



Hunter's Hill Council

# Special Variation Application for 2022-23

## Final Report

May 2022

Local Government »

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## **Tribunal Members**

The Tribunal members for this review are:

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## **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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# 1 Executive summary

Hunter's Hill Council (the council) has applied to IPART to increase its general income through a special variation of 16.9% (inclusive of the rate peg) in 2022-23 and 5.3% plus the rate peg in 2023-24.

Under this proposal, the council would increase its income from rates by 26.02% cumulatively across this period. This permanent rate increase would be applied across residential and business rating categories.

This special variation would replace two existing ten-year temporary special variations approved in 2012-13 (expiring at the end of 2021-22) and 2013-14 (expiring at the end of 2022-23).

The council modified its original application to account for the expiry of the two existing temporary special variations. The modified application proposes the same overall increase as the original application (see section 2).

The council has sought the special variation for the following reasons:

- to replace two existing special variations that are due to expire in June 2022 and June 2023
- to complete capital works programs
- to reduce the council's asset backlog and
- to improve long-term financial sustainability.

## 1.1 IPART's decision

We have approved the proposed special variation in full. Our decision means the council can increase its general income over the period 2022-23 to 2023-24 as shown in Table 1.1.

The approved special variation is permanent, which means the council can retain the increase in its rating base.

Table 1.1 Approved increase to the council's general income (%)

|                                       | 2022-23 | 2023-24 |
|---------------------------------------|---------|---------|
| Permanent increase above the rate peg | 16.2    | 5.3     |
| Rate peg                              | 0.7     | 2.5     |
| Total increase                        | 16.9    | 7.8     |
| Cumulative increase                   |         | 26.02   |

Our decision means the council will have \$1.52 million and \$2.11 million additional income (above the rate peg) over 2022-23 and 2023-24 respectively for the purposes of the SV.



The SV is subject to the following conditions:

- The council uses the additional income for the purposes of reducing the Council's asset backlog and funding the Council's capital works program (together the Proposed Program) generally in accordance with Appendix B.
- The council report, in its annual report for each year from 2022-23 to 2026-27, on the following for those years:
  - the program of expenditure that was actually funded by the additional income;
  - any significant differences between the Proposed Program and the program of expenditure that was actually funded by the additional income and the reasons for those differences;
  - the outcomes achieved as a result of the additional income;
  - the council's actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance as outlined in its Long-Term Financial Plan (provided in the council's application and summarised in Appendix B); and
  - any significant differences between the council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in its Long-Term Financial Plan and the reasons for those differences.

## 1.2 Impact of approved special variation on ratepayers (\$)

|             | <b>2021-22<br/>average rates</b> | <b>16.2%<sup>a</sup> SV<br/>increase<br/>2022-23</b> | <b>5.3%<sup>b</sup> SV<br/>increase<br/>2023-24</b> | <b>Total SV<br/>increase over<br/>2 years</b> | <b>2023-24<br/>average rates</b> |
|-------------|----------------------------------|--|---|---|----------------------------------|
| Residential | 1,986                            | 201  | 55  | 255   | 2,242                            |
| Business    | 1,469                            | 124  | 40  | 164   | 1,633                            |

a. Due to an expiring SV, the impact on residential and business rates in 2022-23 are actually 10.1% and 8.5% respectively.

b. Due to an expiring SV, the impact on residential and business rates in 2023-24 are actually the 2.5% rate peg

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct.

Source: IPART calculations

## 1.3 IPART's assessment of the council's application

To make our decision, we assessed the council's proposed special variation against the 5 criteria set by the Office of Local Government (OLG) in the *Guidelines for the preparation of an application for a special variation to general income* (OLG Special Variation Guidelines).<sup>1</sup> We found that its proposal meets these criteria. Our assessment against each criterion is summarised below.

We also considered the council's compliance with the conditions of the council's 3 previous special variations for the years 2012-13, 2013-14, and 2019-20. We consider that the council has complied with these conditions.

| Criteria | Grading              | Assessment   |
|----------|----------------------|--|
| 01       | Fully demonstrated   | <b>Financial need</b><br>The council's need for, and purpose of, a different revenue path is clearly articulated in the councils Integrated Planning & Reporting (IP&R) documents, particularly in the Asset Management Plan.  |
| 02       | Fully demonstrated   | <b>Community awareness</b><br>The council used an appropriately wide variety of methods to communicate with and poll the public. The council also provided information about ongoing efficiency measures, made clear the proposed SV would be permanent and presented its alternative options to the public. |
| 03       | Largely demonstrated | <b>Reasonable impact on ratepayers</b><br>We found that impact on ratepayers was largely reasonable given the low level of disadvantage (measured by SIEFA ranking) and the council's Financial Hardship Policy and pensioner rebates.   |
| 04       | Fully demonstrated   | <b>Integrated Planning and Reporting documentation</b><br>The council has exhibited and adopted all necessary IP&R documents.  |
| 05       | Fully demonstrated   | <b>Productivity Improvement and Cost Containment</b><br>The council has demonstrated past achievement in delivering productivity and cost containment strategies. The council also has planned for quantifiable efficiency and cost containment measures.  |

## 1.4 Stakeholders' feedback

In making our assessment, we considered stakeholder feedback on the proposed special variation. We received one submission on 4 March 2022 in response to the council's original application. We also received one submission on 18 April 2022 after we publicised that the council modified its original application. We have considered feedback in more detail in the 'Stakeholders' submissions to IPART' section.

The rest of this report explains how and why we reached our decision on the council of the municipality of Hunter's Hill' proposed special variation in more detail.

## 2 Council's special variation application

### 2.1 Council modified its application

The council originally proposed a permanent SV of 22.95% in 2022-23 and the rate peg in 2023-24 (based on the assumed rate peg of 2.5%), which is a cumulative 26.02% increase over two years, set out in Table 2.1a.

Table 2.1a Original proposed special variation (%)

|                                       | 2022-23 | 2023-24 |
|---------------------------------------|---------|---------|
| Permanent increase above the rate peg | 22.25   | 0       |
| Rate peg                              | 0.7     | 2.5     |
| Total increase                        | 22.95   | 2.5     |
| Cumulative increase                   |         | 26.02   |

Source: Hunter's Hill Council, Application Part A

Under this proposal the SV would incorporate the increases from and replace two existing 10-year temporary SVs approved in 2012-13 (expiring at the end of 2021-22) and 2013-14 (expiring at the end of 2022-23), and involve the 2013-14 SV expiring a year earlier than scheduled.

As it is not possible to amend the 2013-14 SV to allow it to expire a year early, IPART asked the council whether it would like to modify its application to apply the increase over two years as set out in Table 2.1b below. The council confirmed the modification to the application (see correspondence in Appendix C).

Table 2.1b Modified proposal for the special variation (%)

|   | 2022-23 | 2023-24 |
|---|---------|---------|
| Permanent/temporary increase above the rate peg | 16.2    | 5.3     |
| Rate peg  | 0.7     | 2.5     |
| Total increase                                  | 16.9    | 7.8     |
| Cumulative increase                             |         | 26.02   |

Source: Letter to IPART, Mitchell Murphy, Hunter's Hill Council, 5 April 2022.

The modified special variation over a 2-year period accommodates the expiry of the council's 2013-14 SV at the end of 2022-23 and does not change the overall impact on general income and ratepayers, which would be the same as in council's initial application and aligns with what council has already consulted on.

### 2.2 Council's rationale for the special variation

The council explained that it needs the proposed SV to its general income to:

- continue funding its capital works programs for roads, footpaths, kerb and gutter, seawalls and environmental works



- reduce its asset backlog<sup>2</sup> supported by its Asset Management Plan
- improve its long-term financial sustainability, including through alignment with the council's Sustainable and Thriving Strategy.<sup>3</sup>

## 2.3 Impact of the special variation on the council's general income

The council has estimated that the proposed SV would result in a cumulative increase in the council's permissible general income (PGI) of \$22.5 million above what the assumed rate peg would deliver over 10 years. This increase would represent 18.3% of the council's total cumulative PGI over the 10-year period (see Table 2.2).

Table 2.2 Council's permissible general income from 2022-23 to 2031-32 under the proposed special variation

|  |       |
|--|-------|
| SV income over 10 years (\$m)              | 22.5  |
| Total PGI over 10 years (\$m)              | 122.8 |
| SV income as a percentage of total PGI (%) | 18.3  |

Note: The above information is correct at the time of the council's application (February 2022).  
Source: IPART calculations.

## 2.4 Impact of the special variation on the council's key financial indicators

The council assessed how the proposed SV would impact its key financial indicators over the 10-year planning period. This is outlined in Table 2.3 below.

Table 2.3 The council's key financial indicators with proposed special variation

| Ratio                    | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|
| Operating performance    | -12.4%  | -9.6%   | -2.0%   | -0.7%   | -2.4%   | -1.0%   | -1.2%   |
| Own source revenue       | 84.2%   | 77.4%   | 85.7%   | 93.6%   | 93.6%   | 93.6%   | 93.6%   |
| Building & asset renewal | 147.3%  | 166.8%  | 100.4%  | 63.2%   | 68.7%   | 91.1%   | 56.8%   |
| Infrastructure backlog   | 7.9%    | 8.3%    | 6.8%    | 8.3%    | 10.1%   | 11.2%   | 13.7%   |
| Asset maintenance        | 121.2%  | 101.8%  | 102.7%  | 102.1%  | 98.9%   | 95.6%   | 92.2%   |
| Debt service             | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |

Source: Hunter's Hill Council, Application Part A, Worksheet 9.

## 2.5 Impact of the special variation on ratepayers

The council would increase rating income from residential and business rating categories by the total increase percentages shown in Table 2.4. On average, annual rates for:

- residential ratepayers would increase by \$201 in 2022-23, and by \$55 in 2023-24

- business ratepayers would increase by \$124 in 2022-23, and by \$40 in 2023-24.

The council's proposed special variation would have the following impact on average rates as shown in Table 2.4.

Table 2.4 Impact of the proposed special variation on average rates

|                         | 2021-22      | 2022-23      | 2023-24      |
|-------------------------|--------------|--------------|--------------|
| <b>Residential (\$)</b> | <b>1,986</b> | <b>2,187</b> | <b>2,242</b> |
| Increase (\$)           |              | 201          | 55           |
| Increase (%)            |              | 10.1         | 2.5          |
| <b>Business (\$)</b>    | <b>1,469</b> | <b>1,593</b> | <b>1,633</b> |
| Increase (\$)           |              | 124          | 40           |
| Increase (%)            |              | 8.5          | 2.5          |

Source: Hunter's Hill Council, Application Part A, Worksheet 5a and IPART calculations.

## 2.5.1 Affordability and capacity to pay

The council acknowledged that it is 10<sup>th</sup> in Australia on the SEIFA rankings, indicating that the majority of residents are socio-economically advantaged and that there is a high capacity to pay.

The council assessed the affordability of the proposed SV and the community's capacity to pay through a rates comparison and its outstanding rates ratio. The comparison was made between neighbouring Ryde City and Lane Cove councils based on a rateable land value of \$1.65 million. The council included this information in a brochure distributed to every household in the municipality.<sup>4</sup>

## 2.5.2 Hardship policy

The council acknowledges in its application that a rate increase will impact some residents more than others and that some of its residents may be financially vulnerable.<sup>5</sup> The council has a hardship policy and some key features include:

- An eligible ratepayer can request periodical payment arrangements for overdue rates.
- An eligible ratepayer can request interest on overdue charges to be reduced or waived.
- A ratepayer can enter an arrangement to pay agreement approved by the General Manager.<sup>6</sup>

The council also offers rebates to pensioner concession holders. Previously, the council also endorsed a COVID community support package to help local organisations, businesses and the broader community.<sup>7</sup>

## 2.6 The council's resolution to apply for a special variation

The council resolved to apply for the proposed special variation on 18 October 2021.<sup>8</sup>

## 2.7 Request for further information from the council

Following our preliminary assessment of the council's application, we requested information to resolve discrepancies between Part A and Part B of the council's application. The council provided updated information and we have used this in our assessment.

We also requested the council to clarify its original application as discussed previously.

### 3 IPART's assessment of the council's application

We assessed the council's application for a special variation against the 5 criteria set out in the OLG Special Variation Guidelines (and outlined in Appendix A).

We found that the council demonstrated that it meets the criteria for its proposed special variation, because:

- Additional revenue is needed for the council to improve its long-term financial sustainability and to reduce its infrastructure backlog and to renew its infrastructure.
- The increased rates are reasonable and in line with comparable councils.
- The community was engaged and informed of the special variation.
- Productivity improvements and cost containment strategies have been, and plan to be, made by the council.
- All necessary IP&R documents were appropriately exhibited and adopted.

Our detailed assessment and the reasons for our decision are set out below.

#### 3.1 Criterion 1: Financial need for the proposed special variation

This criterion examines the council's financial need for the proposed SV. The council is required to clearly articulate and identify the need for, and purpose of, the proposed SV in its LTTP, Delivery Program and Asset Management Plan (where appropriate).

We used 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, namely the council's forecast operating performance.

We also used information provided by the council to assess its need for the proposed SV to reduce its infrastructure backlog and/or increase its infrastructure renewals. For this, we assessed the council's infrastructure backlog ratio and infrastructure renewals ratio.

We also consider whether the council has considered alternative funding sources such as increasing its own source revenue.

Appendix A provides more detail on the assessment criteria.

##### 3.1.1 IPART's assessment

We found that the council demonstrated that it met this criterion.

To reach this finding, we considered the forecasts of financial performance over the next nine years provided by the council.

We assessed the council's Operating Performance Ratio (OPR) under the Baseline Scenario (i.e. with no special variation) and under the Proposed SV Scenario, based on these forecasts. We found that over the next 5 years:

- Under the Baseline Scenario, the council's average OPR would be -14.0%. It would reach -12.3% in 2031-32, which is below the OLG benchmark of greater than or equal to zero.
- Under the Proposed SV Scenario, the council's average OPR would be -1.5%. It would reach 0.1% in 2031-32, which is in line with the OLG benchmark of greater than or equal to zero.

The council projects that allowing its existing SVs to expire without replacement will increase its projected operating deficit to \$1,655,000 in 2022-23 and an average annual deficit of \$2,208,000 over the nine years from 2022-23 to 2030-31.<sup>9</sup> In contrast, if the proposed SV was granted, the council projected that the deficit would improve to \$410,000 in 2022-23 and to an average annual deficit of \$260,000 over the nine years from 2022-23 to 2030-31.<sup>10</sup> The council noted that this would significantly assist in reducing the asset backlog.<sup>11</sup>

We also assessed the council's asset backlog and infrastructure backlog ratio projected for 10 years. The council's proposal would result in an asset backlog of \$5.5 million by 2030-31 compared to the base case of allowing existing SVs to expire of \$18.9 million.

We also found that the council has also considered alternative funding sources such as:

- increasing own source revenue through actively seeking grant funding and increasing the capacity for grant funding
- exploring loan borrowing
- reviewing fees and charges to align with neighbouring councils
- investing into and implementing various methods to improve efficiencies such as service sharing.<sup>12</sup>

### 3.1.2 The council's rationale for the proposed special variation

The council explained its rationale for the proposed special variation in its application and IP&R documents. It stated that it needs the additional income to:

- continue funding its capital works programs for roads, footpaths, kerb and gutter, seawalls and environmental works
- reduce its asset backlog<sup>13</sup> supported by its Digital Asset Management Plan
- improve its long-term financial sustainability, including through alignment with the council's Sustainable and Thriving Strategy<sup>14</sup>

The council indicated that it had considered other alternatives to the rate rise, and these considerations are outlined in its application and LTFP.

### 3.1.3 Impact of the proposed SV on the council's financial performance

Generally, we consider a council with a consistent operating surplus to be financially sustainable. An operating surplus is where the income the council receives covers its operating expenses each year. We use the Operating Performance Ratio as a measure of a council's ongoing financial performance or sustainability. Box 3.1 defines the OPR and how we interpret it.

### Box 3.1 Operating Performance Ratio

The OPR measures whether a council's income will fund its costs and is defined as:

$$OPR = \frac{\text{Total operating revenue} - \text{operating expenses}}{\text{Total operating revenue}}$$

Where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.

The OLG has set a benchmark for the ratio of greater than zero percent.

The ratio measures net operating results against operating revenue and does not include capital expenditure. That is, a positive ratio indicates that an operating surplus is available for capital expenditure.

Generally, we consider that a council's average OPR over the next 10 years should be 0% or greater, as this represents the minimum level needed to demonstrate financial sustainability. An OPR consistently well above 0% would bring into question the financial need for an SV.

However, we recognise that other factors, such as the level of borrowings or investment in infrastructure, may affect the need for a council to have a higher or lower operating result than the OLG breakeven benchmark as set by OLG.

Source: Office of Local Government, [Performance Benchmarks](#) and [Assets](#).

#### 3.1.4 Impact on operating performance ratio

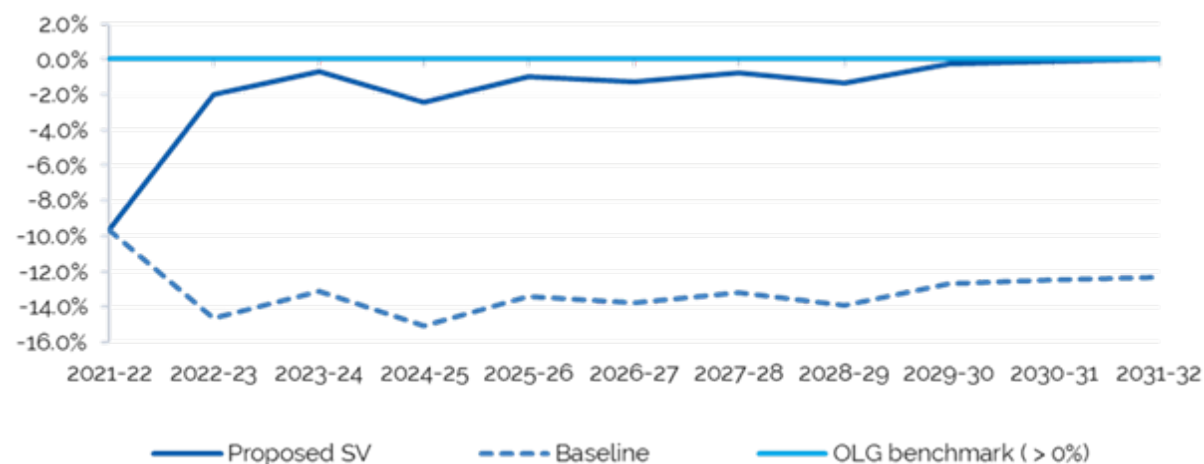
We considered the impact on the council's OPR with and without the proposed special variation.

Under the Proposed SV Scenario, the council forecasts that its operating performance will improve, reaching an OPR of 0.1% in 2031-32 which is above the OLG benchmark of greater than 0% (see Table 3.1).

Comparatively, under the Baseline Scenario (which assumes the council would incur the same expenditure as under the Proposed SV Scenario, without the additional revenue from this SV), the council forecasts that its operating performance results will further decline below the OLG benchmark, as shown in Figure 3.1.



Figure 3.1 The council's OPR excluding capital grants and contributions from 2021-22 to 2031-32 (%)



Source: The council of the municipality of Hunter's Hill, *Application Part A*, Worksheet 8 and IPART calculations.

Table 3.1 The council's projected OPR with proposed special variation, 2022-23 to 2031-32 (%)

|             | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Proposed SV | -2.0%   | -0.7%   | -2.4%   | -1.0%   | -1.2%   | -0.8%   | -1.4%   | -0.3%   | -0.1%   | 0.1%    |
| Baseline    | -14.6%  | -13.1%  | -15.1%  | -13.4%  | -13.7%  | -13.2%  | -13.9%  | -12.6%  | -12.5%  | -12.3%  |

Source: The council of the municipality of Hunter's Hill, *Application Part A*, Worksheet 9 and IPART calculations.

Our analysis indicates that over the next 5 years, the council's financial performance under each scenario results in a simple average OPR of:

- -1.5% under the Proposed SV Scenario
- -14.0% under the Baseline Scenario.

### 3.1.5 Impact on infrastructure ratios

The management of infrastructure assets is an important council function. Where relevant, IPART also uses information provided by the council to assess its need for the proposed SV to reduce its infrastructure backlog and/or increase its infrastructure renewals. We do this by assessing the council's infrastructure backlog ratio and infrastructure renewals ratio. Box 3.2 defines these ratios and how we interpret them.

The council's infrastructure backlog ratio indicates whether the council has a need for additional revenue to maintain its infrastructure assets. The infrastructure renewals ratio measures the rate at which infrastructure assets are being renewed against the rate at which they are depreciating.

## Box 3.2 Infrastructure ratios for councils

### Infrastructure backlog ratio

The Infrastructure backlog ratio measures the council's backlog of assets against its total written down value of its infrastructure and is defined as:

$$\text{Infrastructure backlog ratio} = \frac{\text{Estimated cost to bring assets to a satisfactory standard}}{\text{Carrying value of infrastructure assets}}$$

where the carrying value of infrastructure assets is the historical cost less accumulated depreciation.

The Office of Local Government has set a benchmark for the ratio of less than 2%.

### Infrastructure renewals ratio

Where relevant, we may also consider the Council's infrastructure renewals ratio, which assesses the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. It is defined as:

$$\text{Infrastructure renewals ratio} = \frac{\text{Infrastructure asset renewals}}{\text{Depreciation, amortisation and impairment}}$$

The OLG has set a benchmark for the ratio of greater than 100%.

Source: Office of Local Government, [Performance Benchmarks](#) and [Assets](#).

## Impact on infrastructure backlog ratio

The council indicated its infrastructure backlog as at 30 June 2021 is \$4.7 million and its infrastructure backlog ratio will be 8.3% in 2021-22, which does not meet the OLG benchmark of less than 2%.

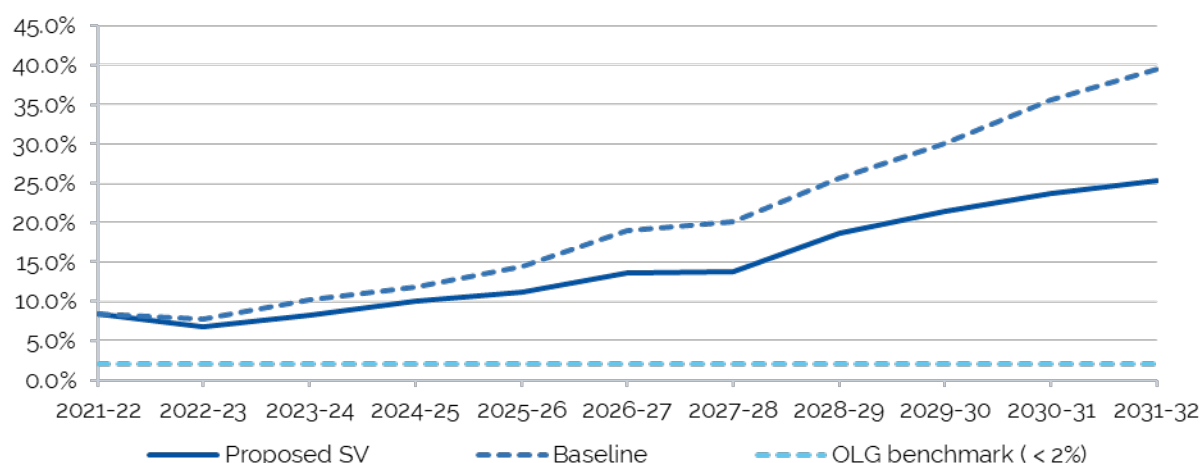
The council noted that the LTFP model does not yet specify expenditure of the surplus. The LTFP model was pending community consultation about asset condition expectations and considering reserves for longer-term asset commitments.<sup>15</sup>

The council is planning to spend most of the additional SV revenue on reducing its asset backlog and renewing its infrastructure. This is supported by the asset management plan which documents that the revenue will be used to eliminate the kerb, marine structures, paths and stormwater pits backlogs entirely, to reduce the building and roads backlogs, while allowing the open space backlog to increase significantly.<sup>16</sup>

As Figure 3.2 shows:

- Under the Proposed SV Scenario, the infrastructure backlog ratio would increase over the longer term. As at 30 June 2032 it is estimated to be 25.3%.
- In comparison, under the Baseline Scenario, the infrastructure backlog ratio would be considerably higher after 10 years. As at 30 June 2032, it is estimated to be 39.5%

Figure 3.2 The council's infrastructure backlog ratio, 2021-22 to 2031-32 (%)



Note: Baseline Scenario includes the council's full expenses from its proposed SV, without the additional revenue from the proposed SV.  
Source: The council of the municipality of Hunter's Hill, *Application Part A*, Worksheet 8 and IPART calculations.

Our analysis indicates that over the next 5 years, the council's average infrastructure backlog ratio would be:

- 10% under the Proposed SV Scenario
- 12.7% under the Baseline with SV Expenditure Scenario.

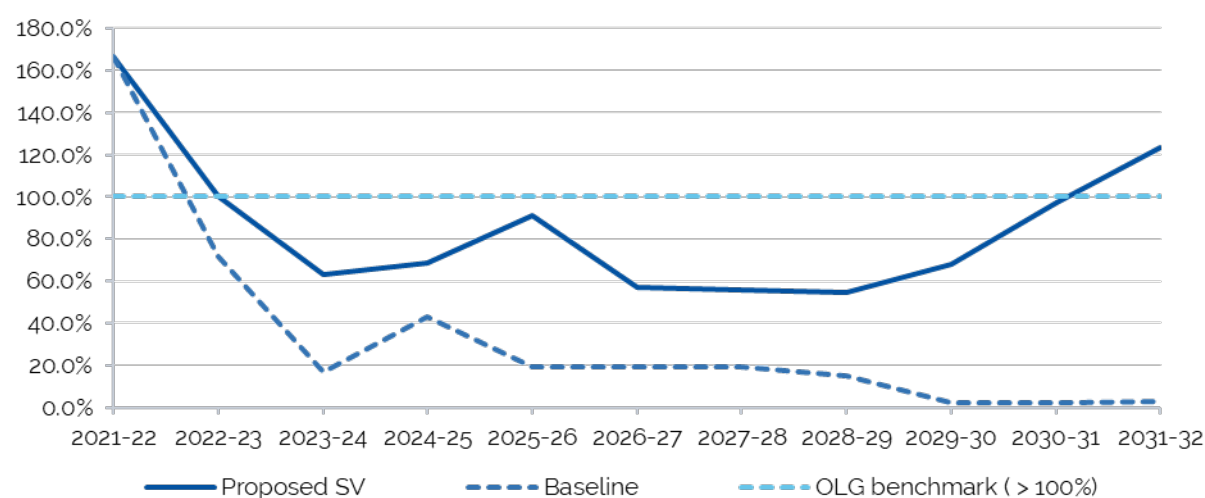
### Impact on infrastructure renewals ratio

The council explained that there would also be impacts to its infrastructure renewals ratio. With the outcomes of community engagement and to develop a more prudent strategy, the council resolved to primarily address the roads asset backlog and to address the community asset backlog to a lesser extent.

As Figure 3.3 shows:

- Under the Proposed SV Scenario, the infrastructure renewals ratio as at 30 June 2022 is estimated to be 166.8%, significantly above the OLG benchmark of greater than 100%. The council explained that this was due to a significant upgrade to the Council Town Hall and noted that the subsequent drops were the result of other community facilities approaching end of life. At 30 June 2032, it is estimated to again exceed the benchmark at 123.5%.
- In comparison, under the Baseline Scenario without the proposed SV and expenditure, the infrastructure renewals ratio would be significantly lower. As at 30 June 2032, it is estimated to be 2.9%.

Figure 3.3 The council's infrastructure renewal ratio, 2021-22 to 2031-32 (%)



Note: Baseline Scenario includes the council's full expenses from its proposed SV, without the additional revenue from the proposed SV.  
 Source: The council of the municipality of Hunter's Hill, *Application Part A*, Worksheet 8 and IPART calculations.

### 3.1.6 Available income and alternative funding sources

We investigated whether and to what extent the council has decided not to apply the full percentage of increases to general income available to it in previous years under section 511 of the Local Government Act. The council does not have any deferred rate increases available to it.

In its application the council considered alternative funding sources to the proposed special variation. The council outlined its current work and considerations for increasing revenue through the following options:

- The council has been successful in receiving a number of State Government environment grants in 2019-20. The council intends to continue actively seeking grants and to increase grants for environment works, asset maintenance and sustainability.<sup>17</sup>
- The council conducted a Digital Asset Management Plan analysis and found that loan borrowing would not be better than the proposed SV. An SV rate rise would allow the asset backlog to be validated over time to gauge the impact of the funding and enable more orderly procurement of works.<sup>18</sup>
- The council has reviewed its fees and charges to equalise them with neighbouring councils. This is further discussed in section 3.3.3.
- The council has considered and implemented various methods to improve efficiencies such as service sharing. This is further discussed in section 3.5.2.

With these considerations, the council decided that the proposed special variation would provide the most feasible funding source to address its financial need.

## 3.2 Criterion 2: Community engagement and awareness

This criterion assesses the council's breadth of evidence that the community is appropriately aware of the need and extent of the proposed rate increase. This criterion also requires the council to discuss its ongoing efficiency measures when explaining the need for the SV. Appendix A provides more detail on the assessment criteria.

### 3.2.1 IPART's assessment

We found that the council demonstrated that it met this criterion.

In our view, the council effectively consulted with ratepayers and the community is aware of the need for, and extent of, a rate rise associated with the special variation.

In particular, we found that:

- The council's Delivery Program and LTFP clearly sets out the extent of the General Fund rate rise under the proposed SV.
- The council communicated 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.
- The consultation material included a brief discussion of the council's ongoing efficiency measures in explaining the need for the SV.
- The council's engagement methods were reasonable for communicating the impact of the proposed special variation to the community and the community had enough opportunity to provide their feedback.

### 3.2.2 The council's community consultation

We assessed the council's community consultation for content, clarity, timeliness and engagement methods.

#### Content

The material the council prepared for ratepayers on its proposed SV included most of the content needed to ensure ratepayers were well informed and able to engage with the council during the consultation process. However, the council has not specifically outlined its business rate information, or the rate increases for each ratepayer category in the engagement strategy. Specifically, the council communicated for all ratepayers in general:

- the impact of the proposed rate increase to ratepayers in dollar terms
- the proposed rate increase with and without the rate peg
- the cumulative dollar impact for affected ratepayers
- the average annual rate increase and the average total rate increase in dollar terms and
- what the additional income from the proposed SV would fund.

## Clarity

The council's consultation material clearly presented the:

- need for the proposed SV
- dollar impact for an average ratepayer
- cumulative dollar impact.

The detailed Q & A on the council's website provided general information about the need for the SV, the options in more detail and what impacts each of these options would have. Also outlined was information about the expiring SV and that rates would in fact decrease with the Baseline Scenario.<sup>19</sup> In addition to the website, the other key piece of communication was an SV information brochure, which was letterboxed to every household in Hunters Hill. The brochure provided property owners with rating scenario options, including the results of each option, the financial impact – both overall, weekly and annually, and the impacts on the council's assets.<sup>20</sup>

Overall, we consider the council sufficiently communicated the impact of the proposed SV for its average residential and business ratepayers.

## Timeliness

The council consulted with the community on the proposed special variation from August 2021 to the end of October 2021.<sup>21</sup> This consultation period provided enough opportunity for ratepayers to be informed and engaged on the proposal.

## Engagement methods used

The council used an appropriate variety of engagement methods to promote awareness of and obtain community views on its proposed rate increase. This included:

- information, factsheets and a rating calculator on the council's website
- detailed Q&A on the council's website
- delivery of a printed information brochure to every household and property owner
- online and telephone survey by Micromex
- editorial and advertising in local newspapers, e-newsletter and social media
- inviting written submissions from property owners.<sup>22</sup>

### 3.2.3 Outcomes of consultation with the community

Criterion 2 does not require the council to demonstrate community support for the proposed special variation. However, it does require the council to consider the results of community consultation in preparing its application.



The council's application indicated that it received 400 responses verbally through the Micromex telephone survey, 143 responses through the Micromex online survey, 8 telephone queries, and 2 written submissions. The ratepayers also made comments to social media posts about the SV.<sup>23</sup> Overall, the level of response from the community in regard to written responses was lower than previous SV engagements, even with the same level of consultation undertaken.

The community response to the SV was mixed with some supportive of some form of SV and others supportive of a base case scenario only.

Some respondents to the survey were not supportive of the council's proposed SV. Of those who opposed the SV, feedback from the telephone survey included:

- The council should reduce expenditure/manage finances better.
- Cost of rates is already high/can't afford to pay more.
- There needs to be a balance between increased costs and maintaining levels of services/infrastructure.<sup>24</sup>

Of those who supported the SV, some comments included:

- 'Everything needs to be upgraded so if the council needs more funding to do so then it's acceptable to raise rates.'
- 'Understandable costs rise and to best manage the situation we need that increase in the rates.'
- 'A reasonable increase for what the council is trying to provide the community.'<sup>25</sup>

In response to the community consultation feedback, the council:

- summarised the community submissions
- responded to community submissions.

Since the council received a small number of written responses the council was able to write a response to each.

We assess that the council has considered the results of community consultation in preparing its application.

### 3.3 Criterion 3: Impact on affected ratepayers

This criterion assesses whether the impact on ratepayers is reasonable considering current rates, the existing ratepayer base and the proposed purpose of the special variation. The council must also demonstrate it has considered the community's capacity and willingness to pay. Appendix A provides more detail on the assessment criteria.

#### 3.3.1 IPART's assessment of the impact on ratepayers

We found that the council largely demonstrated that it met this criterion.

We consider the impact of the proposed SV on ratepayers will be reasonable given the community's capacity to pay. Specifically, we note:

- With the SV, the council's proposed average residential rate will be above the estimated average rate levels for its OLG Group and neighbouring councils in 2023-24.
- With the SV, the council's proposed average business rate will be below the estimated average rate levels for its OLG Group and neighbouring councils in 2023-24.
- The community appears to have the capacity to pay, given that its SEIFA ranking of 125 indicates the council has a lower level of disadvantage than almost all other councils. Its median annual household income is greater than neighbouring councils and is 10% greater than its OLG Group average.

We also note that the council has a hardship policy in place to assist ratepayers experiencing financial hardship. In addition, considering the COVID-19 pandemic, the council has also implemented a range of measures to provide financial relief to residents and businesses that have been affected.

In terms of reporting ratepayers' uptake of the council's financial hardship policy, we note the Office of Local Government issued *Debt Management and Hardship Guidelines*. The guidelines do not provide advice on a council reporting its number of financial hardship assessments. However, the guidelines recommend the council monitor and report their 'outstanding rates and charges' ratio to reflect the level of uncollected rates.

### 3.3.2 The council's assessment of the impact on ratepayers

The council assessed the impact on ratepayers of the proposed SV and adequately discussed how it has addressed affordability concerns.

The council compared its proposed average rates with neighbouring councils and examined socioeconomic data such as its SEIFA index of relative socio-economic disadvantage, and outstanding rates ratio to assess the impact on ratepayers and their capacity to pay. On the basis of these indicators, it concluded that its ratepayers have the capacity to pay the increased rates from the proposed SV. In particular, it noted that:

- Based on a rateable land value of \$1,650,000, Hunter's Hill Council indicated its comparable 2021-22 general rates were higher than Lane Cove Council and lower than Ryde City Council.<sup>26</sup>
- The outstanding rates ratio has always met the OLG benchmark of less than 5%, only increasing in recent years due to COVID.<sup>27</sup>

In its application, the council explained it has calculated that in 2022-23, under its proposed SV:

- the average residential rate would increase by 10.1%
- the average business rate would increase by 8.5%.

Table 2.4 sets out the council's estimates of the expected increase in average rates in each main ratepayer category. The council submitted that it also has a hardship policy for individuals that are experiencing financial hardship. The policy states some arrangements that can be offered, these include periodical payment arrangements, waiver of interest on overdue charges and separate approval of 'arrangement to pay' agreements.<sup>28</sup> The council also offers rebates to pensioner concession holders.<sup>29</sup>

### 3.3.3 IPART's analysis of the impact on ratepayers

To assess the reasonableness of the impact of the proposed special variation on ratepayers, we examined the council's SV history and the average annual growth of rates in various rating categories.

The council has applied for three SVs in the previous decade. It was granted the following SVs (inclusive of the relevant rate pegs):

- a 10.04% increase in its 2012-13 SV to be retained for 10 years
- a 10.67% increase in 2013-14 to be retained for 10 years
- a 9.74% increase in 2019-20 for 10 years<sup>30</sup> (with 5.7% to be retained permanently).<sup>31</sup>

Its rates have been consistently higher than the average for OLG group 2 and have risen faster than the average for this group over time. As a result of these previous SVs, we found the average annual compounding growth in residential rates and business rates for Hunter's Hill are 4.3% and 5.7% respectively. This is higher than the average annual compounding growth in the rate peg of 2.5% over the same ten-year period of 2011-12 to 2021-22.

Since 2017-18, the council's residential rates have increased by 13% and business rates have decreased by 4% which can be seen in Table 3.2. Approximately 97% of its rate revenue derives from residential rates, since there are only approximately 215 rateable businesses in the council area.

Table 3.2 Historic average rates in Hunters Hill Council, 2017-18-2019-20 (\$)

|                    | 2017/18 | 2018/19 | 2019/20 | Overall rate growth (%) |
|--------------------|---------|---------|---------|-------------------------|
| <b>Residential</b> | 1,683   | 1,736   | 1,903   | <b>13.1</b>             |
| <b>Business</b>    | 1,153   | 1,179   | 1,108   | <b>-3.9</b>             |

Source: IPART calculations

The council's 2019-20 average residential rate of \$1,903 was the highest of any council in NSW.<sup>32</sup> The council specifies neighbouring Lane Cove and Ryde City councils as having comparable general residential rates based on a rateable land value of \$1,650,000.<sup>33</sup> We consider that better comparators are Lane Cove and Mosman Council (instead of Ryde City) due to similarities in OLG group, median household income and SEIFA scores (see Table 3.3). In 2019-20, Mosman's average annual residential rate was the twelfth highest in NSW but was still approximately \$450 lower than Hunter's Hill.

We also compared 2019-20 rates and socio-economic indicators in the local government area with those of OLG Group 2, neighbouring and comparable councils (see Table 3.3 and Table 3.4).

Table 3.3 Comparison of the council's average rates and socio-economic indicators with those of comparable councils and Group 2 councils (2019-20)

|  | Hunters Hill Council | Mosman Council | Lane Cove Council | OLG group 2 average |
|--|----------------------|----------------|-------------------|---------------------|
| Average residential rate <sup>a</sup> (\$)       | 1,903                | 1,454          | 1,225             | 1,279               |
| Average business rate (\$)                       | 1,108                | 3,165          | 4,583             | 4,460               |
| Median annual household income (\$) <sup>b</sup> | 128,636              | 131,504        | 123,891           | 116,470             |
| Ratio of average rates to median income (%)      | 1.5                  | 1.1            | 1.0               | 1.1                 |
| Outstanding rates ratio (%)                      | 4.0                  | 3.9            | 3.5               | 4.2                 |
| SEIFA Index NSW rank <sup>c</sup>                | 125                  | 128            | 126               | -                   |

a. The average residential rate (ordinary and special) is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.

b. Median annual household income is based on 2016 ABS Census data.

c. The highest possible ranking is 130 which denotes a council that is least disadvantaged in NSW.

Source: OLG, Time Series Data 2018-19; ABS, Socio-economic Indexes for Areas (SEIFA) 2016, March 2020; ABS, 2016 Census DataPacks, General Community Profile, Local Government Areas, NSW, Median Weekly Household Income and IPART calculations.

Table 3.4 Difference between the council's average rates and those of comparable councils and Group 2 councils (2019-20)

| Rate category | Hunters Hill Council | Comparable councils <sup>a</sup> | Group 2 councils | Difference between Hunter's Hill Council and comparable councils (%) | Difference between Hunter's Hill Council and Group 2 councils (%) |
|---------------|----------------------|----------------------------------|------------------|--|---|
| Residential   | 1,903                | 1,326                            | 1,279            | 43.5   | 48.8  |
| Business      | 1,108                | 4,111                            | 4,460            | -73.0  | -75.1   |

Note: All averages are weighted averages, weighted by the number of assessments.

a. Comparable councils in this chart include Mosman and Lane Cove

Source: OLG, Time Series Data 2018-19; and IPART calculations

Based on 2019-20 data, we found that the council's:

- average residential rates are higher than the average for Group 2 councils and the weighted average for Mosman and Lane Cove councils
- average business rates are significantly lower than the average for OLG Group 2 and for comparable councils.
- average rates to income ratio is 1.5% compared to the average ratio of 1.1% for Group 2 councils.

Table 3.5 Difference between the council's average rates and those of comparable councils and Group 2 councils under the proposed SV in 2023-24

| Rate category | Hunters Hill Council (\$) | Comparable councils <sup>a</sup> (\$) | Group 2 councils (\$) | Difference between Hunter's Hill Council and comparable councils (%) | Difference between Hunter's Hill Council and Group 2 councils (%) |
|---------------|---------------------------|---------------------------------------|-----------------------|--|---|
| Residential   | 2,242                     | 1,433                                 | 1,381                 | 56.5   | 62.3  |
| Business      | 1,633                     | 4,441                                 | 4,818                 | -63.2  | -66.1   |

Note: All averages are weighted averages, weighted by the number of assessments.

a. Comparable councils in this chart include Mosman and Lane Cove

Source: OLG, Time Series Data 2018-19; and IPART calculations.

In addition, we compared the council's average rate levels under the proposed SV with the projected average rate levels for OLG Group 2 councils and for comparable councils (see Table 3.5). We found that the council's:

- average residential rate in 2023-24 with the proposed SV would be higher than the estimated average residential rates for comparable councils
- average business rate in 2023-24 with the proposed SV would be lower than the estimated average business rates for comparable councils.

Table 3.6 Comparison of the council's average rates and socio-economic indicators with those of neighbouring councils and Group 2 councils (2019-20)

| Council (OLG Group)     | Average residential rate <sup>a</sup> (\$) | Average business rate (\$) | Median annual household income <sup>b</sup> (\$) | Average rates to median income ratio (%) | Outstanding rates ratio | SEIFA Index NSW <sup>c</sup> Ranking |
|-------------------------|--|----------------------------|--|--|-------------------------|--------------------------------------|
| Lane Cove (2)           | 1,225                                      | 4,583                      | 123,891  | 1.0                                      | 3.5                     | 126                                  |
| Ryde (3)                | 1,039                                      | 9,663                      | 93,127   | 1.1                                      | 0.0                     | 115                                  |
| Canada Bay (3)          | 955  | 3,025                      | 107,466  | 0.9                                      | 3.3                     | 119                                  |
| <b>Hunters Hill (2)</b> | <b>1,903</b>                               | <b>1,108</b>               | <b>128,636</b>                                   | <b>1.5</b>                               | <b>4.0</b>              | <b>125</b>                           |
| Group 2 average         | 1,279                                      | 4,460                      | 116,470  | 1.1                                      | 4.2                     | -                                    |

a. The average residential rate (ordinary and special) is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category. The table does not capture the increases from any SVs granted to councils in 2018-19.

b. Median annual household income is based on 2016 ABS Census data.

c. This is the SEIFA index of Relative Socio-economic Advantage and Disadvantage. The highest possible ranking is 130 which denotes a council that is least disadvantaged in NSW.

In Table 3.6, we further analysed the council's capacity to pay through a comparison of its median annual household income with those of its geographically neighbouring councils. We found that the median annual household income for residents of Hunter's Hill is slightly below that of Mosman (see Table 3.3) but is the highest of its neighbouring councils and is 10% greater than the group 2 average.

## 3.4 Criterion 4: Integrated Planning and Reporting documents

The Integrated Planning and Reporting (IP&R) framework allows councils and the community to engage in important discussions about service levels and funding priorities and to plan for a sustainable future. This framework underpins decisions on the revenue required by each council to meet the community's needs.

This criterion requires councils to exhibit, approve and adopt the relevant IP&R documents before applying for a proposed SV, to demonstrate adequate planning.

The relevant documents are the Community Strategic Plan, Delivery Program, LTFP and, where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended) public exhibition for 28 days (and re-exhibition if amended). The OLG Guidelines require that the LTFP be posted on the council's website.

### 3.4.1 IPART's assessment of the IP&R documents

We found that the council fully demonstrated that it met this criterion.

We consider that most of the council's IP&R documents contained enough information relating to the proposed special variation, and were appropriately exhibited, approved and adopted by the council.

### 3.4.2 Content of IP&R documents

#### **The need for, and purpose of, the proposed SV**

The council presented the need for, and purpose of, the proposed SV in its Community Strategic Plan, Delivery Program, LTFP and Asset Management Plan. The council stated it has considered alternative options to an SV, which are documented in its LTFP. These alternative options include:

- grant-funding to supplement existing funds for capital work, and to continue local infrastructure and environmental projects
- ensuring s7.12 Contributions Plan projects that are aligned with developer contributions are outlined in the Digital Asset Management Plan
- developing a Property Strategy to determine future income generation
- loan borrowing to solve the current backlog
- developing shared service initiatives with other council/s
- reviewing fees and charges
- investing in improved technologies
- implementing the Digital Asset Management Plan system.



## The extent of the general fund rate rise under the proposed SV

The council's IP&R documents do not provide the average rates under the proposed SV. Its consultation material provides an estimated average annual residential rate under different SV scenarios. However, the material does not specify the average rate for business ratepayers, or the estimated increase in rates by each year of the proposed SV.

## The impact of any rate rises upon the community

The council's IP&R documents do not consider the ratepayers' capacity to pay. However, the council's SV application has considered the community's capacity to pay rates under the proposed SV. The council stated that Hunter's Hill Council is the 10<sup>th</sup> most advantaged area in Australia (according to the SEIFA index). However, the council will provide targeted financial assistance through its Hardship Policy and pensioner concessions.

### 3.4.3 Council exhibition, approval and adoption of IP&R documents

The council:

- has not publicly exhibited its current Community Strategic Plan, as it is being revised in 2021-22 following local government elections
- has publicly exhibited its Delivery Program, LTFP, Asset Management Plan and 2020-21 Operational Plan on 17 May 2021. The council considered submissions and adopted these IP&R documents on 21 June 2021.

## 3.5 Criterion 5: Productivity improvements and cost containment strategies

This criterion requires councils to explain the productivity improvements and cost containment strategies that have been realised in past years and are expected to be realised over the proposed SV period. It also requires them to:

- incorporate the financial impact of the ongoing efficiency gains in their LTFP
- provide evidence of strategies and activities to improve the productivity of their operations and asset management, and robust data quantifying the efficiency gains from these initiatives, as well other cost-saving and revenue-raising initiatives.

### 3.5.1 IPART's assessment

We found that the council fully demonstrated that it met this criterion.

In particular, we consider that the council:

- has a strategic approach to improving its productivity and efficiency
- has past achievements in delivering productivity and cost containment

- has proposed strategies and activities for improving its productivity and efficiency but these are modest.

### 3.5.2 The council's assessment of efficiency gains achieved

The council's application sets out the productivity improvements and cost containment initiatives it has undertaken in recent years. The Sustainable and Thriving Strategy and Sustainable Initiatives sections of the council's LTFP set out the council's plans to achieve efficiency and process improvements. The council has:

- agreements in place to share library, waste management, road safety and rating services with Lane Cove Council, with the shared library service alone delivering \$350,000 in savings annually<sup>34</sup>
- reviewed and brought its fees and charges into line with those of surrounding northern Sydney municipalities and reduced its annual average operating deficit by \$580,000<sup>35</sup>
- reduced its full-time equivalent staffing numbers by 3 through implementation of efficiency measures and made provision for \$113,000 in annual efficiency gains, to be split equally between the materials and contracts budgets.<sup>36</sup>

### 3.5.3 The council's future strategies for productivity and cost containment

The council's plan for future productivity and cost containment savings involves the continuation of previous successful implementations and some new strategies. The council makes specific reference to the Property Strategy which will realign key sites in Hunter's Hill to service community need. Other strategies mentioned include:

- expanded installation of LED streetlighting to improve sustainability practices
- upgrades and maintenance to community facilities and centres to maximise use, which it estimated could lead to an efficiency gain of \$110,000<sup>37</sup>
- review of its commercial leases.

The council has indicated that it aims to use future savings from productivity efficiency measures to be reinvested to further minimise asset backlogs.<sup>38</sup>

### 3.5.4 IPART's assessment of the council's performance

We examined a range of indicators on the efficiency of the council's operations and asset management. We also considered how its efficiency has changed over time, and how its performance compares with that of similar councils. This data is presented in Table 3.7 and Table 3.8 below.

We found that, compared to neighbouring and other OLG Group 2 councils, the council has low levels of FTE staff and it also has more council residents per FTE staff member. This suggests it may be more efficient than other comparable councils.

Table 3.7 Selected efficiency indicators – comparisons of council's performance

| Council                      | Full time equivalent staff | Population/equivalent full time staff |
|------------------------------|----------------------------|---------------------------------------|
| Lane Cove Council            | 192                        | 209                                   |
| Mosman Council               | 160                        | 194                                   |
| <b>Hunter's Hill Council</b> | <b>51</b>                  | 294                                   |

Source: Hunter's Hill Council, Application Part B.

We also assessed whether there is any scope for the council to achieve further productivity savings, by examining selected performance indicators (see Table 3.8). We compared the council's operating expenditure per capita and found that it is already lower than the Group 2 and NSW averages. This indicates there may be limited scope for efficiency gains in other cost items, particularly given the small size of the council. However, we do not have enough data to undertake a comprehensive analysis of the council's expenditure by category.

Table 3.8 Select comparative indicators for Hunter's Hill Council, 2018-19

|  | Hunter's Hill Council | OLG Group 2 Average | NSW Average |
|--|-----------------------|---------------------|-------------|
| <b>General profile</b>   |                       |                     |             |
| Area (km <sup>2</sup> )  | 6                     | 10                  | 5,530       |
| Population   | 14,980                | 38,840              | 63,194      |
| <b>Socio-economic/capacity to pay indicators</b>                     |                       |                     |             |
| Median annual household income, 2016 (\$) <sup>a</sup>               | 128,636               | 116,470             | 77,484      |
| Average residential rates to median income, 2016 (%)                 | 1.5                   | 1.1                 | 1.5         |
| SEIFA, 2016 (NSW rank: 130 is the least disadvantaged) <sup>b</sup>  | 125                   |                     |             |
| Outstanding rates and annual charges ratio                           | 4.0                   | 4.2                 | 5.4         |
| <b>Productivity (labour input) indicators<sup>c</sup></b>            |                       |                     |             |
| FTE staff  | 51                    | 197.2               | 381         |
| Ratio of population to FTE   | 293.7                 | 197.0               | 165.7       |
| Average cost per FTE (\$)  | 102,275               | 106,962             | 96,272      |
| Employee costs as % of operating expenditure (General Fund only) (%) | 31                    | 40                  | 38          |
| General Fund operating expenditure per capita (\$)                   | 1,142                 | 1,355               | 1,366       |

a. Median annual household income is based on 2016 ABS Census data.

b. The Socio-Economic Indexes for Areas (SEIFA) is a measure that ranks areas based on their socio-economic conditions. The Australian Bureau of Statistics (ABS) ranks the NSW Local Government Areas in order of their score, from lowest to highest, with rank 1 representing the most disadvantaged area and 130 being the least disadvantaged area. IPART has referred to the Index of Relative Socio-economic Advantage and Disadvantage (IRSAD) for our assessment, one of the component indexes making up the SEIFA.

c. There are difficulties in comparing councils using this data because councils' activities differ widely in scope and they may be defined and measured differently between councils.

Note: Except as noted, data is based upon total council operations for General Fund only.

Source: OLG, Time Series Data 2018-2019, OLG, unpublished data; ABS, Socio-Economic Indexes for Areas (SEIFA) 2016, March 2020, ABS, 2016 Census DataPacks, General Community Profile, Local Government Areas, NSW, Median Weekly Household Income and IPART calculations.

We note that these performance indicators only provide a high-level overview of the council's productivity at a point in time and additional information would be required to accurately assess whether there is scope for the council to achieve future productivity/cost savings.

### 3.6 Other factors considered by IPART

Over the past 10 years the council has successfully applied for 3 special variations to increase its general income. We found that the council has largely complied with conditions association with these special variations, specifically:

- **2012-13 SV:** the council was authorised to increase its general income by 10.4%. The increase comprised 4.8% to fund additional roads capital expenditure (in place of an expiring levy), 2.0% to partly address a funding gap for operating expenses and 3.6% for the rate peg increase. The council was required to use the additional income for the purpose of funding operating expenses and road infrastructure works, and to report on its expenditure, outcomes, productivity savings and significant variations from its forecasted financial results in its annual report. It was also required to reduce its general income to what it would have been without the special variation by 1 July 2022.<sup>39</sup> We consider that the council has reported on relevant expenditure programs funded by the special variation in its annual reports and has complied with these conditions.
- **2013-14 SV:** the council was authorised to increase its general income by 10.67%. That comprised a 5.27% ten-year increase to fund road-related infrastructure renewal and environmental works, a permanent 2% increase for operational catch-up and 3.4% for the rate peg. As conditions of approval, the council was required to use the additional income for the purposes of funding the program of road-related infrastructure renewal and environmental works and improving financial sustainability. The council was also required to report in its annual report on the program of expenditure actually funded by the SV and its outcome, as well as any variation in actual revenue, expenses, operating balance or expenditure from forecasts. It was also required to report to the then Division of Local Government on its compliance with its conditions every year.<sup>40</sup> We consider that the council has reported on relevant expenditure programs funded by the special variation in its annual reports and has complied with these conditions.
- **2019-20 SV:** the council was approved to increase its income by 9.74% to fund ongoing operations including infrastructure maintenance and to enhance financial sustainability. The council has reported on its program of expenditure and outcomes in its annual report as required.<sup>41</sup>

## 4 Stakeholders' submissions to IPART

We expect the council to be responsible for engaging with their community so that ratepayers are fully aware of any proposed special variation and the full impact on them. This is one of the criteria we use to assess the council's application (see section 3.2).

However, as part of our process we also accept written submissions directly from stakeholders on the council's proposed special variation.

### 4.1 Summary of submissions we received

We received one anonymous submission during the submission period from 15 February to 7 March 2022. This was in response to the council's original application before modification.

Key issues and views raised in this submission were:

- Rate increases in Hunter's Hill have substantially outpaced inflation and the rate of wage growth in the past ten years. Rates have risen on an average of 6.3% per year which is a cumulative increase of 84% over ten years. which is not a reasonable impact on affected ratepayers.
- Compared to neighbouring Ryde and Lane Cove councils, the growth in average residential ordinary rate over the past two years 2018-19 and 2019-20 is the highest of 9.6% for Hunter's Hill, which is not a reasonable impact on affected ratepayers. Average ordinary residential rates in Hunters Hill (2019-20) are already the highest compared with the neighbouring councils.
- The comparisons used by council are misleading, since it only includes general rates and does not take into account the proportion of residences paying the minimum rate, which are higher in other councils.
- A significant proportion of retirees and elderly in the ratepayer base (27.1%) are likely to be asset rich but relatively cashflow constrained. With the rising cost of all essentials, the proposed rate increase is unreasonable.
- That alternatives to an SV, such as freezing new projects for two years or spending funds from existing cash at hand, had not been adequately explored.
- The council's proposed special variation does not reflect the preferences from the community survey of retaining existing SVs and limited council resourcing alternatives to its proposed expenditures to be financed by the additional SVs.
- The productivity improvements and cost containment strategies outlined by the council are negligible relative to the 84% increase in rates over the past ten years and the proposed 35% over the next five years. There is no consideration given to freezing or postponing any of the capital works, funding them from existing cash on the balance sheet or from future productivity increases.
- The current mayor of the council had campaigned on opposing previous rate increases, and that therefore council did not have a mandate to pursue the proposed rate increases.

We received one other submission on the 18th of April 2022, after the council modified its application and the IPART website was updated. This submission covers similar key issues to the first one, namely:

- The council has not adequately discussed alternative options to reduce capital expenditure.
- The proposed SV is inconsistent with the preferences of respondents to the council survey.
- The proposed SV is contrary to the current mayor's position in the recent council election.
- The burden is disproportionate on retirees, seniors, and residents where the rate increases have exceeded income growth over the past ten years.

## 4.2 Response to concerns raised in submissions

We considered all the concerns and issues raised in the submissions, and our response is provided below.

- **Additional burden of increased rates:** We acknowledge the impact of the special variation on ratepayers will vary (such as retirees and the elderly). The council considers its hardship policy will provide financial assistance.
- **Rates comparisons used by council are misleading:** The council in its application has made comparisons with neighbouring and other councils. We have undertaken our own analysis of rates and comparator councils (see section 3.1.9).
- **Productivity and cost containment strategies are not adequate:** The council has provided information on past and future productivity and cost containment measures (see sections 3.14 and 3.1.15). We consider that future productivity and cost containment strategies proposed by council are modest but the small size of the council may limit available options.
- **Alternatives to the proposed SV have not be adequately explored:** The council has followed a process of considering alternatives to the SV (see section 3.1.6).
- **Council mandate for rate increases:** The council unanimously agreed to apply to IPART for a special variation.

We considered the stakeholder submissions and all information received from the council to make our final decision on the special variation application.



## 5 IPART's decision on the special variation

Based on our assessment of the council's application against the 5 criteria and consideration of stakeholder submissions, we have approved in full the council's proposed permanent special variation to general income from 2022-23 to 2023-24.

The approved increase to general income is set out in Table 5.1.

Table 5.1 IPART's decision on the special variation to general income (%)

|                                       | 2022-23 | 2023-24 |
|---------------------------------------|---------|---------|
| Permanent increase above the rate peg | 16.2    | 5.3     |
| Rate peg                              | 0.7     | 2.5     |
| Total increase                        | 16.9    | 7.8     |
| Cumulative increase                   |         | 26.02   |

The following conditions are attached to this decision:

- The council uses the additional income for the purposes of reducing the council's asset backlog and funding the Council's capital works program (together the Proposed Program) generally in accordance with Appendix B.
- The council report, in its annual report for each year from 2022-23 to 2026-27, on the following for those years:
  - the program of expenditure that was actually funded by the additional income;
  - any significant differences between the Proposed Program and the program of expenditure that was actually funded by the additional income and the reasons for those differences; the outcomes achieved as a result of the additional income;
  - the council's actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance as outlined in its Long-Term Financial Plan (provided in the council's application and summarised in Appendix B); and
  - any significant differences between the council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in its Long-Term Financial Plan and the reasons for those differences.

### 5.1 Impact on the council

Our decision means that the council may increase its general income by \$1.52 million above the rate peg in 2022-23 and \$2.11 million above the rate peg in 2023-24. This increase can remain in the rate base permanently.

Table 5.2 shows the percentage increases we have approved and estimates the annual increases in the council's general income.

Table 5.2 Permissible general income (PGI) of council from 2022-23 to 2023-24 from the approved SV

|                                    | Increase approved (%) | Cumulative increase approved (%) | Increase in PGI above rate (\$'000) | Cumulative increase in PGI (\$'000) | PGI (\$'000) |
|------------------------------------|-----------------------|----------------------------------|-------------------------------------|-------------------------------------|--------------|
| 2022-23                            | 16.90                 | 16.90                            | 1,519                               | 1,583                               | 10,960       |
| 2023-24                            | 7.80                  | 26.02                            | 2,109                               | 1,854                               | 11,232       |
| Total cumulative increase approved |                       |                                  |                                     | 3,437                               |              |
| Total above rate peg               |                       |                                  | 3,629                               |                                     |              |

Note: The information is correct at the time of the council's application (February 2022).

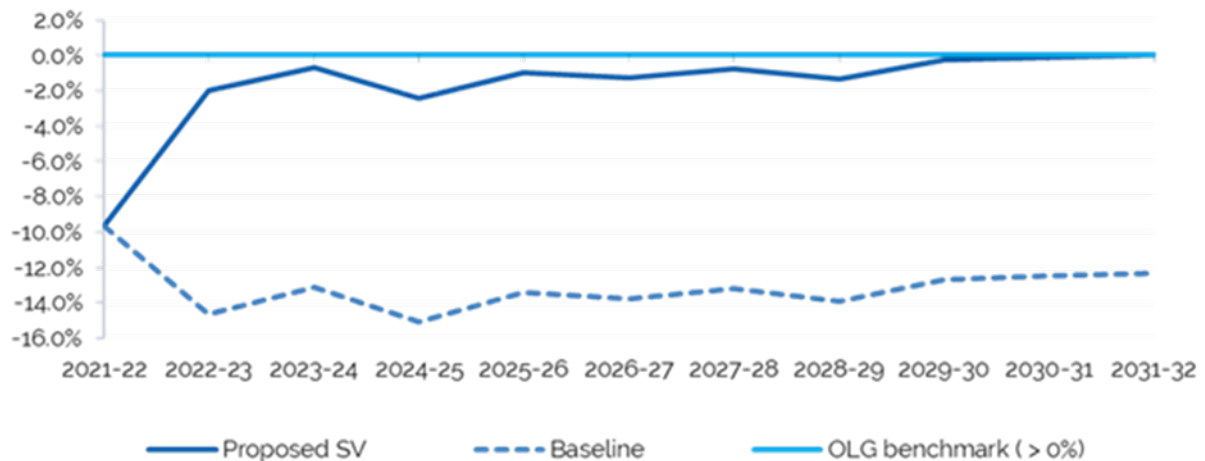
Source: Hunter's Hill Council, *Application Part A*, Worksheets 1 and 4 and IPART calculations.

We estimate that over the two years from 30 June 2022 to 30 June 2024, the council will collect an additional \$3.63 million in rates revenue compared with an increase limited to the assumed rate peg.

This extra income will enable the council to reduce its asset backlog, continue implementing its capital works program and improve its long-term financial sustainability.

Under our decision, the projected OPR will improve and move closer to the OLG benchmark of greater than 0% over the SV period as shown below.

Figure 5.4 The council's Projected OPR (%) (2022-23 to 2031-32) from the approved SV



Source: The council of the municipality of Hunter's Hill, *Application Part A*, Worksheet 8 and IPART calculations.

## 5.2 Impact on ratepayers

IPART sets the maximum allowable increase in general income, but it is a matter for the council to determine how it allocates any increase across different categories of ratepayer, consistent with our determination and legislative requirements.

The impacts on ratepayers under the approved SV are shown in Table 5.3 below.

- The average residential rate will increase by \$201 (10.1%) in 2022-23 and \$55 (2.5%) in 2023-24
- The average business rate will increase by \$124 (8.5%) in 2022-23 and \$40 (2.5%) in 2023-24

Table 5.3 Indicative annual increases in average rates under the approved SV (2022-23 to 2023-24)

| Ratepayer Category         | 2021-22 | 2022-23 | 2023-24 | Cumulative Increase |
|----------------------------|---------|---------|---------|---------------------|
| <b>Residential rate \$</b> | 1,986   | 2,187   | 2,242   | 1,986               |
| \$ increase                |         | 201     | 55      |                     |
| % increase                 |         | 10.1    | 2.5     |                     |
| <b>Business rate \$</b>    | 1,469   | 1,593   | 1,633   | 1,469               |
| \$ increase                |         | 124     | 40      |                     |
| % increase                 |         | 8.5     | 2.5     |                     |

Note: 2021-22 is included for comparison. The average rate is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category and includes the ordinary rate and any special rates applying to the rating category.  
Source: Hunter's Hill Council, Application Part A, Worksheet 5a and IPART calculations.

# Appendices



## A Assessment criteria

The Office of Local Government (OLG) sets the criteria for assessing special variation applications in its special variation guidelines. The guidelines help councils prepare an application to increase general income by means of a special variation.

A special variation allows a council to increase its general income above the rate peg. Special variations can be for a single year or over multiple years and can be temporary or permanent.

IPART applies the criteria in the guidelines to assess councils' applications. In brief, the 6 criteria for a special variation include:

- the need for, and purpose of a different revenue path for the council's General Fund must be clearly set out and explained in the council's IP&R documents
- there must be evidence that the community is aware of the need for and extent of a proposed rate rise
- the impact on affected ratepayers must be reasonable
- the relevant IP&R documents must be exhibited (where required) approved and adopted by the council
- the IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies of the council
- any other matter that IPART considers relevant.

We also provide comprehensive guidance on our approach to assessing special variation applications in [fact sheets](#) and [information papers](#) available on our website. Additionally, we publish information for councils on our expectations of [how to engage with their community](#) on any proposed rate increases above the rate peg.

### Criterion 1: Financial need

**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 canvas 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<sup>1</sup>:

- 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.

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<sup>1</sup> Page 71, IP&R Manual for Local Government "Planning a Sustainable Future", March 2013

The IP&R documents and the council's application should provide evidence to establish the community need/desire for service levels/project and limited council resourcing alternatives. Evidence could also include analysis of council's financial sustainability conducted by Government agencies.

In assessing this criterion, IPART will also consider 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.

## Criterion 2: Community awareness

**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 SV 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. 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.

## Criterion 3: Impact on ratepayers is reasonable

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

- clearly show the impact of any rate rises upon the community,
- include 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.

## Criterion 4: IP&R documents are exhibited

**The relevant IP&R documents<sup>2</sup> 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. We expect that councils will hold an extraordinary meeting if required to adopt the relevant IP&R documents before the deadline for special variation applications.

## Criterion 5: Productivity improvements and cost containment strategies

**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 have been incorporated in the council's Long-Term Financial Plan.

## Any other matter that IPART considers relevant

The criteria for all types of special variation are the same. However, the magnitude or extent of evidence required for assessment of the criteria is a matter for IPART.

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<sup>2</sup> The relevant documents are the Community Strategic Plan, Delivery Program, and Long-Term Financial Plan and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended), public exhibition for 28 days. It would also be expected that the Long-Term Financial Plan (General Fund) be posted on the council's web site.

## B Expenditures to be funded from the SV

Tables B.1 and B.2 show the Council's proposed expenditure of the SV funds over the next 10 years. As a condition of IPART's approval, the Council is to report in 2022-23 to 2026-27 against its projected revenue, expenses and operating balance as set out in its LTFP.

Revenues and operating results in the annual accounts are reported both inclusive and exclusive of capital grants and contributions. To isolate ongoing trends in operating revenues and expenses, our analysis of the council's operating account in the body of this report excludes capital grants and contributions.



Table B.1 Summary of projected operating statement for Hunter's Hill Council under its proposed SV application 2022-23 to 2031-32 (\$'000)

|   | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total revenue   | 20,054  | 18,969  | 19,444  | 19,885  | 20,413  | 20,845  | 21,364  | 21,925  | 22,435  | 22,980  |
| Total expenses  | 18,503  | 18,819  | 19,630  | 19,811  | 20,347  | 20,748  | 21,389  | 21,675  | 22,166  | 22,668  |
| Operating result from continuing operations                             | 1,551   | 150     | -186    | 74      | 66      | 97      | -25     | 250     | 269     | 311     |
| Net operating result before capital grants and contributions            | -488    | -235    | -579    | -327    | -343    | -322    | -454    | -189    | -180    | -148    |
| Cumulative net operating result before capital grants and contributions | -488    | -723    | -1,302  | -1,629  | -1,973  | -2,295  | -2,749  | -2,938  | -3,118  | -3,266  |

Note: Numbers may not add due to rounding.

Source: Hunter's Hill Council, *Application Part A*, Worksheet 8 and IPART calculations.

Table B.2 Hunter's Hill Council – Proposed 10-year capital expenditure program related to the proposed SV 2022-23 to 2031-32 (\$'000)

|                   | 2022-23        | 2023-24        | 2024-25        | 2025-26        | 2026-27        | 2027-28        | 2028-29        | 2029-30        | 2030-31        | 2031-32        | Total           |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Buildings         | 50.6           | 616.7          | 426.0          | 898.9          | 366.5          | 308.5          | 274.1          | 482.8          | 1,058.6        | 498.1          | <b>4,980.8</b>  |
| Kerb              | 171.4          | 138.8          | 432.2          | 237.0          | 178.9          | 165.5          | 403.9          | 65.9           | 464.8          | 336.7          | <b>2,595.1</b>  |
| Marine Structures | 280.9          | 0.0            | 43.1           | 13.7           | 5.2            | 0.0            | 0.0            | 199.9          | 337.7          | 1,100.4        | <b>1,981.0</b>  |
| Open Space        | 171.6          | 94.6           | 110.1          | 897.5          | 262.3          | 246.9          | 3.6            | 458.6          | 620.8          | 318.6          | <b>3,184.5</b>  |
| Paths             | 203.3          | 239.6          | 143.0          | 234.6          | 239.6          | 320.4          | 311.4          | 338.0          | 267.4          | 276.8          | <b>2,574.1</b>  |
| Roads             | 872.4          | 1,098.0        | 1,276.5        | 1,015.3        | 1,035.5        | 1,059.5        | 1,097.9        | 1,120.1        | 1,145.9        | 1,172.5        | <b>10,893.6</b> |
| Stormwater Pits   | 11.8           | 12.1           | 6.2            | 0.0            | 8.9            | 6.7            | 6.8            | 0.0            | 0.0            | 0.0            | <b>52.4</b>     |
| <b>Total</b>      | <b>1,762.1</b> | <b>2,199.8</b> | <b>2,437.3</b> | <b>3,297.0</b> | <b>2,096.9</b> | <b>2,107.4</b> | <b>2,097.7</b> | <b>2,665.3</b> | <b>3,895.1</b> | <b>3,703.0</b> | <b>26,261.5</b> |

Source: Hunter's Hill Council, *Application Part A*, Worksheet 6 and IPART calculations.

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## C Correspondence with the council

Figure C.1 in this appendix shows IPART's letter to Hunter's Hill Council on 31 March 2022, and Figure C.2 shows the council's response letter on 5 April 2022 confirming modification to its application.

Figure C.1 Letter from IPART to Hunter's Hill Council



**Contact** Felicity Hall  
**T** (02) 9290 8432  
**E** Felicity\_Hall@ipart.nsw.gov.au

31 March 2022

Mitchell Murphy, General Manager  
Hunter's Hill Council  
22 Alexandra Street  
Hunters Hill NSW 2110

via email

Dear Mitchell,

**Request for clarification on your special variation application for 2022-23**

We received your application for a special variation (SV) to general income under section 508A of the *Local Government Act 1993* (Act).

Your application requests to expire early council's 2013-14 SV. Section 508(2) SVs may only be varied in very limited circumstances. Based on the available information, there are no apparent grounds for variation.

To move forward on this application, we are requesting that council clarify whether it would like to apply for the proposed increase to be applied over a 2-year period so that the 2013-14 SV can expire at the end of 2022-23. The impact this would have on council's application is set out in the table below.

|                               | Year 1                    | Year 2             |
|-------------------------------|---------------------------|--------------------|
| Council's application         | 22.25% plus 0.7% rate peg | Rate peg           |
| Proposed modified application | 16.2% plus 0.7% rate peg  | 5.3% plus rate peg |

We acknowledge that council has undertaken consultation with your community on the proposed rate increases in your application. A special variation over a two-year period would mean that the overall impact on general income and ratepayers would be the same as in council's application and would align to what council has already consulted on.

Can you please confirm in writing by 6 April 2022 whether council would like to modify its application as outlined above. We will publish this letter and your response on our website. If council confirms it is modifying its application, we will notify the stakeholder that made a submission on your application of this modification and consider any feedback.

**Office Address:** Level 16, 2-24 Rawson Place, SYDNEY NSW 2000 **Postal Address:** PO Box K35, Haymarket Post Shop, NSW 1240  
**T** (02) 9290 8400 **ABN** 49 202 260 878 **www.ipart.nsw.gov.au**

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IPART's contact officer for this review is Felicity Hall, Principal Analyst, contactable on [REDACTED].

Yours sincerely

31/03/2022

X [REDACTED]

Liz Livingstone  
CEO

Signed by: Liz Livingstone

Figure C.2 Letter from Hunter's Hill Council to IPART



## HUNTER'S HILL COUNCIL

ABN 75 570 316 011  
TOWN HALL, ALEXANDRA STREET, HUNTERS HILL 2110  
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5 April 2022

Ms Liz Livingstone  
CEO  
IPART  
Level 16, 2-24 Rawson Place  
SYDNEY NSW 2000

Via email: [Felicity\\_Hall@ipart.nsw.gov.au](mailto:Felicity_Hall@ipart.nsw.gov.au)

Dear Ms Livingstone

### Clarification on the Hunter's Hill Council Special Variation (SV) Application 2022-23

Thank you for your recent correspondence requesting Council to clarify the structure of our recent SV application.

We understand that Section 508 (2) SVs may only be varied in very limited circumstances.

We are comfortable to proceed with our proposed increase being applied over a 2-year period and confirm the following increases, which have no overall impact on our rate payers from our initial IPART submission.

|   | Year 1                   | Year 2             |
|---|--------------------------|--------------------|
| Hunter's Hill Council modification to application | 16.2% plus 0.7% rate peg | 5.3% plus rate peg |

Whilst the split of the SV over the 2-year period has altered in terms of percentages for Year 1 and Year 2, the intent of our application remains to complete capital works programs for roads, footpaths, kerb and gutter, seawalls and environmental works and to also reduce Council's asset backlog.

Should IPART have any further queries relating to our SV application, please do not hesitate to Contact Council's Corporate Strategist, Annie Goodman via email:

[REDACTED] or Ph: (02) 9879 9400.

Yours Sincerely

[REDACTED]

Mitchell Murphy  
General Manager  
Hunter's Hill Council

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## Glossary

|                                       |   |
|---------------------------------------|---|
| ABS                                   | Australian Bureau of Statistics   |
| <i>Ad valorem</i> rate                | A rate based on the value of real estate.   |
| Baseline Scenario                     | Shows the impact on the council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.   |
| Baseline with SV expenditure Scenario | 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. |
| General income                        | Income from ordinary rates, special rates and annual charges, other than income from other sources such as special rates and charges for water supply services, sewerage services, waste management services, annual charges for stormwater management services, and annual charges for coastal protection services.                        |
| IPART                                 | The Independent Pricing and Regulatory Tribunal of NSW  |
| Local Government Act                  | <i>Local Government Act 1993</i> (NSW)  |
| Minimum rate                          | A minimum amount of the rate specified under section 548 of the <i>Local Government Act</i> , 1993.   |
| OLG                                   | Office of Local Government  |
| OLG SV Guidelines                     | <a href="#">Guidelines for the preparation of an application for a special variation to general income.</a>   |
| PGI                                   | Permissible General Income is the notional general income of a council for the previous year as varied by the percentage (if any) applicable to the council. A council must make rates and charges for a year so as to produce general income of an amount that is lower than the PGI.  |
| Proposed SV Scenario                  | Includes the council's proposed SV revenue and expenditure.   |

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|           |   |
|-----------|---|
| Rate peg  | The term 'rate peg' refers to the annual order published by IPART (under delegation from the Minister) in the gazette under s 506 of the <i>Local Government Act 1993</i> .   |
| SEIFA     | Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census. It consists of four indexes, the Index of Relative Socio-economic Disadvantage (IRSD), the Index of Relative Socio-economic Advantage and Disadvantage (IRSAD), the Index of Economic Resources (IER), and the Index of Education and Occupation (IEO). |
| SV or SRV | Special Variation is the percentage by which a council's general income for a specified year may be varied as determined by IPART under delegation from the Minister.   |

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- <sup>1</sup> Office of Local Government (OLG), [Guidelines for the preparation of an application for a special variation to general income](#), 2019.
- <sup>2</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 3.
- <sup>3</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 33.
- <sup>4</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 25.
- <sup>5</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 26.
- <sup>6</sup> The council of the municipality of Hunter's Hill, Hardship Policy, January 2022, pp 1-2.
- <sup>7</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 26.
- <sup>8</sup> The council of the municipality of Hunter's Hill, Motion to apply for special variation, October 2021.
- <sup>9</sup> The council of the municipality of Hunter's Hill, Long-Term Financial Plan, June 2021, p 34.
- <sup>10</sup> The council of the municipality of Hunter's Hill, Long-Term Financial Plan, June 2021, p 34.
- <sup>11</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 12.
- <sup>12</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 11.
- <sup>13</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 3.
- <sup>14</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 33.
- <sup>15</sup> The council of the municipality of Hunter's Hill, Long-Term Financial Plan, June 2021, p 36.
- <sup>16</sup> The council of the municipality of Hunter's Hill, Asset Management Plan, May 2021, p 27.
- <sup>17</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, pp 35-36.
- <sup>18</sup> The council of the municipality of Hunter's Hill, Long-Term Financial Plan, June 2021, p 22.
- <sup>19</sup> The council of the municipality of Hunter's Hill, [Special Variation to rates](#), accessed 21 April 2022
- <sup>20</sup> The council of the municipality of Hunter's Hill, Community information brochure, August 2021, p 1.
- <sup>21</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, pp 16-19.
- <sup>22</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, pp 16-19.
- <sup>23</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 20.
- <sup>24</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 22.
- <sup>25</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 22.
- <sup>26</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 25.
- <sup>27</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 26.
- <sup>28</sup> The council of the municipality of Hunter's Hill, Hardship Policy, January 2022, pp 1-2.
- <sup>29</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 26.
- <sup>30</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 7.
- <sup>31</sup> IPART, [Special Variation increase Hunter's Hill Council 2019-20](#), May 2019, p 3.
- <sup>32</sup> Office of Local Government, [Time Series Data 2019/2020](#), accessed February 2021.
- <sup>33</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 25.
- <sup>34</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 11.
- <sup>35</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 12.
- <sup>36</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, pp 35-36.
- <sup>37</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 36.
- <sup>38</sup> The council of the municipality of Hunter's Hill, Application Part B, January 2022, p 13.
- <sup>39</sup> The council of the municipality of Hunter's Hill, Past Instruments of Approval 2012/13, June 2012, p 9.
- <sup>40</sup> The council of the municipality of Hunter's Hill, Past Instruments of Approval 2013/14, June 2013, p 8.
- <sup>41</sup> IPART, [Special Variation increase Hunter's Hill Council 2019-20](#), May 2019, p 3.