022 was 2.6%, which is very low. Again, these rates closely followed the trends for Riverina region with unemployment at 2.7%. The Junee Shire average weekly income proportions align with Riverina. The majority (17.2%) are in the \$1,000-\$1,249 bracket. For Junee, 61% of people earn \$1,000 or more (compared to 56% in Riverina region as a whole).

In assessing the economic and community data, the Junee LGA aligns to that of the Riverina region. The SEIFA (IRSAD) score for Junee was 942 (Remplan), approximately 19th percentile, not far behind that for Riverina at 971, 29th percentile, and Regional NSW average of 971 (29th percentile).

Again SEIFA (IRSAD) score for Junee was 927, not far behind Riverina of 954 (30th percentile), Regional NSW average of 959 (32nd percentile).

The proposed SRV is reasonable in the context of the current rate levels, ratepayer base and its purpose, and relatively competitive when compared to other similar and neighbouring councils (including other group ten – larger rural councils).

From Attachment 7, SRV Background Paper- How do my rates compare to other councils? p 6:

The Office of Local Government groups councils based on similar population and size. The following tables show how Junee Shire's average rates, by rating category, compare to some other group ten (larger rural) councils and immediate neighbours. Of the 23 groups, (group ten councils – larger rural), 14 Councils have successfully applied for an SRV over the past ten years. For 2023/2024, 17 Councils have notified IPART of their intention to submit an SRV application.

In 2024-25, the estimated average Junee Shire residential rate will be \$1,126. The following table shows how this rate compares to other similar and neighbouring councils.

2024/25 projected average residential rate:

Rank	Council	Avg rate (2024-25)
1	Bland	\$ 1,376
2	Wagga	\$ 1,252
3	Junee	\$ 1,126
4	Cootamundra/Gundagai	\$ 1,103
5	Liverpool Plains	\$ 962
6	Narrandera	\$ 738
7	Narromine	\$ 711
8	Temora	\$ 697
9	Coolamon	\$ 427

In 2024-25, the average Junee Shire Council business rate is estimated to be \$2,843, the following table shows how this rate compares to other similar and neighbouring councils.

2024-25 average business rate:

Rank	Council	Avg rate (2024-25)
1	Wagga	\$ 6,756
2	Narromine	\$ 3,144
3	Junee	\$ 2,843
4	Cootamundra/Gundagai	\$ 2,608
5	Temora	\$ 1,609
6	Narrandera	\$ 1,336
7	Bland	\$ 1,285
8	Liverpool Plains	\$ 1,229
9	Coolamon	\$ 458

In 2024-25, the average Junee Shire Council farmland rate is estimated to be \$4,468, the following table below shows how this rate compares to other similar and neighbouring councils.

2024-25 average farmland rate:

Rank	Council	Avg rate (2024-25)
1	Liverpool Plains	\$ 5,613
2	Junee	\$ 4,468
3	Cootamundra/Gundagai	\$ 4,448
4	Narromine	\$ 4,433
5	Narrandera	\$ 4,025
6	Bland	\$ 3,303
7	Wagga	\$ 3,156
8	Temora	\$ 2,440
9	Coolamon	\$ 2,207

How does the council intend to address hardship?

Does the council have a hardship policy? Yes

If yes, is an interest charge applied to late rate payments? Yes

The response in the text boxes below should explain any measures the council has in place, or intends to introduce, measure for dealing with cases where ratepayers experience hardship in meeting their obligation to pay rates.

Evidence can relate to a formal hardship policy which the council has adopted, and/or processes the council has in place, or intends to implement. The response should explain who the potential beneficiaries are and how they are or will be assisted. Alternatively, the response should explain why no such measures are proposed.

The council should also indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided). Please provide the councils response in the text boxes below.

a. Explain the measures the council proposes to use to reduce the impact of the proposed SV on vulnerable ratepayers, or alternatively, explain why no measures are proposed.

The measures Council has in place include rates relief, deferrals and repayment arrangements included in Council's Hardship Policy (Attachment 16). Under the hardship provisions, Council can enter into payment agreements with ratepayers who cannot meet their instalments payments and may write off interest charges. Council's Rates and Charges – Pensioner Concession Policy (Attachment 17), also provides for pensioner rebates.

Junee Shire Council's Rates and Charges Hardship Policy objectives are:

- To provide assistance to ratepayers and other debtors, experiencing genuine financial hardship of their rates and charges.
- To provide an administrative process to determine hardship applications.
- To fulfil the statutory requirements of the Local Government Act 1993 with respect to hardship applications.

b. Indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided).

Council's Rates and Charges Hardship Policy is available on Council's website. It is easily located in the Council webpage tab under 'Policies'.

https://www.junee.nsw.gov.au/wp-content/uploads/2022/09/FIN-DFA-009_Rates_and_Charges_Hardship_Policy-Adopted_19_July_2022.pdf

<https://www.junee.nsw.gov.au/council/policies/>

Table 6 Criterion 3 attachments

Council-assigned number	Name of document	Page references ^a
Attachment 16	Junee Shire Council- Rates and Charges Hardship Policy, re-adopted 19 July 2022	pp 1-2

Attachment 17	Junee Shire Council- Rates and Charges – Pensioner Concession Policy, adopted 17 July 2012
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a. If document only relevant in part.

Has the council considered the impact of the SV in its IP&R documents?

In the table below provide evidence that the council met the reporting requirements of criterion 3 in its delivery program and LTFP.

Table 7 Consideration of the proposed SV impact in IP&R documents

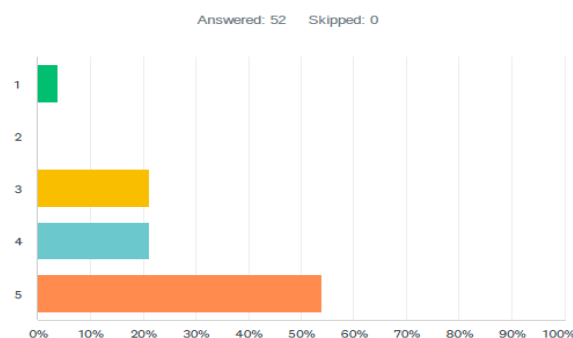
Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents												
The Delivery program and LTFP should:														
Clearly show the impact of any rises upon the community	<p>The Delivery Program and Operational Plan and LTFP allows for a proposed Special Rate Variation (SRV) commencing in 2023/24. The amount of the SRV has been set at 15% in the first year and 10% in 2024/25. This is in addition to the allowable rate cap amount which is estimated at 2.5%. The SRV, if approved, would generate approximately \$677,000 income in 2023/24, and a further \$534,000 in 2024/25. This amount will be permanently included in the rate base in future years.</p> <p>The formulation of these documents has relied on the more detailed breakdown of information was provided throughout the community engagement process including website information: https://www.junee.nsw.gov.au/srv/</p>	<p>Attachment 2, Junee Shire Council Combined Delivery Program and Operational Plan 2022-25: p 34.</p> <p>Attachment 4, Junee Shire Council Long Term Financial Plan 2023-33, (LFTP): 1.3 What We Know, p 5; 6. Scenario Two – SRV Case, p 23.</p>												
Include the council's consideration of the community's capacity and willingness to pay rates	<p>In addition to the capacity to pay information and comparison to other councils detailed above, the level of outstanding rates is an indication of community's capacity and willingness to pay rates. For Junee Shire Council, this was 8.4% for 2022, which sat below the target of <10%.</p> <p>The following historical arrears information also reflected the community's willingness and capacity to pay rates within the target of <10% (Source: 2021 OLG time series data).</p> <p>OUTSTANDING RATES AND ANNUAL CHARGES</p> <table><thead><tr><th>Financial Year</th><th>Arrears (%)</th></tr></thead><tbody><tr><td>2017</td><td>8.75</td></tr><tr><td>2018</td><td>8.78</td></tr><tr><td>2019</td><td>9.35</td></tr><tr><td>2020</td><td>8.11</td></tr><tr><td>2021</td><td>9.83</td></tr></tbody></table> <p>In addition, as reported in Attachment 9, SRV – Community Engagement Outcomes Summary Report, p 10:</p>	Financial Year	Arrears (%)	2017	8.75	2018	8.78	2019	9.35	2020	8.11	2021	9.83	<p>Attachment 9, Junee Shire Council-SRV Community Engagement Report: Summary and measuring engagement success, p 10; Appendix D: Online survey summary p 69</p>
Financial Year	Arrears (%)													
2017	8.75													
2018	8.78													
2019	9.35													
2020	8.11													
2021	9.83													

"The overarching view, coming from the engagement with the community, is that ratepayers want to have a financially sustainable council, that delivers the same high standard of service and service levels currently provided, however, they do not want an increase in rates and are concerned about some segments of the community's ability to pay.

Where negative feedback was received, this feedback was more about rates in general or specific services received by the individual, rather than the proposed SRV or options to reduce the financial gap. There was some concern within the community about the effect that the SRV would have on lower-income earners, and queries raised about alternative options to an SRV. There were however few viable community suggestions that would have a meaningful impact on Council's financial sustainability without an SRV."

Question 3 within the survey results (depicted below) also evidences the importance the community places on maintaining Junees's current levels of service. Out of a total of 52 respondents (who completed the survey), 53.85% gave the highest ranking on being very important for Council to maintain current levels of service, followed by 21.15% who gave the next highest ranking on the importance of maintaining current levels of service. Therefore, 75% of respondents thought it was important to maintain current levels of service, Attachment 9, Appendix D: p 69, see following chart.

Q3 On a scale of 1-5 (with 1 being not important at all and 5 being very important), how important is it, to you, for Council to maintain current levels of service?



Therefore, Council considered the proposed SV is reasonable in the context of the current rate levels, its purpose for a financially sustainable Council, the relatively when compared to other similar, neighbouring or group ten (larger rural) councils and the community's willingness and capacity to pay.

Establish that the proposed rate increases are affordable, having regard to the community's capacity to pay

The proposed SV is reasonable in the context of the current rate levels, ratepayer base and the community need for a financially sustainable Council that provides high service levels. Comparison with the inclusion of the proposed SRV, with other similar and neighbouring councils, not knowing whether these councils are applying for an SV, Junee rates are still relatively competitive and reasonable, and the community's capacity to pay. Refer to previous responses to the earlier questions on affordability and the community's capacity and willingness to pay.

The following information has been provided in response to an earlier question on affordability. (Attachment 7, Background Paper – the SRV, How do my rates compare to other councils? p 6)

Attachment 7, Junee Shire Council-SRV Background Paper: How do my rates compare to other councils? p 6

Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

Criterion 4 – Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

The relevant IP&R documents must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general income. It is expected that councils will hold an extraordinary meeting if required to adopt the relevant IP&R documents before the deadline for special variation applications.

The formal requirements applying to IP&R documents are set out in the *Integrated Planning and Reporting Guidelines for Local Government in NSW* and the *Integrated Planning and Reporting Handbook for Local Councils in NSW*.

For the purposes of applying for an SV, councils should note:

- If amendments to an adopted **Delivery Program** or **Community Strategic Plan** are needed to incorporate or update information about the proposed SV, the draft documents should be re-exhibited for a period of 28 days, and adopted before the council submits its Application Form to IPART.
- The exhibition period should be scheduled so that there is an opportunity for the council to formally consider and resolve to adopt the revised documents. It will be expected that a council will hold an extraordinary general meeting, if necessary, to meet this requirement.
- The council should adopt a version of the **LTFP** which incorporates modelling of the proposed SV before the council submitting the application to IPART.
- When applying for a SV for 2023-24 councils do not need to prepare, exhibit or adopt the **Operational Plan for 2023-24**.
- If council has used supporting evidence from the **Operational Plan for 2023-24** to demonstrate how it satisfies other criteria, the council should also provide information about this document in its response to criterion 4.

Where the proposed SV is to fund asset management, the council's **Asset Management Strategy and Plan(s)** should be adopted before submitting the application to IPART.

What IP&R processes did the council use in determining to apply for a special variation?

In the text box indicate the progress of identifying the need for the SV being incorporated into the IP&R documents by providing information about community engagement and when key revisions were made to the IP&R documents.

Councillors and staff worked together to develop the Delivery Program for the new term of Council. The Community Strategic Plan 2035 was re-adopted in June 2022 along with the 2022-25 Combined Delivery Program and Operating Plan, after a period of exhibition. This involved a number of workshops with Councillors to identify Council's financial sustainability challenges and to consider options for long term financial sustainability. The 2022-25 Delivery Program identified the challenges and recommended the need to consider a Special Variation as the main option to address the financial sustainability issue.

The initial 2022-32 Long Term Financial Plan was adopted by Council on 28th June 2022 and outlined the challenge and the need for a Special Variation. The amount of the SV was not finalised, and after further workshops with Councillors and staff, the preferred SV option was identified, and the LTFP was updated to include a fully modelled SV scenario. The revised LTFP was placed on public exhibition at the same time as Council engaged with the community on the proposed SV. The updated LTFP was adopted on 15th November 2022.

When did the council meet the formal requirements for all relevant IP&R documents?

The table seeks information which demonstrates that the council has met the formal requirements for the preparation, exhibition, adoption and publication of the current IP&R documents. Please complete Table 8 for all IP&R documents relevant to the council's application.

Table 8 IP&R documents

Document	Exhibition dates	Adoption date	Placed on council's website	Web link
Community strategic plan	Council reviewed the 2016 CSP and in doing so concluded it still represents the aspirations of the community. There were some minor changes to the CSP and was adopted on 28 June 2022. It is available on Council's website.	Adopted 28 June 2022	Refer to Web Link.	https://www.junee.nsw.gov.au/wp-content/uploads/2022/07/Community_Strategic_Plan_2035-Adopted_28_June_2022.pdf
Delivery Program (combined with Operational Plan)	18 May 2022 for 28 days	28 June 2022	Refer to Web Link. Note also: Ordinary Council Meeting 17 May 2022 – Business Paper, item 3	https://www.junee.nsw.gov.au/wp-content/uploads/2022/07/Combined_DPOP_2022-2025-Adopted_28_June_2022.pdf
Long Term Financial Plan	18 May 2022 for 28 days	28 June 2022	Yes, but replaced with Revised LTFP. Link to Ordinary Council meeting 17 May 2022 – Business Paper Item 3.	https://www.junee.nsw.gov.au/wp-content/uploads/2022/09/2022_May_Ordinary_Business_Paper.pdf
Revised Long Term Financial Plan	23 September to 27 October 2022	15 November 2022	Refer to Web Link. Note also: Ordinary Council Meeting, 15 November 2022 – Business Paper, item 4.	https://www.junee.nsw.gov.au/wp-content/uploads/2022/11/2022_November_Ordinary-_Business_Paper.pdf
			Consultation Draft LTFP on display on Council's SRV webpage	https://www.junee.nsw.gov.au/wp-content/uploads/2022/09/Draft_LTFP_2022-2033.pdf

			Refer to Attachment 11, Ordinary Council Meeting Minutes Special Rate 15 November 2022 – Resolutions on SRV and LTTP	
Asset Management Strategy / Plan(s)	18 May 2022 (for 28 days)	28 June 2022	Refer to Web Link. Note also: Ordinary Council Meeting 17 May 2022 – Business Paper, item 3	https://www.junee.nsw.gov.au/wp-content/uploads/2022/07/Strategic_Asset_Management_Plan-Adopted_28_June_2022.pdf
Operational Plan (combined with Delivery Program). See above.	18 May 2022 (for 28 days)	28 June 2022	Refer to Web Link. Note also: Ordinary Council Meeting 17 May 2022 – Business Paper, item 3	https://www.junee.nsw.gov.au/wp-content/uploads/2022/07/Combined_DPOP_2022-2025_Adopted_28_June_2022.pdf
Other				
Other				
Other				
Other				
Other				

What, if any, relevant issues arose in the public exhibition of the IP&R documents?

In the text box explain any issues arising from the council's IP&R processes and documentation associated with the proposed SV which you consider are relevant factors in assessing the council's application, including responses to public exhibition.

This question seeks information about issues that arose in the council's undertaking of its IP&R processes with the community by publicly exhibiting the IP&R documents, which could be relevant for IPART's assessment of the council's application.

Through the annual IP&R process where an SRV was proposed to help resolve Council's financial constraints, Council did not receive any submissions relating to the SRV proposal during the May/June 2022 exhibition period.

What is evident in this SRV application process, is the community has a majority view that the current service levels should largely remain unchanged and that Council must be financially sustainable.

Council understands this tension between the community's opposition to service reduction and any SRV and accepts the need to firstly deliver on the savings identified in the LTFP and pursue savings on an ongoing basis. This, in combination with the approval of the proposed SRV, will enable Council to be financially sustainable over the long term while maintaining and delivering the current service levels and maintaining a robust capital works program.

Criterion 5 – Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

The IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies the council has realised in past years and plans to realise over the proposed special variation period.

Councils should present their productivity improvements and cost containment strategies in the context of ongoing efficiency measures, and indicate if the estimated financial impact of the ongoing efficiency measures has been incorporated in the council's Long Term Financial Plan

This Application Form asks four questions relating to:

1. The approach to improving productivity in operations and asset management.
2. Outcomes realised from productivity improvements and cost containment strategies in past years.
3. Productivity improvements and cost containment strategies planned for future years.
4. Evidence of productivity and efficiency.

Councils can adopt a very broad range of strategies, initiatives or activities to improve the efficiency of their operations and the productivity of their workforce, and to contain costs and increase revenue. They may arise from reviewing service priorities, levels of service, labour and capital inputs, and organisational structures or services to be delivered.

Drawing on our experience in past years, we will be placing an emphasis on councils' applications demonstrating how they satisfy criterion 5. To demonstrate that a council has met this criterion, it is not sufficient to list a series of cost-saving or revenue-raising initiatives. Councils should provide evidence of strategies and activities and robust data quantifying the efficiency gains.

What is the council's strategic approach to improving productivity in its operations and asset management?

The council's response should identify how, as an organisation, it has approached improving productivity in its operations and asset management. It could refer to approaches such as:

- comprehensive strategic-level review of council operations including service priorities, levels of service, labour and capital inputs
- targeted reviews of discrete areas of council operations encompassing all aspects of processes, procedures, procurement, scheduling and equipment use
- reviewing service standards so that the more closely align with community expectations
- organisational restructure
- redesigning processes such as financial reporting, people/performance/project management to achieve efficiencies

- reviewing procurement strategies
- pursuing opportunities for commercialisation and business improvement
- review of assets in order to rationalise and divest property.

Please provide the council's response in the text box below.

Council's strategic approach to improvement savings and cost containment is centred around four areas:

Reduce some services/levels - reducing a service level would change access to services or impact other noticeable outcomes, like access to services or beautification and town amenity values. Council is required to maintain its assets fit for purpose but the amount, quality and quantity of the services it delivers is flexible and can be adjusted at Council's discretion, based on community expectations for service levels. For example, the hours that some services are open, like swimming pools or services centres, could be reduced, or the frequency some services are performed could be reduced, such as mowing reserves or cleaning facilities, to improve the Council's financial sustainability gap.

Increase fees and charges - Council collects fees and charges for the use of some services, with the balance of the cost of providing these services normally funded from the general rate. Council can move further towards a full user-payer/commercial model of fees and charges, where the direct user of the service pays more, thus the public good component decreases, which is the component paid by ratepayers.

Cease providing or transfer services - this means Council would stop providing some discretionary services, find an alternative provider or a volunteer group within the community to deliver the service. Discretionary services, those Council is not legally bound to provide, are not considered discretionary by some parts of the community. They are often highly valued by all or parts of the community and can only be provided by the Council in the absence of a private provider market.

Selling assets - Council can dispose of surplus or underutilised assets. Selling assets reduces cost but only marginally by the amount of the maintenance and depreciation costs, normally around 2.5% of asset value. Selling an asset with a value of \$500,000 would reduce Council's cost by an estimated \$12,500 per annum.

Through this process Council identified and consider the following improvements:

Sustainability improvements	Suggestions	Potential impacts
Reduce services/levels	<ul style="list-style-type: none"> • Parks and gardens service reduce maintenance \$200K • Reduce roads operating and asset maintenance expenses \$170K • Library, recreation centre - future service review • Develop service plans 	<p>Cost of reduce service level</p> <p>Change in service levels</p>
Increased fees and charges	<ul style="list-style-type: none"> • Recreation centre improve recovery costs from 47% to 55% ~ +\$85k pa • Review commercial lease +\$30k 	Total fees and charges less Road Maintenance Council Contract (RMCC) is \$700K 1% ~ \$7K pa – having minimal improvement
Cease/transfer services	<ul style="list-style-type: none"> • Family day service ~ net saving \$113k pa 	Service net cost
Sell assets	Following the review there were no assets readily available for sale	For every \$1m asset value sold ~ \$25K (2.5% for maintenance and depreciation costs)
SRV		1% increase in general rates ~ \$43k per

What outcomes has the council achieved from productivity improvements and cost containment strategies in past years?

In responding to the questions that address this point, wherever possible the council should:

- provide information about productivity improvements and cost containment strategies implemented during at least the past two years
- quantify in dollar terms the gains past initiatives have realised
- present these gains as a percentage of operating expenditure.

You may in this question provide evidence of overall improvements in the council's financial situation from productivity and operational improvements and provide specific examples of initiatives or activities such as:

- introducing environmental and energy efficiency initiatives
- adopting more efficient information and communications technology for a range of activities such as communications, document processing, financial transactions, outdoor staff operations, e-recruitment
- shared purchasing through joint organisations of councils
- improved management of workers compensation insurance claims and safety audit
- seeking private contract works for road maintenance
- contracting to provide services to other councils
- reviewing community venue management to increase the utilisation of venues and associated revenues
- reviewing charges to ensure greater cost-recovery for council-provided services
- review of and refinancing loan borrowings
- adopting waste management strategies to reduce landfill waste and associated costs.

Please provide the council's responses to the questions in in the text boxes below.

a. Explain initiatives undertaken in the past few years to improve productivity and contain costs.

Over the past four years, Council has worked hard at identifying and implementing savings and productivity improvements. These improvements have included:

- LED lighting (street lighting) – savings
- automated irrigation system - efficiency gains
- green power energy - smart metering implemented
- FBT savings
- reduction in passenger vehicles - five vehicles
- extending the life of heavy plant
- increase in fuel tax credit rebates
- review vacant positions to gain efficiencies - short term
- reduce debt by \$2 million over two years
- condition based asset maintenance - based on need not program (efficiency)
- internal borrowings resulting in savings
- reduced leave liability.

Refer to Attachment 8, Junee Shire Council SRV Community Presentation- Slide 11

b. Outline the outcomes which have been achieved.

As indicated above, a range of savings and efficiency gains have been achieved. The quantified gains are listed below in response to the next question.

c. Where possible, quantify the gains these past initiatives have realised.

The gains quantified from the past initiatives and incorporated into Councils budget and forecasts included:

- LED lighting (street lighting) - savings ~ \$30,000 per year
- FBT savings ~ \$40,000 per year
- reduction in passenger vehicles - five vehicles ~ \$100,000 per year
- increase in fuel tax credit rebates - savings of \$50,000 per year
- reduce debt by \$2 million over two years - saving \$80,000 per year
- internal borrowings resulting in savings of \$25,000 per year.

(Attachment 7, Junee Shire Council- SRV Background Paper: Savings that Council has made and plans to make, pp 3-4)

What productivity improvements and cost containment strategies are planned for future years?

The council should provide information that details initiatives planned for the next two years when requesting a one-year section 508(2) SV, or to match the duration of the proposed SV.

The response should, wherever possible:

- estimate the financial impact of strategies intended to be implemented in the future
- present these as a percentage of operating expenditure
- indicate whether the proposed initiatives have been factored into the council's Long Term Financial Plan.

In the text boxes below:

a. Explain the initiatives which the council intends to implement.

As detailed above, through Council's strategic approach to improvement savings, Council considered all the options and took a position that it would cease a non-core service. As a result of this services review, Council decided not to continue providing family day care services, realising an operational saving \$113,000 per year.

Into the future, Council has developed a service review program for the next four years, and implementation of the Renewable Energy Action Plan. It is expected that the outcome of these reviews will deliver further productivity improvements with very minimal savings.

Attachment 7, Junee Shire Council SRV Background Paper, details savings that Council has made and plans to make, p 3-4.

b. Estimate their financial impact.

The Family Day Care savings of \$113,000 have been realised in 2022. This coupled with the introduction of the proposed two-year SRV, will generate operating surpluses from 2024/25 and averaging \$350,000 for the 10-year forecast period – PART A SRV Application WK8 LTFP.

c. Indicate whether these have been incorporated in the council's Long Term Financial Plan.

Yes, the savings have been included in the revised LTFP.

How have the council's levels of productivity and efficiency changed over time, and compare with those of similar councils?

To demonstrate how efficiency has changed over time, councils could use data based on studies of the council itself, or measures against the performance of comparable councils, and also rely on comparative data produced by OLG data such as:

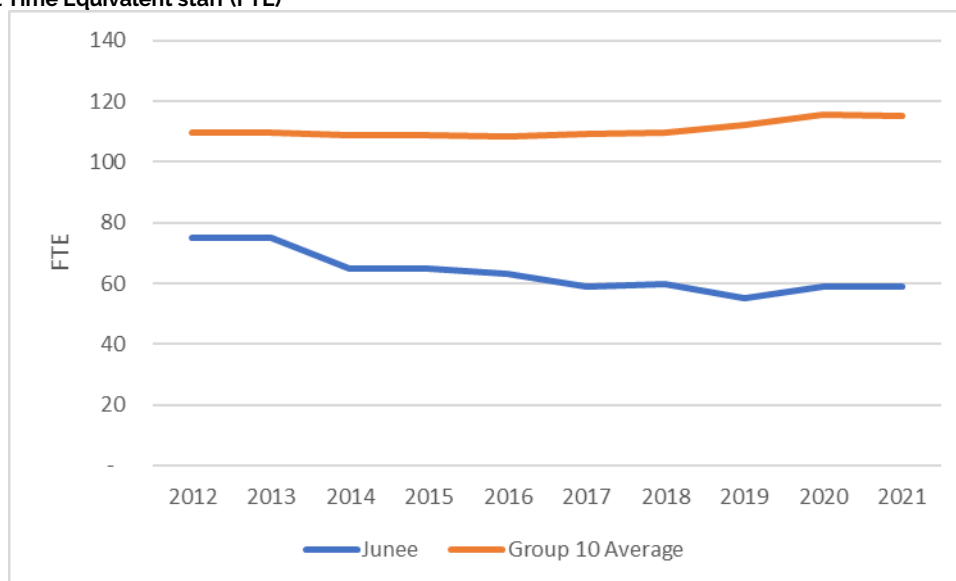
- number of full-time employees (FTE)
- ratio of FTE to population
- average cost per FTE
- employee and on-costs as percentage of ordinary expenditure
- consultancy/contractor expenses over time.

In the text box summarise data which demonstrates how the council has improved productivity and indicate its performance against that of comparable councils.

Looking over the last ten years, Junee demonstrates consistently strong productivity and efficiency in comparison with other similar councils. Junee is part of the OLG's grouping of Large Rural Councils, Group 10.

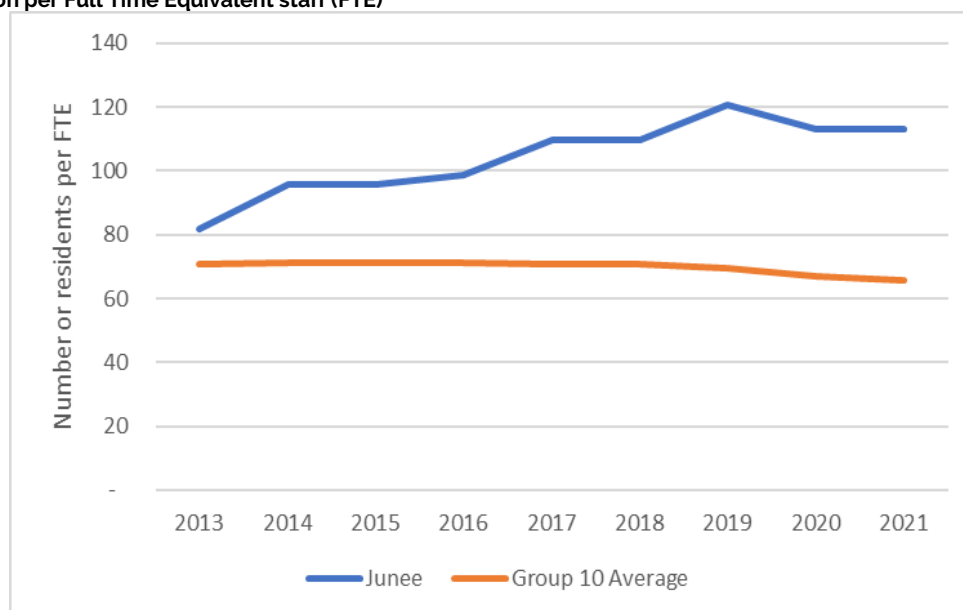
The time series data published by OLG show that Junee has a significant lower FTE than the average for Group 10.

Total Full Time Equivalent staff (FTE)



Efficiency of staff is also demonstrated by Junee consistently above the Group 10 average for the number of residents for every full-time equivalent staff member.

Population per Full Time Equivalent staff (FTE)



At the same time, Junee Shire Council has maintained an operating cost per FTE in line with the average of Group 10, as the graph below demonstrates. The Operating Cost per FTE for Junee has risen above the Group 10 average in recent years, this partly reflects the increased levels of service that Junee provides in comparison to other similar councils.

Total Operating Expenses per FTE

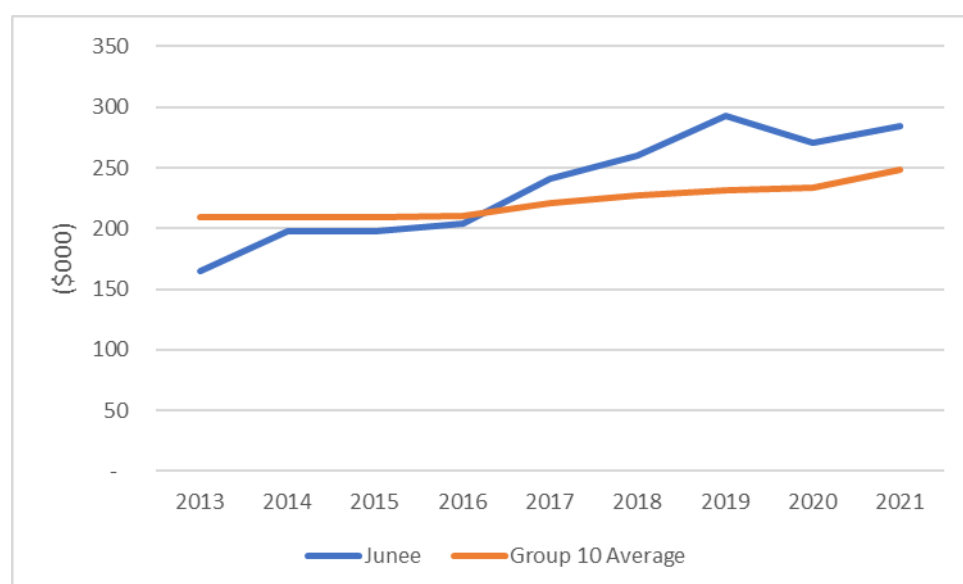


Table 9 Criterion 5 attachments

Council- assigned number	Name of document	Page references ^a
Attachment 4	Junee Shire Council- Long Term Financial Plan (LTFP): Section 6. Scenario Two – SRV Case – 6.1 Introduction	pp 22-26.
Attachment 5	Junee Shire Council- Strategic Asset Management Plan and AMP's	

Attachment 7	Junee Shire Council- SRV Background Paper	pp 3-4
Attachment 8	Junee Shire Council- SRV Community Presentation	Slide 11
Attachment 18	Annual Financial Statements for the year ended 30 June 2022:	
	G5 Statement of performance measures - G5-1 Statement of performance measures – consolidated results.	p 68
	Independent Auditor's Report – Report on the general purpose financial statements (from Council's Annual Financial Statements for the year ended 30 June 2022)	pp 82-84
Attachment 20	Annual Report 2020/21: Notes to the Financial Statements 30 June 2021, G5 Statement of performance measures, G5-1 Statement of performance measures – consolidated results	p 141

a. If document only relevant in part.

Criterion 6 – Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

The Guidelines provide further that we will assess each application based on its merits against the assessment criteria. In doing so, the following may be considered:

- size of the council
- resources of a council
- size (both actual \$ and %) of increase requested
- current rate levels and previous rate rises
- purpose of the SV
- compliance with this or any other applicable guideline
- compliance with the conditions of any previous SVs, and
- any other matter considered relevant in the assessment of a SV application.

In assessing applications for SVs for 2023-24, IPART will continue its approach of assessing each of the five criteria, then making an overall assessment taking into account these other relevant factors.

The council should only respond to this question if it wishes to provide information in addition to that provided elsewhere in the Application which it would like IPART to consider when assessing its proposed SV. It is not necessary to specifically deal with several of the factors listed in OLG's Guidelines such as the size of increase requested, current rate levels and previous rate rises, and purpose of the SV.

The response may refer to any other matters the council considers relevant to IPART's deliberations. In the text box the council may provide information in addition to that provided elsewhere in the Application Form which it would like us to consider when assessing its proposed SV.

NIL

Reporting requirements SV compliance

In the text box propose SV compliance requirements in addition to those in the IP&R documentation that the council feels are appropriate for this application (if relevant).

NIL

Table 10 Criterion 6 attachments

Council- assigned number	Name of document	Page references ^a
NIL	NIL	

a. If document is only relevant in part.

Council certification and contact information

Councils must submit a declaration in the specified form. It should be completed by the General Manager and the Responsible Accounting Officer.

Certification of application

Prepare a document in the form indicated below, sign, scan and attach as a public supporting document.

Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

Name of council:

Junee

We certify that to the best of our knowledge the information provided in this application is correct and complete.

General Manager (name):

James Davis

Signature and Date:

1 / 2 / 2023

Responsible Accounting Officer (name):

Luke Taberner

Signature and Date:

1 / 2 / 2023

Note: These signatures will be redacted before publication of the application.

Council contact information

IPART's formal contact with the council will be with the General Manager.

During the assessment period, IPART officers are likely to contact the council with detailed queries about the application and supporting documents. Councils should provide details of the primary contact for such inquiries where this person is a council officer who is not the General Manager. Council officer contact details will be redacted before publication of this application.

General Manager

James Davis

General Manager contact phone

General Manager contact email

Note: These contact details will be redacted before publication of the application.

Primary council contact

Luke Taberner

Council contact phone

Council contact email

Council email for inquiries about the SV application

Note: These contact details will be redacted before publication of the application.

Secondary council contact

Lloyd Hart

Council contact phone

Council contact email

Council email for inquiries about the SV application

Note: These contact details will be redacted before publication of the application.

List of attachments

To complete (adding rows as necessary):

- Assign an identifying number and/or letter to each document.
- Name each document.
- Check the box to indicate that it is being submitted with the application.

List of attachments to the council's application

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
	Application Form Part A (Excel spreadsheet)	<input type="checkbox"/>
	Application Form Part B (this Word document)	<input type="checkbox"/>
	Council resolution to apply for the for the minimum rate increase variation	<input type="checkbox"/>
	Certification	<input type="checkbox"/>
If applicable for Description and Context Question 4		
	Instrument for expiring special variation	<input type="checkbox"/>
	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
If applicable for Description and Context Questions 5 and 6		
	Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
	Relevant instrument(s) for past special variations (if applicable)	<input type="checkbox"/>
	Evidence of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
Mandatory public supporting material (i.e. to be published on IPART's website)		
	Community Strategic Plan – Relevant extracts	<input type="checkbox"/>
	Delivery Program – Relevant extracts	<input type="checkbox"/>
	Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	<input type="checkbox"/>
	Consultation material, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation	<input type="checkbox"/>
	Community feedback (including surveys and results if applicable)	<input type="checkbox"/>
	Willingness to pay study (if applicable)	<input type="checkbox"/>
	Hardship Policy	<input type="checkbox"/>
Other public supporting material		
	Asset Management Strategy / Plan(s) (if applicable)	<input type="checkbox"/>
	Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)	<input type="checkbox"/>
	NSW Treasury Corporation report on financial sustainability (if applicable)	<input type="checkbox"/>

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
	Confidential supporting material (i.e. not to be published on IPART's website)	

Important information

Submitting online

Applications must be submitted through the Council portal by close of business on Friday, 3 February 2023.

- A file size limit of 10MB applies to the Part B Application Form.
- For supporting documents (Attachments) a file size limit of 400MB applies to public documents, and another 200MB to confidential documents.

Confidential content

We will publish all applications (excluding confidential content) on our website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, a document such as a council working document that does not have formal status, or document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as CONFIDENTAL.

Publishing the council's application

Councils should also publish their application on their own website for the community to access.