



## Special Variation Application Form Part B

Name of Council

# Application Form

2023-2024

Local Government »

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

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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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## Council information

**Council name**

Liverpool Plains Shire Council

**Date submitted to IPART**

3 February 2023

## About this application form

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

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

The SV Application Form Part B consists of:

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

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

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

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

## Preparing your application

### How much information should a council provide?

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

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

### Attaching supporting material

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

### Confidential content in supporting material

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

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

### Submitting the application online

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

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

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

## Publishing the council's application

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

## Description and Context

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

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

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

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

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

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

#### Special variation type

#### Permanent or Temporary



Section 508(2)



Section 508A



Permanent



Temporary

Table 1 The council's proposed special variation

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Is this year in the SV period?	yes	no	no	no	no	no	no
Percentage increase (including the rate peg)	18.1%						
Cumulative percentage increase over the SV period for s 508A (including the rate peg)	n/a						

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

**Note 2:** The cumulative percentage increase is the total increase in rates over the SV period. For example, a permanent multi-year SV of 10% in 2023-24 and 15% in 2024-25 would be a cumulative increase of 26.5% over the SV period.



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

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

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

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

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The purpose of the SV is to:

- Maintain the increased level of expenditure on critical road maintenance and renewal made possible by the two year temporary SV granted in 2021-22 which expires at 30 June 2023.
  - Ensure sufficient funding for levels of service for services retained after review since last SV application in 2021-22.
  - Make permanent the previous temporary 2021-22 SV granted to enable council to move towards more financially sustainable and cash-flow positive setting without placing further financial burden on the community.
  - Reduce the heavy reliance on grant funding for asset renewals
  - No Council wants to place additional financial burden on its residents and ratepayers and the Liverpool Plains Shire Council is no different, however, Council also has a responsibility to manage its assets and financial position appropriately.
  - Councils' solution is to address the operating deficits through a combination of the options, however, even with seeking to maintain service levels (as the community have told us they want) and reviewing assets, this application seeks to address the third component of Councils solution which is to increase income via an increase in rates.
  - The key steps Council has undertaken to reach the decision to make this application included:
    - Review of Councils recent actual operating results, the current year forecasted operating loss and the revised forecasted operating losses into the future
    - Review of existing services (including the requirements to meet statutory obligations),
-

- 
- Delivered operational efficiency gains combined with cash savings,
  - Community consultation where the key outcomes were that ratepayers did not want to pay more rates however they also didn't want a decrease in service levels (this combination is unrealistic in the current environment),
  - Following the above processes Council determined to apply to make the impact of the temporary SV permanent rather than applying for the original, and higher, proposed SRV (two by 8% increases and the rate peg increase compared to the original three by 8% increase).
-

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

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

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

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

- The council is currently charging a minimum ordinary rate *at or below the statutory limit*, and intends, as part of implementing the SV, to apply a lower, higher or the same percentage increase as the requested SV percentage, which would result in a minimum rate in any rating category or sub-category *exceeding the statutory limit* for the first time.
- The council is already charging a minimum ordinary rate *above the statutory limit*, and the council is seeking to increase a MR by a percentage *higher than* the proposed SV percentage increase for any year.
- The council proposes to charge a special rate (other than a water supply or sewerage special rate) above \$2.
- The council already has approval from IPART to charge a special rate (other than a water supply or sewerage special rate) above \$2 and proposes to increase the amount of that rate.

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

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

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

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

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

Does the council have an ordinary rate(s) subject to a minimum amount?

No

Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time?

No

~~Which rates will the increases apply to?~~

~~Choose an item.~~

~~If the increase will apply to only some subcategories, specify~~

~~Click or tap here to enter text.~~

Does the council propose to increase the minimum amount of its ordinary rate(s)? if so, by what percentage?

Choose an item:

X%

What will the minimum amount of the ordinary rate(s) be after the proposed increase?

\$Click to enter amount

Has the council submitted an application for a minimum rate increase?

Choose an item:

### If the increase applies to a special rate, complete this section

Does the council propose to increase the minimum amount of a special rate above the statutory limit?

Choose an item:

What will the minimum amount of the ordinary rate(s) be after the proposed increase?

\$Click to enter amount

Has the council submitted an application for a minimum rate increase?

Choose an item:

The council must ensure that it has submitted MR Increase Application Form Parts A and Part B, if required.

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

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

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

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

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

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

Provide the information as requested in the question boxes.

Does the council have an SV which is due to expire on 30 June 2023? **Yes**

Does the council have an SV which is due to expire at some time during the period for which the new SV is being requested? **No**

If Yes to either question: **30/06/2023**

a. When does the SV expire?

b. What is the percentage to be removed from the council's general income? **12%**

It should be noted this value does not include the rate pegs of the two year temporary SV, including the rate pegs it would be approximately 14.4% which with the 3.7% rate peg for 2023-24 forms the basis of the 18.1% application

c. What is the dollar amount to be removed from the council's general income? **\$1,072,273**

Has OLG confirmed the calculation of the amount to be removed? **Yes**

Attachments required:

- Instrument(s) approving any SV which expires at the end of the current financial year or during the period covered by the proposed SV. – [Provided \(LPSC Attachment 01\)](#)
- OLG advice confirming calculation of the dollar amount to be removed from general income as a result of the expiring SV. – [Provided \(LPSC Attachment 02\)](#)

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

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

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

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

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

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

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

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

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

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

- Specify the percentage increase(s) and duration of the SV.
- Outline the council's actions in complying with conditions in the instrument approving the original SV.
- Describe any significant changes relevant to the conditions in the instrument since it was issued.

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[Click here to enter text.](#)

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#### Attachments required:

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



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

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

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

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

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

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

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

- IPART approved in 2021-22:  
"a 2-year temporary increase of 8% per year (inclusive of the rate peg) in 2021-22 and 2022-23, to be removed from the rate base on 1 July 2023. In total, this is a temporary increase over the two years of 16.6%."

**Source: Determination for Special Variation for 2021-22 Liverpool Plains Shire Council – Exec Summary Page 1**

- IPART's 2021-22 temporary SV approval had the following conditions:
  1. The council uses the additional income from the Special Variation for the purposes of funding asset maintenance and renewal and improving financial sustainability as outlined in the council's application and listed in Appendix B.
  2. The council reports in its annual report for each year between 2021-22 and 2022-23 on:
    - (1) the program of expenditure that was actually funded by the additional income
    - (2) the actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance, as outlined in the Long Term Financial Plan provided in the council's application, and summarised in Appendix C
    - (3) any significant variations from its proposed expenditure as forecast in the current Long Term Financial Plan and the reasons for such variation
    - (4) expenditure consistent with the council's application and listed in Appendix B, and the reasons for any significant differences from the proposed expenditure
    - (5) the outcomes achieved as a result of the actual program of expenditure

**Source: Determination for Special Variation for 2021-22 Liverpool Plains Shire Council – Determination Page 33**

- Liverpool Plains Shire Council has complied with the conditions as follows (as numbered above):
  - 1.(1) The 2021-22 Liverpool Plains Shire Council Annual report includes a 'Special Rate Variation' section (Pages 60-62) which clearly outlines the existing SVs and provides breakdown of 2021-22 SV capital expenditure allocation that reconciles to additional income generated under year 1 of 2021-22 SV of \$473,000.
  2. (4) The 2021-22 Liverpool Plains Shire Council Annual report 'Special Rate Variation' section demonstrates consistent application of additional income to capital expenditure as per Appendix B of SV determination.
  3. (5) Outcomes stated in annual report per listing of roads renewal works achieved in 'Special Rate Variation' section.

No significant changes relevant to the conditions in the SV instrument(s) since it was issued.

#### Attachments required:

- A copy of the relevant instrument(s) approving SVs issued by IPART in the past five years. –

– [Provided \(LPSC Attachment 03\)](#)

- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s). – [Provided \(LPSC Attachment 04\)](#)
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s). – [Provided \(LPSC Attachment 05\)](#)

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

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

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

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

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

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

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

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

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

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

In the text box explain:

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

~~Click here to enter text.~~

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

~~Click here to enter text.~~

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

~~Click here to enter text.~~

## Criterion 1 – Need for the Special Variation

### Criterion 1 in the SV Guidelines is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Table 2 Criterion 1 components

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the SV) is clearly articulated and identified in the council's IP&R documents	During the Fit for the Future reform process, around 2013, IPART explored with Liverpool Plains Shire Council a merger with the neighbouring Gunnedah Shire Council. Through the development of an Improvement Plan, Liverpool Plains Shire Council satisfied the sustainability criteria based on meeting operating performance ratio and own source revenue ratios by 2019-20. The need for a permanent SV has been long flagged via the 'Council Improvement Proposal' from this process.	LPSC 'Fit for the Future' Council Improvement Proposal, Jun 2015  – Provided (LPSC Attachment 06)
	Over recent years, Liverpool Plains Shire Council has worked hard to achieve efficiencies and productivity improvements, to continue managing infrastructure and delivering services, in line with community expectations. The community expectations are reflected in the Liverpool Plains Community Strategic Plan 2022-2032 and the Liverpool Plains Delivery Program 2022-2026.	LPSC Community Strategic Plan 2022-32, pp. 8  – Provided (LPSC Attachment 07)
	However, Liverpool Plains Shire Council did not apply for a SRV of 19.1 per cent from 2017-18 as originally planned and made a SV application after renewed long term financial modelling for 2021-22.	
	Liverpool Plains Shire Council, through the SRV application, is proposing to retain the temporary SV increases in 2021-22 (8%) and 2022-23 (8%) and adopt the IPART announced rate peg in 2023-24 (3.7%).	
	The original application in 2020-21 was to increase the general rate recurrently by 8 per cent in 2021-22, 8 per cent in 2022-23 and 8 per cent in 2023-24. In total, this would have been an accumulative increase of 26 per cent over 3 years. Liverpool Plains Shire Council's Long-Term Financial Plan (LTFP) and Asset Management Plans (AMP) have been reviewed to reflect this proposed SRV.	
	Financial sustainability is addressed in the context of both Liverpool Plains Shire Council and small rural and regional NSW councils in the 'Liverpool Plains Shire Council Community Strategic Plan 2022-32' and makes clear that outside of aligning revenue to relevant expenses that an SV proposal is planned for 2023-24.	
In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.	Mayor, Doug Hawkins OAM, acknowledges the financial sustainability challenge faced by Liverpool Plains Shire Council in his introduction and makes specific note that : "We have heard the importance of our roads both to commuters and industry..."	LPSC Community Strategic Plan 2022-32, 'A Message from the Mayor, pp. 2
	Councils Revenue Strategy and review of Fees & Charges have sought to maximise all other direct fees and charges available to Liverpool Plains Shire Council outside of rates.	2022-23 Operational Plan – Part 4 – Revenue Policy, pp 56-81  – Provided (LPSC Attachment 08)
	A comprehensive 'fees & charges' review has been conducted in 2021-22 and assessed both maximising user-pay principle and comparative pricing of similar and neighbouring councils.	LPSC Long Term Financial Plan 2022-2032, pp. 5

		– Provided (LPSC Attachment 09)
	Council conducted non-core service reviews in 2021-22. The outcome resulted in one non-core service transitioning to a new provider and inclusion of further work to implement cost effective strategies in the Combined Delivery Program and Operational Plan.	Combined Delivery Program and Operational Plan – Part 2 – 2.1.13 pp 31
	Other financial sustainable works outlined in the Combined Delivery Program and Operational Plan include service review of Waste Management Services and Council operated Caravan Park in 2022-23,	Combined Delivery Program and Operational Plan – Part 2 – 2.1.13 pp 31 and 3.3.1 pp 36
	Council continues to seek grant funding to deliver outcomes identified in the Liverpool Plains Recreation Strategy. Sourcing external funding for the renewal of recreation infrastructure. Council also continues to undertake detailed review of its costings and identify opportunities for savings.	Combined Delivery Program and Operational Plan – Part 2 – 3.1.1 pp 34
In demonstrating this need councils must indicate the financial impact in their LTFP	<p>Council has demonstrated 3 scenarios in the most recently adopted LTFP:</p> <ol style="list-style-type: none"> <li>1. <b>The Proposed SV Scenario</b> ("Base scenario (cash flow sustainable") making temporary SV increase permanent and adopting assumed rate peg.</li> <li>2. <b>The Baseline scenario</b> ("Alternative scenario 1 (unsustainable)") where temporary SV is removed and rate peg adopted.</li> <li>3. Alternative scenario 2 (Sustainable long-term) where temporary SV increase made permanent and subsequent 5% SV approved.</li> </ol> <p>The base case scenario demonstrates a minimum viable revenue situation that will require a continued cost containment and productivity efficiency environment to attain a suitably financially sustainable position long-term whilst bearing burden of cost inflationary pressures in current \ upcoming financial periods.</p>	<p>LPSC Long Term Financial Plan 2022-2032, pp. 12-44</p> <p>– Provided (LPSC Attachment 09)</p>
The IP&R documents and the council's application should provide evidence to establish this criterion. This could include evidence of community need/desire for service levels/projects and limited council resourcing alternatives.	<p>The Liverpool Plains Shire Council Economic Development strategy makes clear that with a small (and declining) population within municipality there is a compelling need for all in the community to support and retain existing industry whilst encouraging both new businesses and residents to enter the shire.</p> <p>Of the 1,000 businesses identified in the strategy, the following will directly benefit the outcomes targeted via roads network maintenance and renewal expenditure by the 2023-24 SV application represent:</p> <ul style="list-style-type: none"> <li>- 53% of shire economic activity in Agriculture</li> <li>- 22% of shire economic activity in construction, real estate and transport</li> </ul> <p>The 'Commercial Freight' strategy outlined in strategy makes it clear that Liverpool Plains Shire Council has an extensive road network that the major drivers of economic activity within shire have a critical reliance upon for business continuity and success. Major corridors have been identified that are major routes for local producers and a preliminary audit has identified bridges and intersections that require necessary upgrades.</p>	<p>LPSC Economic Delivery Strategy 2022-25, pp 4-8</p> <p>– Provided (LPSC Attachment 10)</p> <p>LPSC Economic Delivery Strategy 2022-25, Pillar 2 – Commercial Freight Strategy, pp 9-10</p>

	Recognition by Council that the most valuable asset held by council is its internal road network and extending the life of such assets via appropriate use of major corridors due to being fit-for-purpose and preferred is a clear asset efficiency strategy.	
Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies	Council's Operating performance ratio improved in 2021-22 and the Audit Office reported in the Conduct of the Audit that the improvement was due to Council's financial management and receiving increased grants and contributions revenue for operating purposes. The report also shows the improvement to other performance ratios.	Annual Report 2021-22 including Financial Statements, pp 80 - Provided – (LPSC Attachment 05)
IPART will also take into account whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the SV.	Not applicable to Liverpool Plains Shire Council application	N/A

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

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

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

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

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

Table 3 Council's financial sustainability

Item	Description	Reference to IP&R documents
Improve the councils underlying financial position for the general fund	<p>Via the current Liverpool Plains Shire Council LTFP, the baseline and two alternate scenarios provide clear indication of Liverpool Plains Shire Council ongoing financial challenge if it was to see the 2021-22 temporary SV income increases removed from Permissible Income (PI).</p> <p>Under alternative scenario 1 where PI reduced, Liverpool Plains Shire Council General fund generates worsening year-on-year operating results and ultimately a negative cash position over the 10-year forecast.</p> <p>The <b>Proposed SV Scenario</b> (baseline forecast proposed in LTFP) and mirrored in the Delivery Program establishes a suitable income level so that council may target:</p> <ul style="list-style-type: none"> <li>- Maintaining the current level of services.</li> <li>- Maintaining the increased roads capital expenditure achieved in 2021-22 and budgeted in 2022-23 due to temporary SV (excluding non-recurrent capital grants)</li> </ul> <p>Cost inflationary pressures will be higher than assumptions modelled in LTFP but forward forecasts vary greatly and therefore it has not been possible to remodel with confidence. Liverpool Plains Shire Council Councillors and EMT acknowledge that the LTFP inflation assumptions are understated and via proposal have inherently accepted that cost savings will be necessary to bear any difference.</p>	<p>LPSC Long Term Financial Plan 2022-2032, pp. 5</p> <p>– Provided (LPSC Attachment 09)</p> <p>LPSC Long Term Financial Plan 2022-2032, Appendix C: Alternative Scenario 1 – Without SRV (Unsustainable), pp. 31-38</p> <p>LPSC Long Term Financial Plan 2022-2032, Appendix B: Base Scenario (Cash flow sustainable), pp. 19-30</p>

The ongoing financial sustainability challenge is recognised in the distribution of additional income proposed from this SV proposal in that there is an annual allocation to the operational expenditure elements of road network via maintenance.

And / Or		
Fund specific programs of expenditure	The entire SV expenditure above the 3.7% rate peg component will be spent on Councils transport network. The majority of proposed SV expenditure will go towards capital expenditure on road network renewal. This will have the impact of avoiding redistribution of resources from existing services to maintain a level of expenditure seen as necessary by Council and the community on the road network.	LPSC 2023-24 SV Application, Part A, 'WK 6 – Expenditure Program'

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

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

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

Liverpool Plains Shire Council adjusted underlying position and operating performance ratio has improved substantially over recent years due to concerted efforts to reduce operational expenditure and increase efficiency in retained services\resources whilst benefiting from the additional income from 2021-22 temporary SV for capital works (to date) :

LPSC General Fund	Actual 2019/20	Actual 2020/21	Actual 2021/22	Budget 2022/23	LTFP 2023/24	LTFP 2024/25	LTFP 2025/26	LTFP 2026/27
Adjusted Underlying Surplus / (deficit)	- 8,912	- 9,152	- 5,953	- 3,778	- 3,452	- 3,281	- 3,114	- 3,032

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Operating Performance Ratio										
Scenario 1: Proposed (with SV)	-53.9%	-42.0%	-47.6%	-41.2%	-24.0%	-17.3%	-15.3%	-14.2%	-13.1%	-12.5%

Maintaining the Permissible Income by making the temporary SV permanent and adopting the 2023-24 rates peg determined by IPART will see the operating performance ratio continuing a positive trend before the full extent of future productivity and cost containment benefits are incorporated (LTFP inflating current service levels at current cost).

Councils LTFP disregards any non-recurrent capital grant funding but in doing so evidences a new 1.7% backlog ratio floor being established which can be improved with every additional successful non-recurrent capital grant across forecast period.

The Proposed SV LTFP (Liverpool Plains Shire Council "baseline scenario") achieves a cash flow sustainable position whilst maintaining the current levels of services and recurrent own-source funding renewal works:

### Cash Flow Statement - General Fund

#### Scenario - With Existing SRV + Rate Peg 3% - Cash Flow Statement - General Fund

Scenario - With Existing SRV + Rate Peg 5% - Cash Flow Statement - General Fund												
Year Ending	Actual	Forecast	Budget	Projected Years								
	2021	2022	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 \$'000	2032 \$'000
Net increase/(decrease) in cash and cash equivalents	1,467	-4,975	-3,444	619	1,501	2,533	2,262	1,479	1,028	252	-370	-1,285
Plus: Cash and cash equivalents and investments - beginning	-9,572	12,474	7,499	4,055	4,674	6,175	8,708	10,970	12,449	13,477	13,728	13,358
Cash and cash equivalents and investments - end of the year	-8,105	7,499	4,055	4,674	6,175	8,708	10,970	12,449	13,477	13,728	13,358	12,073

Council has been quite successful in recent past to obtain major funding for substantial capital works such as :

- Quirindi Library remodelling (\$350,000 from Commonwealth government via Drought Communities program and \$350,000 from NSW state government via Stronger Country Communities Round 3 and \$500,000 from Library Council Infrastructure Grant)
- Quirindi Basketball-Netball Complex (\$415,000 from NSW state government via 'Stronger Country Communities Program')
- Quirindi Showground improvements (\$2.57M from NSW state government via 'Crown Lands Showground Stimulus Fund')
- Waste Management Strategy (\$3.5M from NSW state government via 'Resources for Regions' program)
- Quipolly Water Project (\$15M from Commonwealth government and \$10M from state government)
- Quirindi Swimming Complex Renewal (\$6.6M from NSW state government via Resources for Regions)

This has been of significant benefit to shire and Council will continue to work proactively to achieve funding to fund renewal that cannot otherwise be suitably funded from Own Source Revenue.

In Table 5 please provide the councils key financial indicators.

Table 5 Council financial indicators

Ratio	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Operating performance ratio excluding capital items	-23.5%	-17.3%	-15.3%	-14.2%	-13.1%	-12.5%	-12.4%	-12.3%	-12.3%
Own source revenue ratio	43.0%	39.9%	56.3%	56.4%	56.8%	57.1%	57.9%	58.2%	58.2%
Building and asset renewal ratio	102%	100%	100%	100%	100%	100%	100%	100%	100%
Infrastructure backlog ratio	0.02%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Asset maintenance ratio	101.8%	100%	100%	100%	100%	100%	100%	100%	100%
Debt service ratio	41.6x	133x	134x	142x	147x	151x	153x	154x	155x
Unrestricted current ratio	8.1x	3.7x	4.0x	4.5x	4.4x	4.9x	4.9x	4.7x	4.0x
Rates and annual charges ratio	7.3%	<10%	<10%	<10%	<10%	<10%	<10%	<10%	<10%

Note that the ratio data provided above relates to the General Fund only given the application relates to the general fund. The above ratios have been calculated inclusive of the temporary SV becoming permanent. Should the SV not be approved, the ratios will be negatively impacted and in particular the Asset renewal and asset maintenance ratios would move below 100%.

These ratios also do not address Council's asset backlog which is currently estimated at \$42 Million. This backlog is based on asset assessments completed in January 2023. This recent data is not included in current LTFP, however, will be incorporated into future versions.



## Criterion 2 – Community awareness and engagement

Criterion 2 in the SV Guidelines is:

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

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

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

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

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

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

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

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

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

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

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

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
Evidence that the community is aware of the need for and extent of a rate rise.	<p>Council undertook the following SV Community Engagement activities in October and November 2022 to support the proposed rate rise scenarios:</p> <ul style="list-style-type: none"> <li>• Direct mailout to Rate Payers – Mayoral letter and Special Rate Variation Flyer (sent to a total of 4,239 rate payers)</li> <li>• Liverpool Plains Shire Council Special Rate Variation Webpage</li> <li>• Special Rate Variation Web-based survey open to the community via the Council website – received 39 responses</li> <li>• Community Information Sessions (8 sessions held across 7 locations) – attended by a total of 115 community members</li> <li>• Distribution of SRV Pamphlets throughout the community and available at the Council office in Quirindi</li> <li>• Posts on the Liverpool Plains Shire Council Facebook page informing the community of the Special Rate Variation proposal and Community Information Sessions</li> <li>• Opportunity for the community to provide Email and/or Postal submissions to Liverpool Plains Shire Council as part of the Special Rate Variation engagement – received 3 mail responses and 9 email responses.</li> </ul>	<p>Special Rate Variation project Community Engagement – Outcomes Report</p> <p>(Provided – Attachment 11)</p>
The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category.	<p>Council has demonstrated 3 scenarios in the most recently adopted LTFP:</p> <ol style="list-style-type: none"> <li>1. <b>The Proposed SV Scenario</b> ("Base scenario (cash flow sustainable") making temporary SV increase permanent and adopting assumed rate peg.</li> <li>2. <b>The Baseline scenario</b> ("Alternative scenario 1 (unsustainable)") where temporary SV is removed and rate peg adopted.</li> <li>3. Alternative scenario 2 (Sustainable long-term) where temporary SV increase made permanent and subsequent 5% SV approved.</li> </ol> <p>The base case scenario demonstrates a minimum viable revenue situation that will require a continued cost containment and productivity efficiency environment to attain a suitably financially sustainable position long-term whilst bearing burden of cost inflationary pressures in current \ upcoming financial periods.</p>	<p>LPSC Long Term Financial Plan 2022-2032, pp. 12-44 (Provided – Attachment 09)</p> <p>Combined Delivery Program 2022-2026 and Operational Plan 2022-23, pp. 79 (Provided – Attachment 08)</p>

<p>The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.</p>	<p>Council communicated this information to the community via the following engagement activities in October and November 2022:</p> <ul style="list-style-type: none"> <li>• Liverpool Plains Shire Council Special Rate Variation Webpage</li> <li>• Community Information Sessions (8 sessions held across 7 locations) – attended by a total of 115 community members</li> <li>• Distribution of SRV Pamphlets throughout the community and available at the Council office in Quirindi</li> </ul>	<p>Special Rate Variation project Community Engagement – Outcomes Report (Provided – Attachment 11)</p>
<p>The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.</p>	<p>As noted earlier, Council undertook a wide variety of SV Community Engagement activities in October and November 2022. The following Community Engagement activities were deemed to be the most suitable, and cost effective for the Liverpool Plains community:</p> <ul style="list-style-type: none"> <li>• Direct mailout to Rate Payers – Mayoral letter and Special Rate Variation Flyer (sent to a total of 4,239 rate payers) – informed rate payers of the options available to provide formal input.</li> <li>• Liverpool Plains Shire Council Special Rate Variation Webpage – informed the community of the options available to provide formal input.</li> <li>• Special Rate Variation Web-based survey open to the community via the Council website – provided an opportunity for the community provide input. Received 39 responses</li> <li>• Community Information Sessions (8 sessions held across 7 locations) – provided an opportunity for the community to provide verbal input/ask questions and informed them of the avenues through which they could provide formal input. Attended by a total of 115 community members</li> <li>• Distribution of SRV Pamphlets throughout the community and available at the Council office in Quirindi – informed the community of the options available to provide formal input.</li> <li>• Posts on the Liverpool Plains Shire Council Facebook page informing the community of the Special Rate Variation proposal and Community Information Sessions – informed the community of the options available to provide formal input.</li> </ul>	<p>Special Rate Variation project Community Engagement – Outcomes Report (Provided – Attachment 11)</p>
<p>Explain the action, if any, the council took in response to feedback from the community</p>	<p>During the Community Information Sessions held in November 2022, Council and the Session facilitators answered questions from the community in relation to the SV proposal scenarios and Council activities generally. Council officers noted some of the more location/issue specific concerns of the community with a view to either actioning the request items or liaising with the community/community members further to come up with suitable solutions.</p>	

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

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

The consultation strategy considered the consultation options detailed by IPART and chose the previously noted community engagement activities as the preferred methods of engagement given the size and geographic spread of the community, the desire to ensure that the community was well-informed of the SV proposal, and as the most cost-effective means of engaging with the community given Councils' limited finance means.

The timing of the community engagement during October-November 2022 was chosen to avoid conducting the activities during Christmas/New Year and School holiday period when some members of the community may not have been available to engage with or were inclined to have time to respond to the SV proposal input opportunities. Furthermore, the timing of the Community Information Session meetings being held throughout the community in the evening (i.e., starting at 5.15pm and 7.30pm), bar the one session held early morning (starting at 7.30am), were all scheduled to maximise the potential for the community to attend the sessions outside of regular business hours.

The SV materials provided to the community were themed in the same style as the materials provided when Council proposed an SV in 2020-21. The consistency of the branding of the SV promotional materials, to match the branding used leading in to the 2021-22 SV application, was considered important to ensure the community were able to more readily recognise and understand the material related to an SV proposal to further gain attention and engagement with those materials.

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

The level of community involvement was lower than the previous SV proposal community engagement held in 2020-21. The following are the quantifiable elements of the levels of engagement:

- 4,239 letters sent to rate payers - Direct mailout of a Mayoral letter and Special Rate Variation Flyer
- 39 responses to the Special Rate Variation Web-based survey on the Council website (215 responses received for the 20-21 SV process)
- Total of 115 community members attended the Community Information Sessions (8 sessions held across 7 locations) (420 persons attended 7 sessions held across 7 locations for the 20-21 SV process)
- Distribution of SRV Pamphlets throughout the community and available at the Council office in Quirindi
- 3 mail submissions and 9 email submissions received (no formal email or postal submissions were received for the 20-21 SV process)

Council did receive acknowledgement at a number of the sessions held that it had listened to previous feedback. An example of this was at the Currabubula engagement session where residents noted and thanked Council for scheduling the session outside normal business hours that allowed for a greater number of people to attend the session.

Overall, the community is not in favour of the SV proposal, however there was some recognition that Council are gradually improving their performance and that factors such as drought, floods, COVID-19 and general inflationary pressures outside of the control of Council are also contributing to the angst the community feel in relation any further increases to the cost of living.

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

Table 5 Other criterion 2 attachments

Attachment number	Name of document	Page references <sup>a</sup>

a. If document is only relevant in part.

## Criterion 3 – Impact on ratepayers

### Criterion 3 in the SV Guidelines is:

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

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

In assessing the impact, IPART may also consider:

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

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

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

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

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

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

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

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

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

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

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

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

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

The SV proposed makes the expiring temporary increase permanent and applies the 2023-24 rate peg of 3.7%. This means that the impact for ratepayers for the 2023-24 rating year is the 3.7% IPART determined 2023-24 rates peg for Liverpool Plains Shire Council over and above what ratepayers have already incurred up to the end of the 2022-23 financial year. (The residual 2023-24 average weekly impact upon ratepayers in 2023-24 as per community engagement information per below table).

Average Net Weekly Dollar impact of increase per SV	2024 SV Proposed
Residential	\$ 0.64
Farmland	\$ 3.63
Business	\$ 1.63

This 3.7% impact in the context of addressing financial unsustainable historic Permissible Income of Council is less than that previously applied for 2021-22 (8% proposed for 2023-24) and reflects Councils intent to further mitigate impacts upon ratepayers via cost reductions whilst bearing the unfavourable impacts of cost inflationary pressures experience across 2022 and anticipated to continue into 2023.

In the consultation sessions and supported by the printed media the below information was also presented to demonstrate the impact on rates in the current year as well as into the future:



## WHAT IS COUNCIL PROPOSING AND HOW WILL IT IMPACT ON MY RATES?

We are proposing to apply for a permanent SRV of 18.1%.

The 18.1% consists of the current temporary SRV and the 2023/24 rates peg of 3.7%.

The intention of this application is that, if approved, the net impact to rate payers based on their 2022/23 rating amount will be an increase of 3.7%.

If the application is successful, Council will continue to spend this \$1.1m on the road network. Without this revenue Council will be forced to reduce service levels.

The following tables show the impact of implementing the proposed SRV on the average rates by rate category.

### AVERAGE BUSINESS RATE (\$)

2024	\$2,373
2023	\$2,288
2022	\$2,144

### AVERAGE FARMLAND RATE (\$)

2024	\$5,285
2023	\$5,096
2022	\$4,722

### AVERAGE RESIDENTIAL RATE (\$)

2024	\$931
2023	\$897
2022	\$813

The weekly dollar impact of proposed SRV per major rating category is as follows:

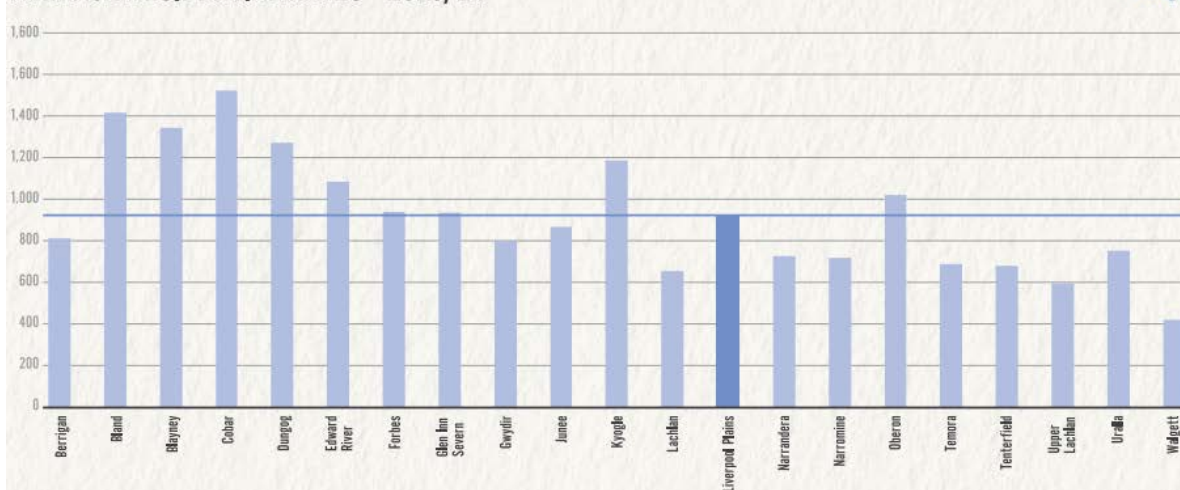
	2024
Residential	\$0.64
Farmland	\$3.63
Business	\$1.63

Council also reviewed how the rates would compare to other Councils to ensure reasonableness against other Councils who provide similar levels of service to Liverpool Plains Shire Council. The below tables demonstrate how Liverpool Plains Shire Council compares to a number of other similar Councils should the SV be approved.

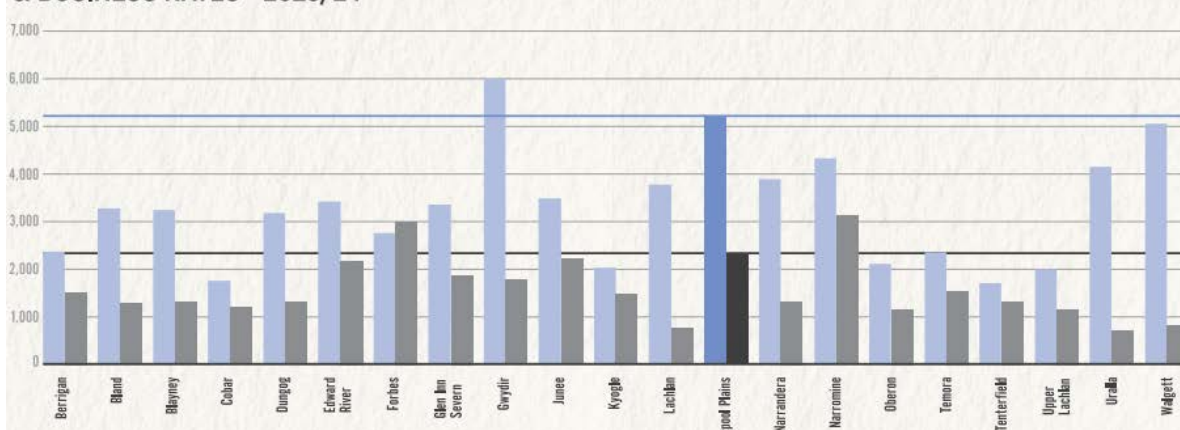
## HOW DO OUR RATES COMPARE TO OTHER COUNCILS?

The following graphs show how we expect the average rates in LPSC to compare to other Councils following implementation of the first year of the SRV in 2023/24.

### AVERAGE RESIDENTIAL RATES - 2023/24

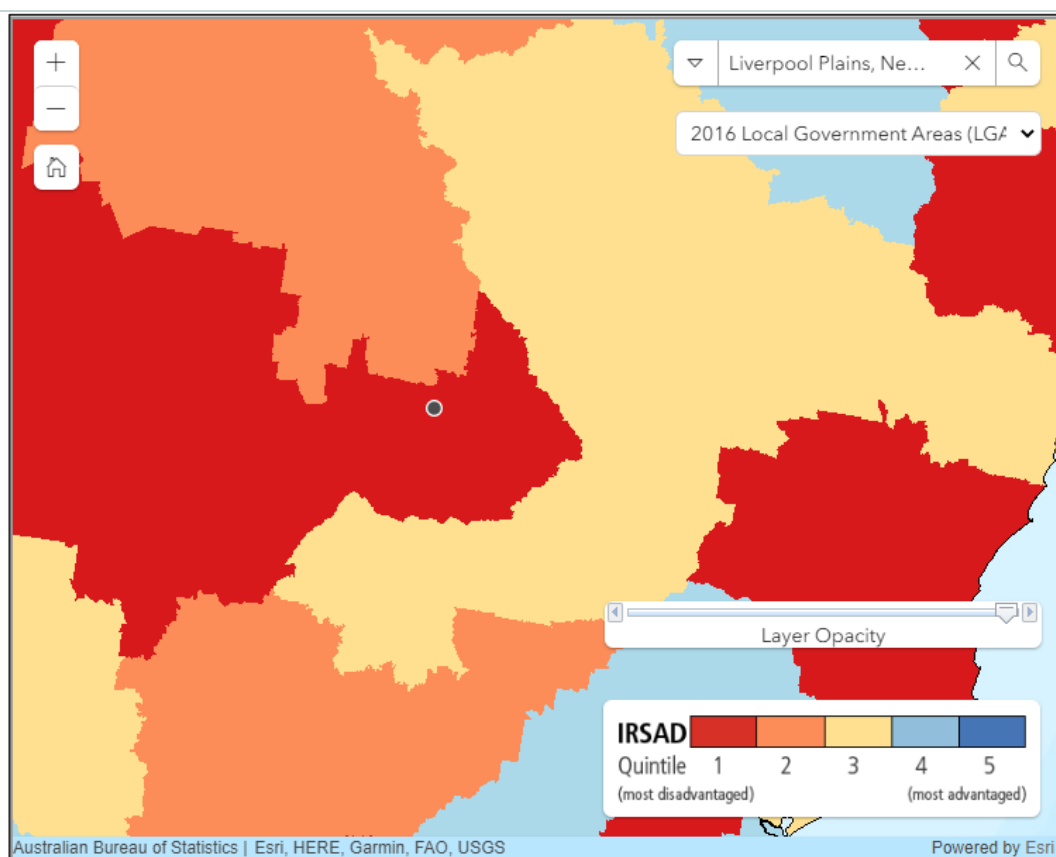


### AVERAGE FARMLAND & BUSINESS RATES - 2023/24



Review of the ABS SEIFA 2016 data highlights the following in relation to the Liverpool Plains Shire Council area:

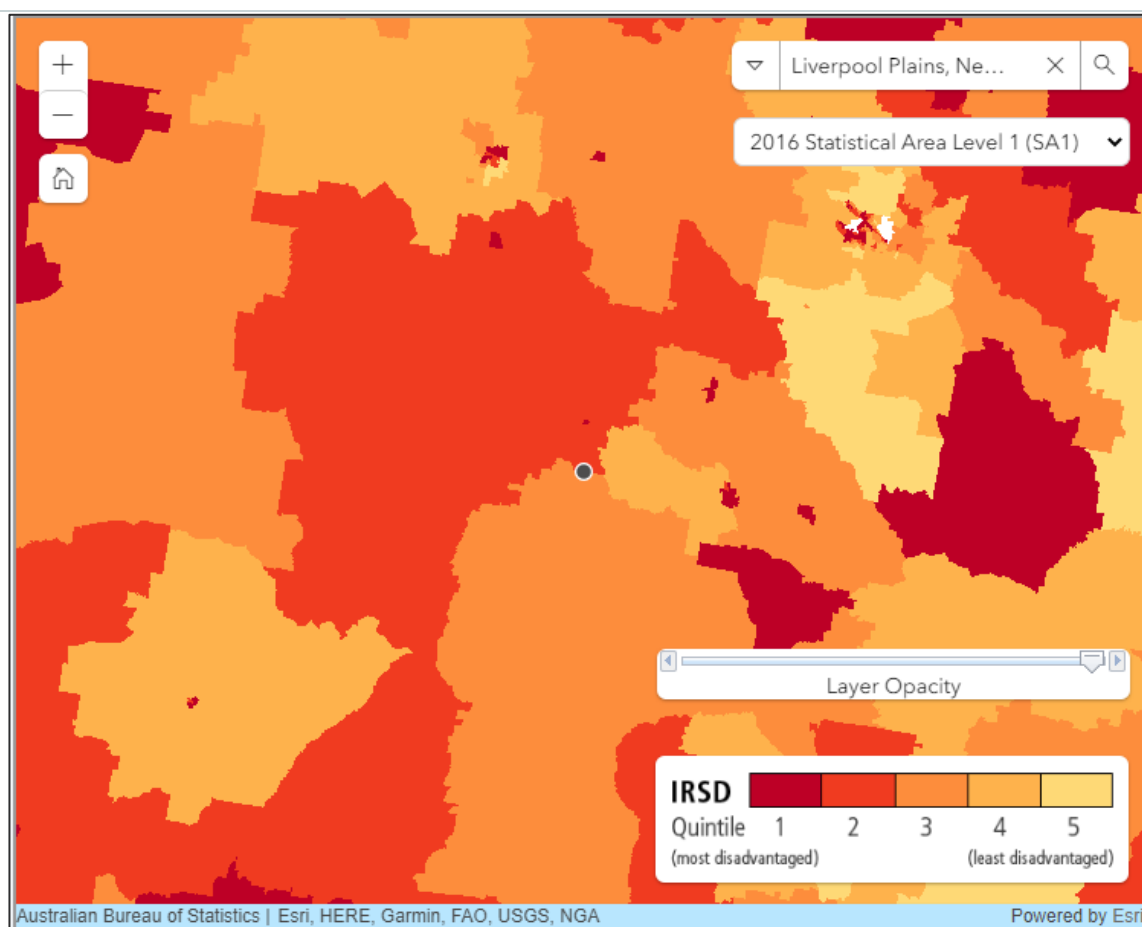
- Index for Relative Socio-economic Advantage and Disadvantage (IRSAD) – the following map shows that the Liverpool Plains Shire Council region consists of individuals that fall into either the lowest quintile (most disadvantaged), 2nd lowest quintile, or middle quintile.



Commentary: The above quintile search results appear to demonstrate that the capacity to pay for some individuals within the Liverpool Plains Shire Council region may be strained. Consequently, it is noted that Liverpool Plains Shire Council have a Hardship Policy (see Attachment 12) in place to accommodate those that may have difficulty meeting their rates payments. Furthermore, it is noted that no genuine hardship applications have been received by ratepayers for rate relief consideration under the Hardship Policy since the temporary SV from 20-21 has been implemented.

Given the relatively minor difference between the proposed Special Variation (18.1%) and the previously approved and implemented Special Variation (16.6%) that has been in place over the last year, it would appear that the capacity of the community to pay this level of rating is reasonable.

- Index for Relative Disadvantage (IRAD) – the following map shows that the Liverpool Plains Shire Council region consists of a broad mix of individuals that fall into numerous categories on the disadvantage scale. Generally, it appears that the majority of residents fall within the 2nd most disadvantaged quintile, or the 3rd most/middle disadvantaged quintile.



Commentary: The above quintile search results would appear to demonstrate that the capacity to pay for some individuals within the Liverpool Plains Shire Council region may be strained. Again, the commentary noted in the above for the IRSAD search in relation to Council's Hardship Policy position and no ratepayers applying for such is applicable.

Given the minor difference between the previous temporary SV from 20-21 and the rating level of the proposed SV is 1.5% (final year of the 20-21 temporary SV is 16.6% versus the proposed new SV of 18.1%), and Council having not received any applications for genuine financial hardship since the temporary SV increase was put in place Council has a firm belief that the SV proposed is reasonable in terms of its impact on rates and the community's capacity to pay..

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

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

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

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

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

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

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

Please provide the councils response in the text box below.

Council has given serious consideration to the communities' capacity and willingness to pay when considering whether or not to apply for an SV, and the extent to which Council believed was appropriate.

One key point of evidence to support this is that the original SV application made in 2021 was for an eight percent increase each year for three consecutive years. Following the temporary approval of eight percent for two years, Council determined that it did not want to put further pressure on ratepayers and as a result this SV application is made to retain the impact of the two 8% increases and apply the approved rate peg value (of 3.7%).

In determining the evidence to support the capacity to pay a key statistic used in the consideration was Councils outstanding rates amount. Evidenced in the 2021-22 Financial statements via the 'Rates and annual charges outstanding percentage' Council saw a substantial decrease in the first year of temporary SV increase with a 2.2% decrease in Councils total outstanding rates amount. This was an improvement and brought Council below the benchmark position of 10% to 7.8%.

Liverpool Plains Shire Council adopted a revised Debt Recovery Policy and a revised Hardship Policy (after public exhibition) in 2022 to ensure that maximum comfort could be provided to ratepayers experiencing difficulties with capacity to pay with alternate payment options and providing Council officers with varying options in which to resolve outstanding rate debts. The above improvement in outstanding percentage performance was achieved with the tools provided via revised policies which introduced more flexible payment arrangements.

Another method used to assist ratepayers is through pensioner rebates. Council also provides pensioner rebates to the households that meet the related criteria which reduces the burden to a group of ratepayers who are often on fixed incomes and have limited means with which to increase their income.

From a further comparison perspective, Liverpool Plains Shire Council has considered its' position with that of other Group 10 Council's via reviewing the 2020-21 Financial Year (FY) Outstanding Rates & Charges Ratio information provided on the [YourCouncil.nsw.gov.au](http://YourCouncil.nsw.gov.au) website. The following table demonstrates that based on the 2020-21 FY position, and when looking at the average residential rate for the Group 10 Council's Liverpool Plains would appear to be placed favourably in terms of rate affordability given the average residential rate is below the Group 10 average of \$825.60 annually, and nowhere near the highest rate being charged at that time of \$1,445.50 by Cobar Shire Council.

<b>(Outstanding Rates &amp; Charges (%))</b> <b>2020/21 FY</b>	<b>%</b>	<b>Average Residential Rate (2020/21)</b>
<b>Group 10 Average (%): 7.3%</b>		<b>Group average - Residential Rate: \$825.60</b>
Blayney	1.5	\$ 672.00
Upper Lachlan	2.4	\$ 557.50
Temora	3.3	\$ 640.30
Berrigan	4.1	\$ 755.60
Tenterfield	4.4	\$ 644.50
Gwydir	4.7	\$ 757.30
Glen Innes Severn	5.2	\$ 870.31
Bland	5.8	\$ 1,311.00
Dungog	6.2	\$ 1,179.10
Kyogle	6.7	\$ 1,120.60
Edward River	7	\$ 1,003.90
Forbes	7.2	\$ 871.00
Oberon	7.6	\$ 948.90
Narromine	7.9	\$ 680.50
Lachlan	8.9	\$ 612.50
Uralla	9	\$ 696.80
Narrandera	9.3	\$ 678.40
Cobar	9.8	\$ 1,445.50
Junee	9.8	\$ 802.10
<b>Liverpool Plains</b>	<b>10</b>	<b>\$ 758.00</b>
Walgett	11.4	\$ 392.30

**Table: Comparison of Group 10 Council's Outstanding Rates & Charges 2020/21 FY**

Further to the above, Liverpool Plains Shire Council considered Median weekly income (Household) levels (from the 2016 ABS Census data) amongst the Group 10 Council's in comparison to the Average Residential Rate (from the 2020-21 FY). The following table shows that:

- On average the Liverpool Plains median weekly income sits within the lower third of the Group 10 Council's.
- Comparison of the average residential rate position of Liverpool Plains Shire Council residents across the Group 10 Council's shows that Council's residential rating amount sits within the middle third of the Group, although still under the Group average.
- Several Council's that sit below Liverpool Plains Shire Council in terms of the Average Median Weekly Income are charging similar or higher average residential rates (i.e., Glen Innes Severn & Kyogle are substantially above Liverpool Plains Shire Council).



Group 10 Council's	Median weekly incomes (Household) (Source: ABS 2016 Census)	Average Residential Rate (2020/21)	Average Residential Rates 2020/21 FY ranking	
<i>Council</i>	<i>NSW average Median weekly incomes (Household): \$1,829</i>	<i>Group average - Residential Rate: \$825.60</i>	<i>Council</i>	<i>Group average - Residential Rate: \$825.60</i>
Tenterfield	\$ 885.00	\$ 644.50	Walgett	\$ 392.30
Glen Innes Severn	\$ 934.00	\$ 870.31	Upper Lachlan	\$ 557.50
Kyogle	\$ 983.00	\$ 1,120.60	Lachlan	\$ 612.50
Walgett	\$ 1,001.00	\$ 392.30	Temora	\$ 640.30
Gwydir	\$ 1,029.00	\$ 757.30	Tenterfield	\$ 644.50
Berrigan	\$ 1,128.00	\$ 755.60	Blayney	\$ 672.00
Liverpool Plains	\$ 1,165.00	\$ 758.00	Narrandera	\$ 678.40
Narrandera	\$ 1,184.00	\$ 678.40	Narromine	\$ 680.50
Temora	\$ 1,203.00	\$ 640.30	Uralla	\$ 696.80
Lachlan	\$ 1,218.00	\$ 612.50	Berrigan	\$ 755.60
Edward River	\$ 1,240.00	\$ 1,003.90	Gwydir	\$ 757.30
Forbes	\$ 1,259.00	\$ 871.00	Liverpool Plains	\$ 758.00
Narromine	\$ 1,308.00	\$ 680.50	Junee	\$ 802.10
Bland	\$ 1,326.00	\$ 1,311.00	Glen Innes Severn	\$ 870.31
Uralla	\$ 1,346.00	\$ 696.80	Forbes	\$ 871.00
Junee	\$ 1,398.00	\$ 802.10	Oberon	\$ 948.90
Oberon	\$ 1,441.00	\$ 948.90	Edward River	\$ 1,003.90
Upper Lachlan	\$ 1,465.00	\$ 557.50	Kyogle	\$ 1,120.60
Dungog	\$ 1,485.00	\$ 1,179.10	Dungog	\$ 1,179.10
Blayney	\$ 1,547.00	\$ 672.00	Bland	\$ 1,311.00
Cobar	\$ 1,740.00	\$ 1,445.50	Cobar	\$ 1,445.50

Table: Comparison of Group 10 Council's Median weekly incomes

Table: Group 10 Council's Average Residential rates ranking

Consideration of median mortgage repayment amounts between the Group 10 Council's in comparison to the average residential rate is provided in the following table. The table shows that:

- Liverpool Plains Shire Council sits roughly in the middle of the Group 10 Council's in terms of the average median mortgage repayment amount.
- The Liverpool Plains Shire Council 2020-21 FY average residential rate also sat roughly in the middle of the Group 10 Council's and thus could be seen to somewhat be in alignment with the median mortgage repayment amount.
- The Liverpool Plains Shire Council average median mortgage repayment amount sits well below the NSW average, while the average residential rate is reasonably below the Group 10 Council average thus, they could be seen to somewhat in alignment in terms of matching capacity to pay.

Group 10 Councils	Median Mortgage repayments (Source: ABS 2016 Census data)	Average Residential Rate (2020/21)	Average Residential Rates 2020/21 FY ranking	
	NSW average median mortgage repayments amount: \$2,167	Group average - Residential Rate: \$825.60	Council	Group average - Residential Rate: \$825.60
Walgett	\$ 858.00	\$ 392.30	Walgett	\$ 392.30
Lachlan	\$ 878.00	\$ 612.50	Upper Lachlan	\$ 557.50
Gwydir	\$ 997.00	\$ 757.30	Lachlan	\$ 612.50
Narrandera	\$ 1,000.00	\$ 678.40	Temora	\$ 640.30
Edward River	\$ 1,083.00	\$ 1,003.90	Tenterfield	\$ 644.50
Bland	\$ 1,083.00	\$ 1,311.00	Blayney	\$ 672.00
Glen Innes Severn	\$ 1,083.00	\$ 870.31	Narrandera	\$ 678.40
Tenterfield	\$ 1,083.00	\$ 644.50	Narromine	\$ 680.50
Cobar	\$ 1,096.00	\$ 1,445.50	Uralla	\$ 696.80
Temora	\$ 1,100.00	\$ 640.30	Berrigan	\$ 755.60
Liverpool Plains	\$ 1,133.00	\$ 758.00	Gwydir	\$ 757.30
Narromine	\$ 1,200.00	\$ 680.50	Liverpool Plains	\$ 758.00
Berrigan	\$ 1,207.00	\$ 755.60	Junee	\$ 802.10
Kyogle	\$ 1,224.00	\$ 1,120.60	Glen Innes Severn	\$ 870.31
Forbes	\$ 1,283.00	\$ 871.00	Forbes	\$ 871.00
Uralla	\$ 1,333.00	\$ 696.80	Oberon	\$ 948.90
Junee	\$ 1,398.00	\$ 802.10	Edward River	\$ 1,003.90
Blayney	\$ 1,517.00	\$ 672.00	Kyogle	\$ 1,120.60
Upper Lachlan	\$ 1,540.00	\$ 557.50	Dungog	\$ 1,179.10
Oberon	\$ 1,560.00	\$ 948.90	Bland	\$ 1,311.00
Dungog	\$ 1,820.00	\$ 1,179.10	Cobar	\$ 1,445.50

Table: Group 10 Council's Average Residential rates ranking

Table: Group 10 Council's Average Residential rates ranking

The following table considers Liverpool Plains Shire Council's relative socio-economic disadvantage position relative to other Group 10 Council's that received the same score, i.e., those that also sit in the 1st quintile and are thus rated as most disadvantaged in comparison to others in NSW. The following commentary is provided for each of the rating categories:

- Residential rates – Liverpool Plains Shire Council's average resident rate sits below the Group 10 average and is not the highest within the group of noted Council's, noting that Glen Innes Severn and Kyogle charge substantially higher average rates while also being placed within the most disadvantaged quintile.
- Business rates – Liverpool Plains Shire Council charge the third lowest business rates amount amongst those Council's within the most disadvantaged quintile. Glen Innes Severn, Kyogle and Tenterfield charge substantially higher average business rates while also being placed within the most disadvantaged quintile.
- Farmland rates – Liverpool Plains Shire Council charge the second highest level of Farmland rates amongst those Council's within the most disadvantaged quintile. This is seen to be reasonable given the highly productive nature of the agricultural sector within the Liverpool Plains Shire Council region.

		Rating figures source - YourCouncil.nsw.gov.au. All figures are from 2020/21 FY		
		Group average - Residential: \$825.60	Group average - Business: \$1651.70	Group average - Farmland: \$3012.10
SEIFA rankings IRSD	Predominant Quintile type within the region	Residential Rates	Business Rates	Farmland Rates
Liverpool Plains	1st quintile (most disadvantaged)	\$ 758.00	\$ 1,121.30	\$ 4,392.50
Glen Innes Severn	1st most disadvantaged	\$ 870.31	\$ 1,746.20	\$ 3,130.80
Kyogle	1st most disadvantaged	\$ 1,120.60	\$ 1,396.40	\$ 1,926.00
Lachlan	1st most disadvantaged	\$ 612.50	\$ 717.50	\$ 3,531.60
Tenterfield	1st most disadvantaged	\$ 644.50	\$ 1,255.60	\$ 1,617.40
Walgett	1st most disadvantaged	\$ 392.30	\$ 768.90	\$ 4,719.20

Table: Group 10 Council's SEIFA Relative Socio-economic Disadvantage (IRSD) within the 1st Quintile comparison



The following table considers Liverpool Plains Shire Council's Relative Socio-economic advantage and disadvantage position relative to those other Group 10 Council's that received the same score, i.e., those that also sit in the 1st quintile and are thus rated as most disadvantaged in comparison to others in NSW. The following commentary is provided for each of the rating categories:

- Residential rates – Liverpool Plains Shire Council's average residential rate sits below the Group 10 average and is not the highest within the group of noted Council's, noting that Glen Innes Severn, Junee, and Kyogle charge higher average rates while also being placed within the most disadvantaged quintile.
- Business rates – Liverpool Plains Shire Council charge the third lowest business rates amount amongst those Council's within the most disadvantaged quintile. Narromine, Junee, and Glenn Innes Severn charge substantially higher average business rates while also being placed within the most disadvantaged quintile.
- Farmland rates – Liverpool Plains Shire Council charge the second highest level of Farmland rates amongst those Council's within the most disadvantaged quintile. This is seen to be reasonable given the highly productive nature of the agricultural sector within the Liverpool Plains Shire Council region.

		Rating figures source - YourCouncil.nsw.gov.au. All figures are from 2020/21 FY		
		Group average - Residential: \$825.60	Group average - Business: \$1651.70	Group average - Farmland: \$3012.10
Council's	SEIFA rankings IRSAD 2016	Average Residential Rates	Average Business Rates	Average Farmland Rates
Liverpool Plains		\$ 758.00	\$ 1,121.30	\$ 4,392.50
Junee	1st quintile (most disadvantaged)	\$ 802.10	\$ 2,065.60	\$ 3,242.80
Kyogle	1st quintile (most disadvantaged)	\$ 1,120.60	\$ 1,396.40	\$ 1,926.00
Lachlan	1st quintile (most disadvantaged)	\$ 612.50	\$ 717.50	\$ 3,531.60
Narrandera	1st quintile (most disadvantaged)	\$ 678.40	\$ 1,240.80	\$ 3,635.30
Glen Innes Severn	1st quintile (most disadvantaged)	\$ 870.31	\$ 1,746.20	\$ 3,130.80
Narromine	1st quintile (most disadvantaged)	\$ 680.50	\$ 2,973.20	\$ 4,124.70
Tenterfield	1st quintile (most disadvantaged)	\$ 644.50	\$ 1,255.60	\$ 1,617.40
Walgett	1st quintile (most disadvantaged)	\$ 392.30	\$ 768.90	\$ 4,719.20

**Table: Group 10 Council's SEIFA Relative Socio-economic Advantage and Disadvantage (IRSAD) within the 1st Quintile comparison**

Council clearly acknowledges that there is a low willingness to pay however through the engagement process it was also clearly articulated that residents and ratepayers do not want to see further reduction in service levels on Councils roads. Without this SV there will be a reduction in service levels on Councils roads.

The SV is intended to be applied equally across all rating categories, however, it should be noted that with the updated valuer general land values there will be some impacts to individual land owners that vary from the 3.7% as a result of the change in values. This was noted through the community consultation sessions.

## How does the council intend to address hardship?

Does the council have a hardship policy?

Yes

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

Yes

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

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

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

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

Council in adopting a revised Debt Recovery Policy and Hardship Policy in early 2022 has already taken the necessary steps to provide maximum flexibility to ratepayers whom are vulnerable or have capacity to pay challenges to meet their financial debts with Council. The introduction of payment arrangements in this policy was a new tool available to Council officers and has been significantly successful in reducing the outstanding rates and charges percentage.

Council officers under policy guidance have the ability to waive interest rates charged on late payments if there are circumstances beyond ratepayer's control or due to genuine financial hardship.

Council see's these measures as being suitably adequate at this time given no genuine applications for hardship have been formally received by Council from ratepayers since the adoption of this policy.

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

The hardship policy is referenced in the 'Revenue Policy' of Liverpool Plains Shire Council contained within the 2022-23 Operational Plan and was placed on public exhibition in March 2022.

Table 6 Criterion 3 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>
Attachment 08	LPSC Combined Delivery Program 2022-26 and Operational Plan 2022-23	Pp. 82

a. If document only relevant in part.

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

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

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

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<b>The Delivery program and LTFP should:</b>		
Clearly show the impact of any rises upon the community	Provided to Community via community engagement information provided via town-hall sessions, in print and media across Shire.	Refer to the attached Special Rate Variation project Community Engagement – Outcomes Report (Provided – Attachment 11)
Include the council's consideration of the community's capacity and willingness to pay rates	<p>Evidenced in 2021-22 Financial statements via the 'Rates and annual charges outstanding percentage' is a substantial decrease in the first year of temporary SV increase with percentage decreasing by 2.2% to a better than benchmark position of 7.8%. Commentary denotes that improvement due to works undertaken to establish instalment plans with rate payers to improve recoverability whilst ensuring timing matches capacity of ratepayers to pay.</p> <p>Liverpool Plains Shire Council adopted a revised Debt Recovery policy and Hardship policy (after public exhibition) in 2022 to ensure that maximum comfort could be provided to ratepayers experiencing difficulties with capacity to pay with alternate payment options and providing Council officers with varying options in which to resolve outstanding rate debts. The above improvement in outstanding percentage performance was achieved with the tools provided via revised policy which introduced more flexible payment arrangements.</p>	<p>LPSC 2021-22 Annual Report, Financial Statements, Report on the Conduct of the Audit, Performance, Pp. 82 (Provided – Attachment 05)</p> <p>LPSC Hardship Policy 2022 and Debt Recovery Policy 2022 (Provided – Attachment 12 &amp; Attachment 17)</p>
Establish that the proposed rate increases are affordable, having regard to the community's capacity to pay	<p>Council has received no genuine applications from ratepayers for hardship since adopting the revised policy in April 2022. This period captures both the two rates increases of the 2021-22 temporary rate determination with a cumulative impact of 16.6% on average.</p> <p>Councils SV application seeks to make this impact permanent and adopt the rate peg on the back of no marked change to ratepayer capacity to pay when taking into account no applications for hardship and improvement in outstanding payment percentage in year 1 of SV.</p>	n/a = Council internal records.

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

## Criterion 4 – Exhibition of IP&R documents

### Criterion 4 in the SV Guidelines is:

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

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

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

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

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

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

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

- During the Fit for the Future reform process, around 2013, IPART explored with Liverpool Plains Shire Council a merger with the neighbouring Gunnedah Shire Council. Through the development of an Improvement Plan, Liverpool Plains Shire Council satisfied the sustainability criteria based on meeting operating performance ratio and own source revenue ratios by 2019-20. The need for a permanent SV increase/s has been long flagged via the 'Council Improvement Proposal' from this process.
- Council went through the SV process with all ensuing IP&R considerations as part of the 2021-22 SV application.
- Council since being granted a temporary SV approval has incorporated into all IP&R documents consideration for a future SV application to make the temporary SV permanent and integrating forecasts from LTFP which detailed appropriate scenarios including **Proposed SV** and **Baseline (without SV)** alternatives with the **Proposed SV** 4 year forecast being incorporated into the 4 year Delivery Program.

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

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

Table 8 IP&R documents

Document	Exhibition dates	Adoption date	Placed on council's website	Web link
Community strategic plan	20/04/2022	22/06/2022	24/06/2022	<a href="https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/policies/community-strategic-plan-2022-2032_adopted-2022.pdf">https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/policies/community-strategic-plan-2022-2032_adopted-2022.pdf</a>
Delivery Program	28/04/2022	22/06/2022	24/06/2022	<a href="https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/strategies-and-plans/combined-delivery-program-2022-2026-and-operational-plan-2022-2023_adopted-2022.pdf">https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/strategies-and-plans/combined-delivery-program-2022-2026-and-operational-plan-2022-2023_adopted-2022.pdf</a>
Long Term Financial Plan	28/04/2022	22/06/2022	24/06/2022	<a href="https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/strategies-and-plans/long-term-financial-plan-2022-2032_adopted-2022.pdf">https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/strategies-and-plans/long-term-financial-plan-2022-2032_adopted-2022.pdf</a>
Asset Management Strategy / Plan(s)	16/12/2020	03/02/2021	05/02/2021	<a href="https://www.liverpoolplains.nsw.gov.au/Council/Accessing-Council-information/Strategies-plans-and-publications">https://www.liverpoolplains.nsw.gov.au/Council/Accessing-Council-information/Strategies-plans-and-publications</a>
Operational Plan	28/04/2022	22/06/2022	24/06/2022	<a href="https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/strategies-and-plans/combined-delivery-program-2022-2026-and-operational-plan-2022-2023_adopted-2022.pdf">https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/strategies-and-plans/combined-delivery-program-2022-2026-and-operational-plan-2022-2023_adopted-2022.pdf</a>
Economic Development Strategy 2022-25	28/02/2022	27/04/2022	29/04/2022	<a href="https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/strategies-and-plans/economic-development-strategy-2022-2025_adopted-2022.pdf">https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/strategies-and-plans/economic-development-strategy-2022-2025_adopted-2022.pdf</a>
Workforce Management Strategy 2022-26	no exhibition	25/02/2022	27/05/2022	<a href="https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/policies/workforce-management-plan-2022-2026_adopted-2022_1.pdf">https://www.liverpoolplains.nsw.gov.au/files/sharedassets/public/policies/workforce-management-plan-2022-2026_adopted-2022_1.pdf</a>

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

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

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

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No relevant issues raised.

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## Criterion 5 – Productivity improvements and cost containment strategies

### Criterion 5 in the SV Guidelines is:

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

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

This Application Form asks four questions relating to:

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

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

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

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

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

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

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

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

Liverpool Plains Shire Council has a significant financial sustainability challenge that has been identified for over a decade.

In April 2013 Liverpool Plains Shire Council was given the following Financial Sustainability Ratings (FSR):

FSR—Weak

FSR Outlook—Negative

Since that time Council has made two SV applications (2014 and 2021) and demonstrated its unsustainable financial position. The most recent temporary SV IPART determination made note of the following:

***"4.7.2 Assessment of council's response regarding the period of the SV***

*We considered the council's response and decided on a 2-year SV to be retained in the rate base temporarily for 2 years. Two years is sufficient time to fully assess its current financial circumstance including the potential for implementing efficiency and productivity measures before deciding to apply for an SV in the future."*

(Source - SPECIAL VARIATION APPLICATION LIVERPOOL PLAINS SHIRE COUNCIL FROM 2021-22, IPART, Page 32)

Liverpool Plains Shire Council has invested significant time and effort over recent years to improve financial awareness and identify and act upon opportunities for improvement to avoid increasing rates.

In the years since 2011 when the Fit for the future program was implemented Council has continued to make efficiency gains and absorb additional costs without seeking to raise rates unreasonably. These processes have included:

- Multiple restructures,
- Implementation of reviews driven by management, staff and the audit, risk and improvement committee,
- Review of procurement processes
- Redeployment and internally transferred employees in consultation with staff,
- Reduced management roles,
- Reduced service levels, often driven by resource constraints,
- Reviewing enhanced IT opportunities to realise efficiency gains,
- Review assets that can be sold or disposed of to reduce operational costs,
- Review avenues for increased revenue via operations, Reviewed fees and charges to work towards cost recovery on non-core services,
- Investigated shared service opportunities
- Working internally and with external consulting specialists

Some examples of the work undertaken has included:

1. Long Term Financial Plan Development, June 2020 (CT Management Group)

Liverpool Plains Shire Council in informing itself for the 2021 SV application engaged a suitable Local Government consultant to provide appropriate Long-Term Financial Plan outputs to consider its financial circumstances. These results were incorporated into the 2021 SV application data and have informed subsequent published LTFPs by Council staff.

This modelling and subsequent modelling has repeatedly demonstrated a deteriorating cash position for Liverpool Plains Shire Council without suitable cost containment measures and additional revenue to maintain levels of service.

2. Service Improvement Opportunities, Feb 2022 (Morrison Lowe) – Phase 1

This internal report summarises Councils adopted strategic approach in recent years towards an efficiency and productivity improvement journey that continues to evolve over time:

The objective of this phase was to:

- Gather information on possible opportunities for improvement.
- Assess and analyse options for the challenges facing Council particularly with the range of non-core services.
- Inform Council of options for improvement / changes to Service Levels and thus expenditure
- Consult with the Community on the improvements, issues, options, preferred choices and implications for the community.
- Develop a plan to improve financial sustainability.
- Provide an overview and the outcomes of this process to IPART when applying for a permanent SRV to demonstrate that Council has actively sought improvements in conjunction with the community.

3. Service Delivery Review of Non-Core Services, Mar 2022 (Morrison Lowe) – Phase 2

Phase 2 of the strategy outlined in the initial Morrison Low report sought to identify areas that, from a statutory perspective, were optional for Council to deliver and via Service Delivery Reviews (SDRs) consider the relative merit of continuing to provide these services in the context of councils financial sustainability challenges.

As summarised in report:

*"In November 2021, Liverpool Plains Shire Council decided to undertake the following course of action:*

<b>Service Area</b>	<b>Action</b>
<i>Commonwealth Home Support Services (CHSS)</i>	<i>Liverpool Plains Shire Council to liaise with the Department of Social Services to investigate alternative service providers, then undertake a Service Delivery Review (SDR) if no alternative found.</i>

<i>Eastside Child Care Centre</i>	<i>retain and undertake a Service Delivery Review via appropriately qualified and experienced resources</i>
<i>Plains Fitness Recreation Centre Gym</i>	<i>internal business case prepared</i>
<i>Royal Theatre</i>	<i>retain and undertake a Service Delivery Review via appropriately qualified and experienced resources</i>
<i>Service NSW Agency</i>	<i>Liverpool Plains Shire Council to renegotiate funding arrangements with NSW Government and undertake Service Delivery Review.</i>
<i>Visitor Information Centre, Willow Tree</i>	<i>retain and undertake a Service Delivery Review via appropriately qualified and experienced resources</i>

Council has and will continue to review optimising service delivery and consult with the community regarding the retention of non-core services for the region and for Councils continued support in delivering these and any other relevant services

#### 5. Long Term Financial Plan 2022-2032

The Executive summary of Council's current Long Term Financial Plan outlines cost containment and efficiency measures achieved in the recent year in line with the strategic direction.

#### 6. Productivity and Cost Containment Report, Nov 2022 (CT Management Group)

In preparation for the 2023-24 SV application and review of IP&R documentation, Council determined the need to provide stakeholders with further awareness as to efficiency and cost containment efforts of council in the past, currently in place and into the future.

CT Management was commissioned as an independent to undertake a review of recent years efforts and provide a report.

As identified through previous financial\operational strategic documents (eg. Fit-for-purpose) council should target a suitable Operating Performance Ratio outcome. Liverpool Plains Shire Council has an aspirational target of reaching the 0% performance measure target in the medium term. A successful 2023-24 SV application combined with a range of initiatives (e.g. technology enhancements) will assist Council working towards this aspirational goal.

The Productivity and Cost Containment report outlines the initiatives undertaken to improve financial outcomes in 2022-23 and that have a recurrent benefit moving forward. It also identifies areas that will have further reviews undertaken in the future with a goal of improving Councils financial position without unreasonably impacting service levels.

#### 7. Innovation

Council also has a history of developing and implementing innovative solutions which is a key element of Council's strategic direction. It is multi-award winning in a number of areas particularly in the IT and project management areas over the past decade. These significant achievements are being leveraged by other local government organisations and private enterprise.

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

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

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

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

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

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

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

[Service Delivery Review of Non-Core Services, Mar 2022 \(Morrison Low\) \(LPSC – Attachment 14\)](#)

Council reviewed six non-core services with the assistance of consultants Morrison Low. This included community survey. Overall, the community was supportive of continuing with non-core services and responded that the biggest usage was Service NSW with the lowest actual use the Meals on Wheels program though the Commonwealth Home Support Services.

[Fees & Charges Review](#)

Outlined in the LTFP (LPSC – Attachment 09) executive summary is 2021-22 Fees and charges review work with the focus of making all non-core services user pay models and all opportunities for fee charging are enabled.

Service Improvement Opportunities, February 2022 (Morrison Low) (LPSC – Attachment 13)

Council engaged Morrison Low to assist in documenting identified high-level improvements across the whole of Council's activities and services. The project was intended to revisit financial savings or revenue opportunities that had previously been considered and/or discarded but need to be reconsidered alongside other opportunities; develop future cost saving opportunities using the combined knowledge of council's managers, then challenge and test these before consideration by council; provide management with a list of opportunities that can be considered and prioritised to create financial savings and improve financial capacity; and provide a list of the other organisational improvements (technology, processes, policies etc) that will enable the organisation to operate more efficiently and be more sustainable. The approved activities from this internal report's service outcome have been incorporated into the Productivity and Cost Containment Report, Nov 2022 (LPSC – Attachment 15)

Productivity and Cost Containment Report, Nov 2022 (CT Management Group) (LPSC – Attachment 15)

Council engaged CT Management Group to undertake the analysis and document Council's efficiencies and cost containment efforts in the past, present and future years. Initiatives that have been enacted in recent \ current year are captured in tables from pages 11-13.

Organisational Structure Review

Council constantly reviews its structure and vacant positions to ensure it is optimising the workforce and aligning the workforce to Council's service delivery obligations.

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b. Outline the outcomes which have been achieved.

Service Delivery Review of Non-Core Services, Mar 2022 (Morrison Low) (LPSC – Attachment 14)

Council operated the Commonwealth Home Support Services (CHSS) Program funded by the Commonwealth Government. Council had been unable to maintain costs within the Program funds received, resulting in Liverpool Plains Shire Council ratepayers subsidising the program. Council made the decision to handover the program to another local specialist provider. Council was able to achieve a transfer of the full program to a specialist in the aged care field, maintaining services to the community with a reduction in cost to Council.

Council operates Eastside Child Care Centre, Quirindi. Council adopted a user pay fee structure for 2022-23. Fees for similar services in the surrounding LGAs were analysed, resulting in an increase of approximately 7% in fees, to budget a full cost recovery model in 2022-23.

Council owns the gym - Plains Fitness Recreation Centre in Quirindi. Council analysed ways to improve the bottom line of the facility and thus applied for and received a grant to modernise the facility and install 24/7 fob-access. This modernisation will result in the reduction of labour required to man the facility, also allowing residents who have been unable to access the facility due to limited manned hours to join the gym. In addition, the fee structure was amended, which has resulted in increased revenue in 2022-23.

### Fees & Charges Review

Council undertook a review of each fee and charge including adding fees that were not currently charged, for example information requests for subpoenas. All statutory fees were aligned to current legislative rates. The increase in fees on average was 5% but in some instances 7-10 %.

### Productivity and Cost Containment Report, Nov 2022 (CT Management Group) (LPSC – Attachment 15)

Council engaged CT Management Group to undertake the analysis and document Council's efficiencies and cost containment efforts in the past, present and future years. Some of the highlights are included below:

Page 9 summarises Council's increased works program on roads. Road renewal for the past three years is shown below:

Road works	2020-21 Actual	2021-22 Actual	2022-23 Budget
Resealing	13.5 km	25.1 km	26.0 km
Rehabilitation	0.35 km	21.8 km	27.4 km
Gravel re-sheeting	62.0 km	48.4 km	65.0 km
Total Spend	\$6.37 M	\$10.71 M	\$11.81 M

Council continues to undertake asset inspections to inform the programming of scheduled maintenance.

Council's summarised initiatives and savings are shown on Pages 11-13 and reproduced below.

Savings achieved to date through efficiencies:

Name	Estimated Value	Has Council implemented?	Financial Savings Budget for FY 2022/23	Potential annual savings for budget in future years
<b>ACHIEVED \ IN-PROGRESS</b>				
Review building maintenance services including the option to engage a firm to provide an array of building maintenance.		Expected to be completed by July 1, 2023	<b>\$30,000</b>	TBC
Contractors – agency staff replaced by FTE			<b>\$270,000</b>	Further investigation required.
Undertake Service review for mowing services		Service Review completed	<b>\$120,000</b>	\$120,000
Verge mowing – one pass as opposed to 2 passes			<b>\$56,000</b>	\$56,000
Review security contract arrangements to lock in a more consistent monthly fee	\$5,000	In progress	<b>\$2,500</b>	\$2,500
Review opportunities for staff to undertake works outside their substantive role where it provides for a better outcome for all parties.		Works around trade services panel	<b>\$10,000</b>	\$10,000
By department, establish an annual % based on the time it takes to fill vacant positions. Then reduce the Wages/Salary budget by % amount.	-	Factored into Budget	<b>\$335,000</b>	\$335,000
Review administrative support to reduce costs of contractors (for example Council currently uses Contractors to prepare tender documents. Still might need contracts for some part of specification but the tender document themselves can be delivered internally).	\$20,000		<b>\$20,000</b>	\$20,000
Review opportunities to hire full time staff to undertake a number of currently ad-hoc functions	\$78,000	In progress	<b>\$30,000</b>	\$30,000

Savings achieved to date through service reviews:

Name	Estimated Value	Has Council implemented?	Financial Savings Budget for FY 2022/23	Potential annual savings for budget in future years
<b>ACHIEVED \ IN-PROGRESS</b>				
Review non-core services (eg CHSP) that could be provided by specialist providers that would create a win-win situation for Council and the community		CHSP not included in 2022/23 Budget.	<b>\$97,000</b>	TBC



Savings achieved to date through innovation:

Name	Estimated Value	Has Council implemented?	Financial Savings Budget for FY 2022/23	Potential annual savings for budget in future years
<b>ACHIEVED \ IN-PROGRESS</b>				
Implement project management framework with object of saving 1% of capital spend.	\$800,000	PM framework underway.	<b>\$300,000</b>	\$100,000
Creation of a rotating energy fund to reduce Council's ongoing energy costs and move towards carbon neutral power.			<b>\$40,000</b>	Ramping by \$20,000 per annum
Review Credit Card Fees. Consider passing associated costs for refunds of rates and water as customers.	\$12,000	In progress	<b>\$12,000</b>	TBC

#### Organisational Structure Review

Council has seen a reduction in management positions and an increase in operational (i.e. direct service delivery) roles over the past 3-5 years.

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

#### Service Delivery Review of Non-Core Services, Mar 2022 (Morrison Low) (LPSC – Attachment 14)

Prior to reviewing the non-core services, Council had projected operating losses for numerous services. The confidential report was tabled at the Council meeting on the 24<sup>th</sup> November 2021. (P2 – LPSC – Attachment 14).

Council made the decision to handover the Commonwealth Home Support Services (CHSS) Program funded by the Commonwealth Government to another local specialist provider. The projected operating losses in 2021-22 was \$97,000. Thus this saving for future years has been realised.

The Eastside Child Care Centre, Quirindi, was also projecting operating losses and with the increase in fees and charges the service is now projected to be cost-neutral moving forward.

Plains Fitness Recreation Centre, Quirindi, is currently undergoing modernisation with 24/7 access. It is expected that savings in staffing and other operating costs will reduce the projected operating losses substantially going forward.

#### Fees & Charges Review (LPSC – Attachment 05 and LPSC Attachment 08)

General Fund 2021-22 Reported User Charges = \$2.982M

General Fund 2022-23 Budgeted User Charges = \$3.342M

Revenue increase of \$360,000

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[Productivity and Cost Containment Report, Nov 2022 \(CT Management Group\) \(LPSC – Attachment 15\)](#)

Council's summarised initiatives and savings are shown on Pages 11-13 and reproduced in part b above. The tables showed the quantifiable savings for each initiative for the 2022-23 financial year and beyond.

[Organisational Structure Review](#)

Council has been able to absorb additional costs and service delivery within the existing workforce (i.e. delivering more services with the same level of resourcing).

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

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

The response should, wherever possible:

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

In the text boxes below:

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

Council will continue Service Reviews of both non-core services and core services as part of the normal IP&R annual process.

The Productivity and Cost Containment Report, Nov 2022 (CT Management Group) (LPSC – Attachment 15) which summarises the current financial year and future year initiatives underway or being investigated, include:

Savings initiatives through efficiencies:

Name	Estimated Value	Has Council implemented?	Financial Savings Budget for FY 2022/23	Potential annual savings for budget in future years
<b>PROPOSED \ POTENTIAL OPTIONS</b>				
Review aquatics facilities including consideration of undertaking expressions of interest for appropriate contractors to lease and operate swimming centres	TBC	TBA		1 month of wages.
Annual targets set to seek external funding to reduce current operational costs.	\$100,000	TBA		\$100,000
Investigate shared services for services where Council struggles to recruit and retain staff and/or contractors	\$100,000			\$100,000
Continue to review of Councils asset information and the associated depreciation values. Investigate why and where depreciation can be reduced. Council is spending around \$5M p.a. on roads and depreciation is \$9m p.a.	\$250,000			\$250,000

Savings initiatives through service reviews:

Name	Estimated Value	Has Council implemented?	Financial Savings Budget for FY 2022/23	Potential annual savings for budget in future years
<b>PROPOSED \ POTENTIAL OPTIONS</b>				
Review library service hours between Werris Creek library service and the Quirindi Library Precinct project. With continued membership of Central Northern Regional Library, ratepayers can also access library services from Tamworth and Gunnedah. This would potentially achieve savings through reduction in staff required in Library Services.	\$100,000	N/A		Further investigation required.
Review Councils building assets for opportunities to rationalise the asset base.	\$97,000	TBA		\$100,000
Review Councils commercial operations to ensure they are operating at full cost recovery..	-			
Seek to have the caravan park managed by a third party under a contracted arrangement	\$35,000			
Review optimisation of in-house and outsourced construction and maintenance work and contract.	\$200,000			

Savings initiatives date through innovation:

Name	Estimated Value	Has Council implemented?	Financial Savings Budget for FY 2022/23	Potential annual savings for budget in future years
<b>PROPOSED \ POTENTIAL OPTIONS</b>				
Review the use of credit cards to optimise procurement process and reduce admin overheads of low value transactions	\$5,000	N/A		NIL
Review the costs and ability to enter into a shared services arrangement with another Council for back of house services such as ICT, HR, Payroll, Finance, Governance etc where Council has difficulties recruiting and retaining appropriately qualified staff.	\$678,000			Further investigation required.
Energy saving initiatives to reduce energy consumption costs (long-term)	TBC			
Provision of smart water meters for all residential water customers within the shire, reducing the need to manually read meters.	\$500,000	Investigations in progress		\$35,000

b. Estimate their financial impact.

Estimated impacts per initiative are captured in attached Productivity and Cost Containment Report, Nov 2022 (CT Management Group) (LPSC – Attachment 15) and reproduced in tables in part a. above.

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

2022-23 initiatives have been captured in the 2022-23 budget which is the baseline for the Liverpool Plains Shire Council LTFP. Forward year initiatives under consideration are not currently factored into the LTFP. However, an efficiency index has been included for a reduction in materials, contractors and consultants.

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

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

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

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

Liverpool Plains Shire Council has, like other Group 10 councils, continued the journey from the 'Fit for the Future' program and integrated into a continuous improvement strategy approach as outlined above.

Given the relative timing of 2-years from temporary SV approval, published comparative data from 1 July 2021 to present is largely unavailable with Financial Year 2021-22 data yet to be aggregated and released by OLG.

The published comparative data by OLG is reproduced below outlining where Liverpool Plains Shire Council compares to other Group 10 Councils. This data is for the period from 2018 to 2021. (Source: <https://www.olg.nsw.gov.au/public/about-councils/comparative-council-information/your-council-report/> )

As part of Council's briefing notes in December 2022, the financial performance ratios of Group 10 councils were aggregated using the financial statements published on Council websites on 12<sup>th</sup> December 2022. There were five Group 10 Council's yet to publish their statements. The data shows that Liverpool Plains Shire Council's position amongst the Group 10 councils has improved for the financial year ending 30 June 2022. The collated data is shown below.

The 2018 to 2021 data shows that Liverpool Plains Shire Council operating performance ratio is well below benchmark and below the comparative Group 10 councils.

OLG Group	10			
Sum of Operating Performance Ratio (%)				
Column				
Row Labels		2018-19	2019-20	2020-21
Liverpool Plains		-29.43	-35.28	-33.87
Dungog		-19.6	-13.55	-13.91
Forbes		-2.63	-6.67	-13.87
Uralla		-0.87	-2.4	-8.92
Upper Lachlan		1.51	1.57	-8.64
Glen Innes Severn		0.73	-1.97	-4.81
Blayney		-0.6	-5	-3.74
Gwydir		-4.16	-4.11	-3.67
Junee		-6.81	4.01	-3.33
Edward River		11.21	4.29	-1.91
Walgett		-3.58	-0.58	-1.82
Temora		-0.64	1.47	0.33
Warrumbungle		-16.38	-5.59	0.43
Tenterfield		2.96	1.14	1.12
Cobar		3.64	4.43	1.14
Bland		59.77	13.95	1.6
Wentworth		-6.83	-2.25	3.15
Berrigan		8.65	5.6	4.02
Oberon		9.75	-2.73	4.07
Narrandera		5.64	8.62	6.16
Kyogle		8.55	11.88	7.05
Narromine		1.53	2.28	10.39
Lachlan		-0.61	17.14	11

Liverpool Plains Shire Council has not increased Full Time Equivalent (FTE) staff materially in recent years and the 2021-22 to present period has seen adjustments to FTE/Headcount on the basis of most cost-efficient delivery of services (activities have been both insourced and outsourced based on service delivery reviews).

OLG Group 10

Average of Ratio FTE to Population	Column			
Row Labels	2018-19	2019-20	2020-21	Grand Total
Gwydir	0.029	0.029	0.033	0.030
Cobar	0.029	0.029	0.032	0.030
Lachlan	0.022	0.022	0.022	0.022
Uralla	0.021	0.021	0.022	0.021
Bland	0.019	0.019	0.019	0.019
Temora	0.018	0.018	0.019	0.018
Narrandera	0.019	0.018	0.018	0.018
Walgett	0.017	0.018	0.020	0.018
Upper Lachlan	0.017	0.017	0.017	0.017
Tenterfield	0.016	0.017	0.017	0.017
Wentworth	0.016	0.016	0.015	0.016
Glen Innes Severn	0.014	0.015	0.016	0.015
Forbes	0.014	0.015	0.015	0.015
Liverpool Plains	0.014	0.015	0.015	0.015
Oberon	0.015	0.013	0.013	0.014
Kyogle	0.013	0.013	0.015	0.014
Blayney	0.013	0.013	0.013	0.013
Narromine	0.012	0.012	0.014	0.013
Edward River	0.012	0.012	0.012	0.012
Berrigan	0.011	0.011	0.011	0.011
Junee	0.008	0.009	0.009	0.009
Dungog	0.006	0.008	0.008	0.007

Liverpool Plains Shire Council's total expenses from continuing operations demonstrates restraint with the year on year growth levels including inflation and award increases.

Growth YoY Total Expenses from Continuing Operations		
Row Labels	2019-20	2020-21
Cobar	-10.45%	41.56%
Upper Lachlan	-2.76%	21.23%
Dungog	4.73%	20.53%
Glen Innes Severn	13.21%	17.35%
Kyogle	1.90%	16.45%
Gwydir	3.63%	10.33%
Uralla	3.93%	10.01%
Walgett	22.20%	10.67%
Temora	5.04%	10.81%
Narromine	-2.04%	10.53%
Berrigan	7.01%	9.08%
Liverpool Plains	4.28%	8.61%
Lachlan	-10.16%	8.29%
Oberon	5.50%	8.19%
Blayney	1.11%	7.81%
Tenterfield	18.25%	6.86%
Bland	-5.14%	6.71%
Junee	-1.12%	5.21%
Narrandera	8.69%	-5.18%
Wentworth	5.99%	-4.81%
Edward River	10.85%	-3.69%
Forbes	2.42%	-2.99%
Warrumbungle	-4.29%	-2.46%

Data for the 2021-22 is yet to be published by OLG, manually collating the performance ratios for the General Fund for Group 10 councils for the 2021-22 Financial Year is shown below. Liverpool Plains Shire Council has improved and is better than the average for own source revenue ratio, unrestricted current ratio, debt service cover ratio and rates and annual charges outstanding ratio.

#### Financial Statements - Performance Ratios for the General Fund

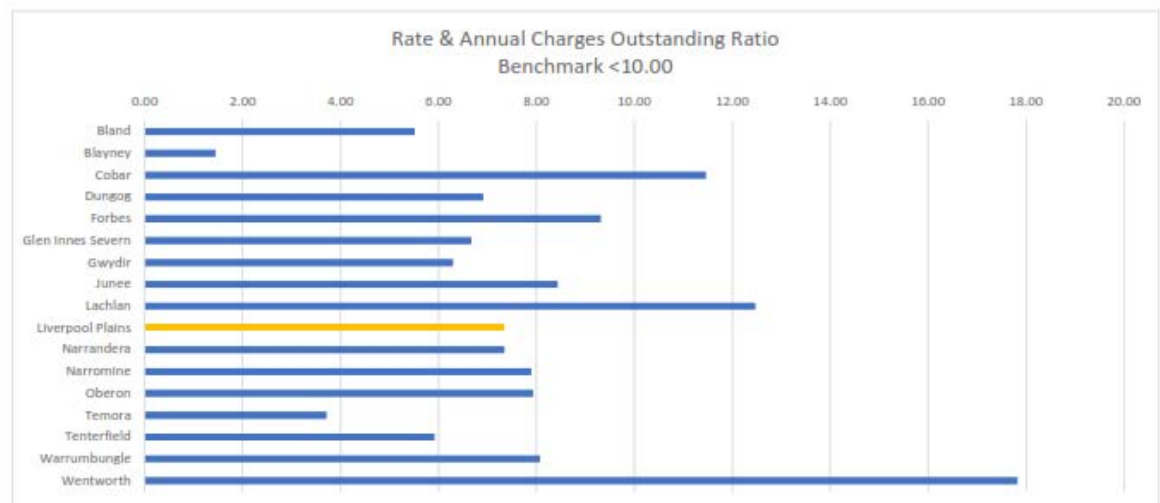
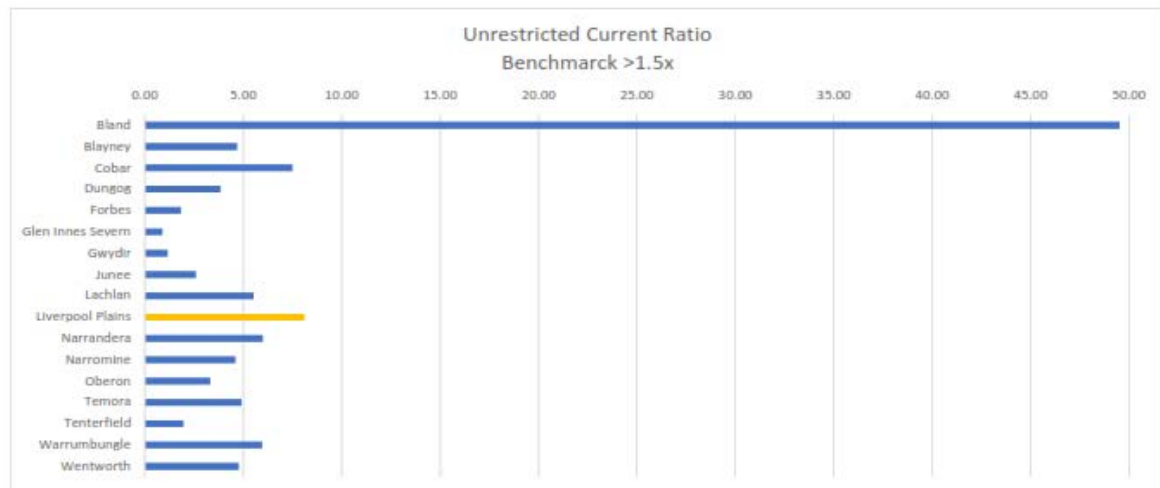
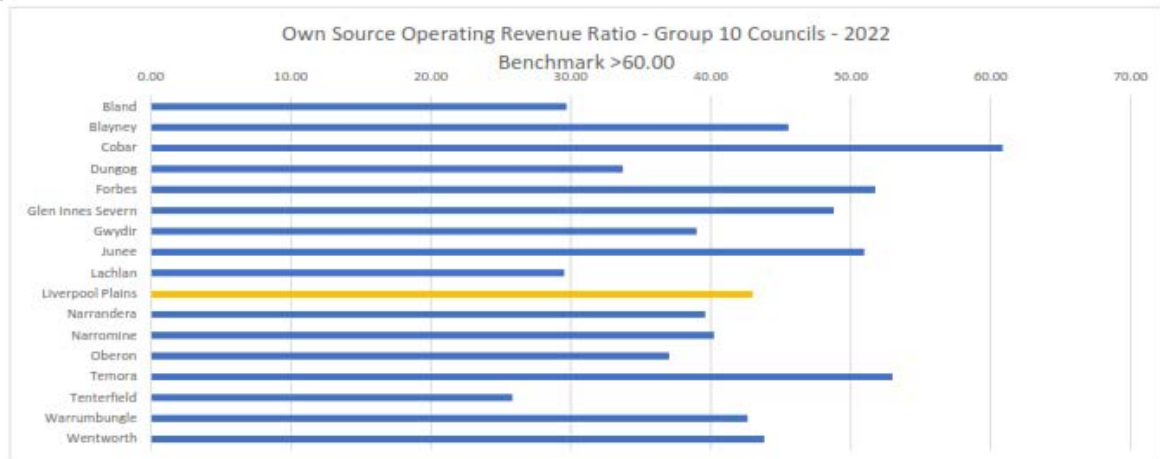
##### Group 10 Councils - Large Rural - General Fund

Benchmark	Operating Performance Ratio >0 %	Own Source Operating Revenue Ratio >60.00 %	Unrestricted Current Ratio >1.5 x	Debt Service Cover Ratio >2.00 x	Rates & Annual Charges Outstanding Ratio <10.00 %	Cash Expense Cover Ratio >3.00 months
Bland	15.89	29.67	49.51	40.61	5.51	42.40
Blayney	-0.91	45.54	4.67	8.04	1.44	11.05
Cobar	17.68	60.83	7.49	40.19	11.46	7.92
Dungog	-17.56	33.71	3.83	4.99	6.91	14.67
Forbes	-9.33	51.73	1.83	1.94	9.31	6.88
Glen Innes Severn	-7.37	48.79	0.88	2.07	6.67	11.22
Gwydir	-15.40	38.98	1.15	2.57	6.29	0.96
Junee	11.12	50.95	2.58	4.56	8.43	3.78
Lachlan	17.78	29.52	5.52	22.10	12.47	27.34
<b>Liverpool Plains</b>	<b>-23.53</b>	<b>43.00</b>	<b>8.09</b>	<b>41.61</b>	<b>7.34</b>	<b>7.32</b>
Narrandera	1.50	39.59	5.99	50.23	7.34	15.27
Narrromine	5.02	40.23	4.59	4.37	7.89	2.88
Oberon	-13.47	37.02	3.32	3.29	7.93	12.04
Temora	2.32	52.99	4.90	15.62	3.71	8.92
Tenterfield	10.86	25.82	1.95	12.26	5.91	20.69
Warrumbungle	7.28	42.62	5.95	9.99	8.07	10.99
Wentworth	5.60	43.80	4.76	9.55	17.82	13.92
Average	0.44	42.05	6.88	16.12	7.91	12.84

Council Statistics not yet available on their website at 12.12.22 - Berrigen, Edward River, Kyogle, Upper Lachlan & Uralla







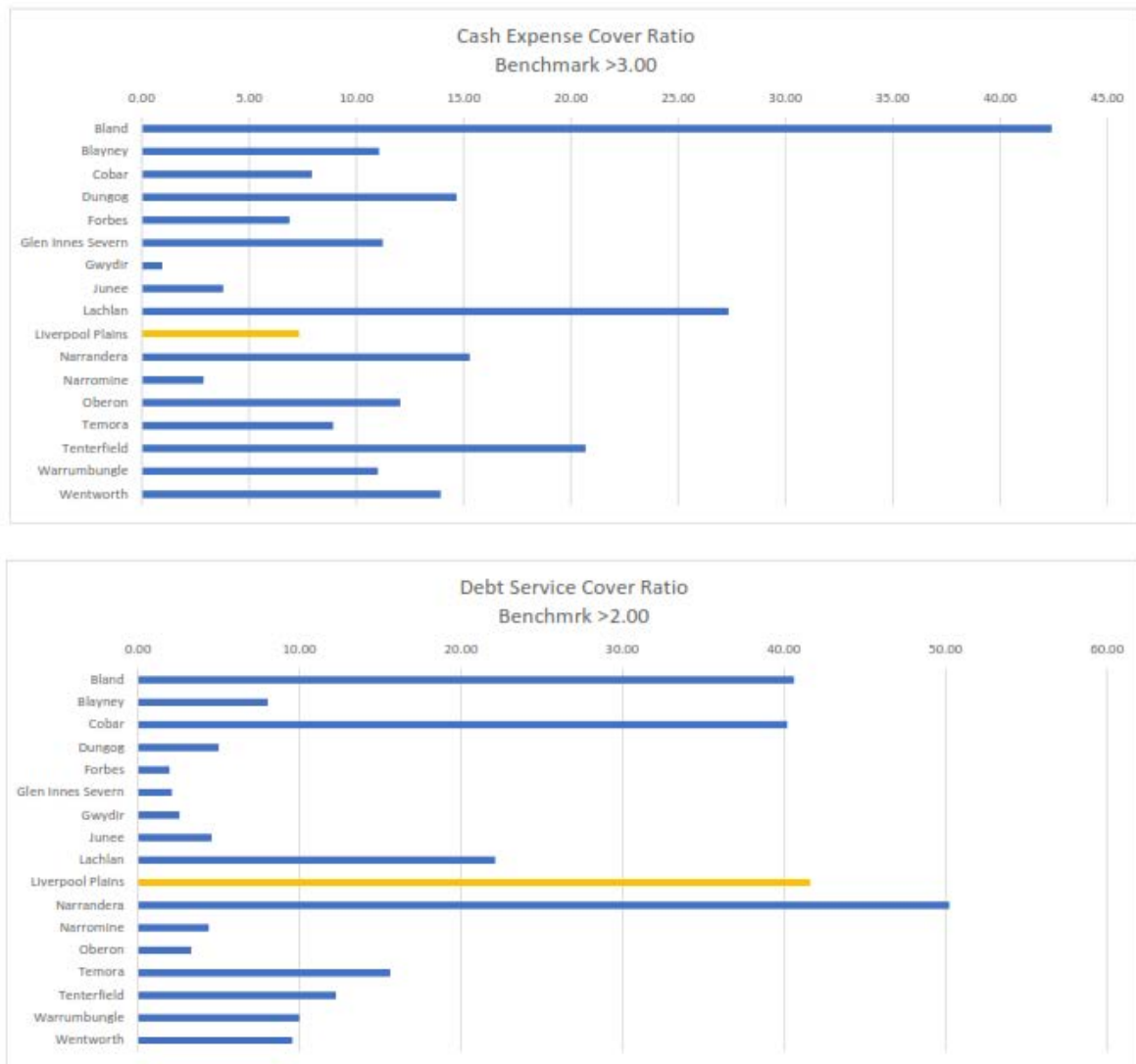


Table 9 Criterion 5 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>
Attachment 13	Service Improvement Opportunities, Feb 2022 (Morrison Low)	Quoted above
Attachment 14	Service Delivery Review of Non-Core Services, Mar 2022 (Morrison Low)	Quoted above
Attachment 15	Productivity and Cost Containment Report, Nov 2022 (CT Management Group)	Quoted above
Attachment 09	Long Term Financial Plan 2022-2032	Quoted above

a. If document only relevant in part.

## Criterion 6 – Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

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

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

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

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

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

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N/A

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## Reporting requirements SV compliance

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

[Click here to enter text.](#)

Table 10 Criterion 6 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>
Attachment 07	LPSC Community Strategic Plan 2022-2032	

a. If document is only relevant in part.

## Council certification and contact information

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

### Certification of application

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

### Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

**Name of council:**

Liverpool Plains Shire Council

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

**General Manager (name):**

Nathan Skelly (Acting General Manager)

**Signature and Date:**

X

**Responsible Accounting Officer (name):**

Joanna Little

**Signature and Date:**

X

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

## Council contact information

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

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

### General Manager

<b>General Manager contact phone</b>	Nathan Skelly (Acting GM)
<b>General Manager contact email</b>	[REDACTED]

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

### Primary council contact

<b>Council contact phone</b>	Joanna Little
<b>Council contact email</b>	[REDACTED]
<b>Council email for inquiries about the SV application</b>	As above

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

### Secondary council contact

<b>Council contact phone</b>	Chris Weber
<b>Council contact email</b>	[REDACTED]
<b>Council email for inquiries about the SV application</b>	As above

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

## List of attachments

To complete (adding rows as necessary):

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

### List of attachments to the council's application

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

Council-assigned number	Name of attachment	Is the document included in the application as submitted?
Attachment 18	LPSC – LTFFP Excel Format	Yes
Attachment 19	Council Certification	Yes

**Confidential supporting material (i.e. not to be published on IPART's website)**

Attachment 13	Service Improvement Opportunities, Feb 2022 (Morrison Lowe)	Yes – Criterion 5 Responses
Attachment 14	Service Delivery Review of Non-Core Services, Mar 2022 (Morrison Lowe)	Yes – Criterion 5 Responses
Attachment 15	Productivity and Cost Containment Report, Nov 2022 (CT Management Group)	Yes – Criterion 5 Responses



## Important information

### Submitting online

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

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

### Confidential content

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

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

### Publishing the council's application

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