Independent Pricing and Regulatory Tribunal

Special Variation Application Form – Part B

For applications for 2014/15

Issued October 2013

Fairfield City Council
Date Submitted to IPART:
Council Contact Person: David Niven
Council Contact Phone: 9725 0239
Council Contact Email: dniven@fairfieldcity.nsw.gov.au

The Tribunal members for this special variation assessment are:

Dr Peter J Boxall AO, Chairman

Mr Simon Draper, Part Time Member

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

Dennis Mahoney	(02) 9290 8494
Heather Dear	(02) 9290 8481

Independent Pricing and Regulatory Tribunal of New South Wales
PO Box Q290, QVB Post Office NSW 1230
Level 8, 1 Market Street, Sydney NSW 2000

T (02) 9290 8400 F (02) 9290 2061

www.ipart.nsw.gov.au

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1 Introduction

Each council must complete this application form (Part B) in order to apply for a special variation to general income. The same Part B form is to be used for applications made either under section 508A or under section 508(2) of the *Local Government Act 1993*.

IPART assesses each application against the criteria set out in the Division of Local Government (DLG) *Guidelines for the preparation of an application for a special variation to general income for 2014/2015* (the Guidelines). Councils should refer to these guidelines before completing this application form. They are available at www.dlg.nsw.gov.au.

We also publish Fact Sheets on our role in local government rate setting and special variations and on the nature of community engagement for special variation applications. The latest Fact Sheets on these topics are dated September 2013. They are available on our website at www.ipart.nsw.gov.au.

Councils must complete this Part B form with a relevant Part A form, also posted on our website. The relevant Part A form is either:

- *Section 508(2) Special Variation Application Form 2014/15 – Part A* for a single percentage variation under section 508(2) or
- *Section 508A Special Variation Application Form 2014/15 – Part A* for more than one percentage variation under section 508A.

The amount of information to be provided is a matter for judgement, but it should be sufficient for us to make an evidence-based assessment of the council's application against each criterion. This form includes some questions that the application should address, and guidance on the information that we require. As a general rule, the higher the cumulative percentage increase requested, and the greater its complexity, the more detailed and extensive will be the information required.

1.1 Completing the application form

To complete this Part B form, insert the council's response in the boxes and the area which is highlighted, following each section or sub-section.

Councils may submit additional supporting documents as attachments to the application. The attachments should be clearly identified in Part B and cross-referenced. We prefer to receive relevant extracts rather than complete publications, unless the complete publication is relevant to the criteria. Please provide details of how we can access the complete publication should this be necessary.

We may ask for additional information to assist us in making our assessment. If this is necessary, we will contact the nominated council officer.

This application form consists of:

- Section 2 - Focus on Integrated Planning and Reporting
- Section 3 – Assessment criterion 1
- Section 4 – Assessment criterion 2
- Section 5 – Assessment criterion 3
- Section 6 – Assessment criterion 4
- Section 7 – Assessment criterion 5
- Section 8 - Other information
- Section 9 – Checklist of contents
- Section 10 – Certification.

1.2 Submitting the application

IPART asks that all councils intending to apply for a special variation use the Council Portal on our website to register as an applicant council and to submit their application.

The Portal is at http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt. A User Guide for the Portal will assist you with the registration and online submission process.

Councils intending to submit an application should notify us of their intention to apply by **cob Friday 13 December 2013.**

Councils should also submit their applications, both Part A and Part B and supporting documents, via the Portal. File size limits apply to each part of the application. For Part B the limit is 10MB. The limit for the supporting documents is 120MB in total, or 70MB for public documents and 50MB for confidential documents. These file limits should be sufficient for your application. Please contact us if they are not.

We also ask that councils also submit their application to us in hard copy (with a table of contents and appropriate cross referencing of attachments). Our address is:

Local Government Team
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Level 17, 1 Market Street, Sydney NSW 2000.

We must receive your application via the Council Portal and in hard copy no later than **cob Monday 24 February 2014.**

We will post all applications (excluding confidential documents) on our website. Councils should also post their application on their own website for the community to read.

2 Focus on Integrated Planning and Reporting

How a council considers and consults and engages on a special variation as part of its Integrated Planning and Reporting (IPR) processes is fundamental to our assessment of the application for a special rate variation. Such a focus is clear from DLG's September 2013 *Guidelines*.

The key relevant IPR documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and, where applicable, Asset Management Plan.

A council's suite of IPR documents may also include supplementary and/or background publications used within its IPR processes. As appropriate, you should refer to these documents to support your application for a special variation.

Briefly outline how the council has incorporated the special variation into its IPR processes. Include details of and dates for community consultation, key document revisions, exhibition period(s) and the date(s) that the council adopted the relevant IPR documents.

COUNCIL RESPONSE

Summary of application

This application, made under *Section 508(2) of the Local Government Act 1993*, is for a permanent one-off increase in Fairfield City Council's rates of 10% (including the 3% rate peg estimate) in 2014-2015.

It has been identified that these funds will work towards the development of a number of major projects, address the asset backlog and ensure the future sustainability of Council. **Table 1** below identifies the proposed works which will be undertaken during the Revised 2013-2017 Delivery Program period.

Table 1: SRV proposed projects, funding and staging

Project	Description	Funding Source	2014-2015 $	2015-2016 $	2016-2017 $
Fairfield Library Expansion	Construction of a second storey to Fairfield Library	Asset sales +		1,800,000	
		Section 94 +	718,000		
		SRV	2,482,000		
	Operation of the expanded Library	SRV		305,000	630,000
Water Park - Prairiewood Leisure Centre	Stage 2 installation of Water Park facilities	SRV	1,500,000		
	Maintenance	SRV		63,000	63,000

Project	Description	Funding Source	2014-2015 $	2015-2016 $	2016-2017 $
Sportsground Upgrades	Design	SRV	100,000		
	Works to upgrade sportsgrounds and sporting facilities	SRV		900,000	1,000,000
Open Space Upgrades Landscaping park frontages	Open space and park upgrades	SRV		460,000	460,000
	Trees and landscaping along park frontages	SRV	100,000	100,000	100,000
Community Buildings upgrades	Design	SRV	170,000		
	Renewal works for community centres, halls etc	SRV		1,530,000	1,700,000
Fairfield Heights Town Centre upgrade	Upgrade of public domain	SRV		600,000	
Cabramatta Town Centre upgrade	Upgrade of public domain	SRV		1,020,000	
Fairfield City Centre Park - The Crescent	Construction of a Town Square	SRV			1,800,000
Roads, Kerb and Gutter upgrades	Works to renew roads, kerb and gutter	SRV		1,100,000	1,100,000
Footpath Connections in Smithfield-Wetherill Park, Canley Heights and connecting car parks	Construction to connect existing footpaths and destinations	SRV	100,000	100,000	100,000
Drainage upgrades	Works to upgrade the existing drainage system	SRV		150,000	150,000

Council notes that it currently has an expiring SRV approved in 2001/02 at 5% of the notional value at the time. This SRV was approved for a 13 year period has achieved a number of significant infrastructure projects and an annual program of park upgrades.

The expiring SRV is equivalent to $3,204,530 and has been confirmed with the DLG (**Attachment X**). This amount will be deducted from the 2013/2014 notional general income to calculate next year's notional general income prior to any 2014/2015 increase.

Focus on Integrated Planning and Reporting

Fairfield City Council has a sound Integrated Planning and Reporting (IPR) Framework in place and this application is supported by:

- Our community strategic plan, ***Fairfield City Plan 2012-2022***
  http://www.fairfieldcity.nsw.gov.au/default.asp?iNavCatID=47&iSubCatID=3466

- **Revised 2013-2017 Delivery Program**
  http://www.fairfieldcity.nsw.gov.au/default.asp?iNavCatID=47&iSubCatID=3478

- **Draft 2014-2015 Operational Plan**
  http://www.fairfieldcity.nsw.gov.au/default.asp?iNavCatID=47&iSubCatID=3479

- **Adopted Long Term Financial Plan 2014/2015- 2023/2024**
  http://www.fairfieldcity.nsw.gov.au/default.asp?iNavCatID=47&iSubCatID=3477

- **2013-2023 Adopted Asset Management Policy & Strategy and Appendices**
  http://www.fairfieldcity.nsw.gov.au/default.asp?iNavCatID=47&iSubCatID=3477

- **2013-2023 Workforce Management Plan and Appendix**
  http://www.fairfieldcity.nsw.gov.au/default.asp?iNavCatID=47&iSubCatID=3477

The overview of the Integrated Planning and Reporting Framework at Fairfield City Council showing alignment between the plans and the resourcing strategy, is detailed below.

Figure 1: IPR Framework at Fairfield City Council

The 2012-2022 Fairfield City Plan contains the community's vision, priorities and outcomes for Fairfield City Council over the ten year period. The community's long term priorities are grouped under five themes, each identifying a set of goals, community outcomes and strategies. The five themes that form the alignment between the plans are:

- Theme 1: Community Wellbeing
- Theme 2: Places & Infrastructure
- Theme 3: Environmental Sustainability
- Theme 4: Local Economy & Employment
- Theme 5: Good Governance & Leadership

Overview of events

From October 2012 through to February 2014 there were a number of strategies and events which incorporated the SRV into Fairfield Council's IPR processes. **Table 2** provides a brief summary of these events with more details provided in the following sections.

Table 2: Incorporation of Special Variation into IPR processes

Date	Process/Activity undertaken
October - November 2012	Workshops with new Council to review community priorities and resourcing strategies
November 2012	Adopted 2011-2012 Annual Report including information and expenditure on current SRV of 5%.
December 2012	Adoption of 2012-2022 Fairfield City Plan
December 2012	Adoption by Council of the Special Rate Variation Community Engagement Strategy
January - March 2013	Analysis of Asset Management plans of the impacts on the services, initiatives and major programs detailed in the draft 2013-2017 Delivery Program
February – June 2013	Awareness campaign on Council services and their costs as well as information on the current SRV
February – April 2013	Further workshops held with Councillors on the development of the Draft IPR Documents
29 April 13 - 27 May 13	Exhibition of Draft original 2013-2017 Delivery Program (including discussion on funding options and extra projects identified by the community), Draft 2013-2014 Operational Plan, Draft 2013-2014 Fees and Charges and 2013/2014 – 2022/2023 LTFP, 2013-2023 Asset Management Policy and Strategy and 2013-2023 Workforce Management Plan
21 May 13	Mayoral Forums held in Cabramatta and Fairfield where the community were provided with the opportunity to discuss and provide comment on the funding options being considered by Council as part of the Draft Original 2013-2017 Delivery Program
25 June 2013	Adoption of original 2013-2017 Delivery Program, which included a commitment to further engage the community on proposed SRV options. Adoption of the 2013-2014 Operational Plan, 2013-2014 Fees and Charges and 2013/2014 – 2022/2023 LTFP, 2013-2023 Asset Management Policy and Strategy and 2013-2023 Workforce Management Plan
July – September 2013	Stage 1 Engagement undertaken with the community on the proposed SRV options identified in the original 2013-2017 Delivery Program.
August – November 2013	Preparation of draft 2014-2015 Operational Plan commenced

Date	Process/Activity undertaken
September – October 2013	Workshops held with Council to review Council's budget in line with the development of 2014-2015 Operational Plan
October 2013	Council reviewed stage 1 engagement results, further considered funding options, and reviewed the extra projects list. Resolved to engage the community further (stage 2) on a new proposed option of a permanent one-off increase in its rates of 10% in 2014-2015 and that this be incorporated into revised IPR documents.
October - November 2013	Revision of the following documents to incorporate the new 10% SRV - • 2013-2017 Delivery Program • 2013/14 – 2022/2023 Long Term Financial Plan • 2013/14-2022/23 Asset Management Policy & Strategy • 2013/14-2022/23 Workforce Management Plan
26 November 2013	Draft 2014-2015 Operational Plans (one with SRV & one without) and revised IPR documents were adopted for public exhibition. These included: • Draft Revised 2013-2017 Delivery Program -two versions (one with SRV & one without SRV) • Draft 2014-2015 Fees and Charges • Draft 2014/2015 – 2023/2024 Long Term Financial Plan • Draft Appendices for 2013/14-2022/23 Asset Management Policy & Strategy • Draft Appendix for 2013/14-2022/23 Workforce Plan Adoption of 2012-2013 Annual Report, including information and expenditure on current SRV of 5%.
29 November 2013 – 7 February 2014	Public exhibition held on the Draft 2014-2015 Operational Plan and revised IPR documents, including Stage 2 engagement on 10% SRV option.
18 February 2014	Council resolution to adopt revised 2013-2017 Delivery Program and revised resourcing strategy documents Council resolution to submit an application to IPART for a SRV
24 February 2014	Submission of application for SRV to IPART

Community priorities

Council had engaged the community regularly over the previous Council term, identifying their needs, priorities and satisfaction with Council's services. This engagement told Council that the community wanted to see current services maintained, but also identified some extra projects/services which the community would like delivered. Following the local government elections in 2012, a number of workshops were held to review the community's priorities and Council's resourcing strategy, to review and prepare the Fairfield City Plan 2012-22 and develop the original 2013-2017 Delivery Program which was adopted in June 2013.

The original **2013-2017 Delivery Program** outlined the services, major programs, and initiatives to which Council remained committed to delivering from its regular budget. The Delivery Program also listed those extra projects which were important to the community but could not be delivered from the regular budget. The Delivery Program included a brief discussion about possible future funding options, including a new Special Rate Variation (SRV) and indicated that further engagement with the community was required.

The message from the Mayor and the City Manager in the original 2013-2017 Delivery Program (page 7) stated that:

> *In addressing the community priorities there is always more that needs to be done and Council is currently looking at other options to fund some of these additional initiatives that have been requested by the community.*
>
> *A list of future initiatives for funding has been developed and included in the 2013-2017 Delivery Program, to ensure that Council continues over the next four years to consider other sources of funding such as Grants, Developer Contributions, Special Rate Variation, etc to continue to meet the needs of our growing City.*

The **2012 revision of the Long Term Financial Plan** (LTFP), in conjunction with the adoption by Council of the 2012/13 Operational Plan, incorporated the updated budget for 2012/13 and revised economic forecasts to 2021/22. It assumed that the current 5% SRV which concludes on 30 June 2014 will be replaced by, at least, an equivalent increase and flagged that Council will be required to submit an application to IPART in early 2014.

As it was clear that Council's regular budget could not deliver both its ongoing services and the additional priorities which are important to the community, in December 2012, Council adopted a Special Rate Variation Engagement Strategy to commence discussions with the community about the available options. The community engagement sought to verify the proposed list of extra priority projects which the community wanted as well as the community's views on how they could be funded. This Strategy is provided as **Attachment A.**

Following community feedback, after exhibiting the draft Delivery Program in May 2013 and conducting further workshops, Council adopted the original 2013-2017 Delivery Program in June 2013. Council resolved (**Attachment B**) to proceed to community engagement, with a revised list of extra priority projects which remained unfunded, and three options for a potential application for a new SRV.

The **first stage of community engagement**, including an online survey, ran from June to September 2013. Three options, in relation to funding and delivering priority projects, were canvassed at this time:

- Option 1: no SRV, only 3% rate peg
- Option 2: 2%SRV + 3% rate peg each year for six years
- Option 3: The 3% rate peg plus 5% SRV in year 1, 4% SRV in year 2, 3% SRV in year 3, 2% in year 4 and 1% SRV in year 5.

Council has a strong commitment to ensuring affordability, and considered the feedback from this first stage of engagement. At its meeting on 22 October 2013, **Attachment C,** Council resolved to endorse an amended list of priority extra projects to be funded by a number of different sources, including a permanent one-off increase in its rates of 10% (including the 3% rate peg) in 2014-2015. This endorsed proposal formed the basis of the revision of some of the existing Integrated Planning & Reporting (IPR) documents, further community engagement and the preparation of the draft 2014-2015 Operational Plan.

When revising the 2013-2017 Delivery Program, the Long Term Financial Plan and preparing the new drafts, Council updated the Asset Management Policy and Strategy, including individual Asset Management Plans (**Attachment E**) and the Workforce Management Plan (**Attachment S**).

Two versions of the Draft revised 2013-2017 Delivery Program were prepared, one version included consideration of the extra projects and the SRV funding, and the other included the regular projects and budget only. The following is an extract from the Draft Revised 2013-2017 Delivery Program (with SRV), page 6:

> *"Since June 2013, Council has engaged with the community about making an application for a Special Rate Variation to help fund the extra projects. After considering feedback, the community's capacity to pay and other funding sources, Council has endorsed a Special Rate Variation of a permanent one-off 10% increase in its rates in the 2014-2105 financial year, as a basis of further community engagement. The 10% increase is made up of the 3% annual rate peg*

> *increase plus an additional 7% special increase in order to fund the extra projects.*
>
> *It should be noted that an existing special rate of 5% that has been in place since 2001 will be removed in June 2014. Therefore, the impact of the new rate on the community will be lessened."*

Council's LTFP 2014/2015-2023/2024 (**Attachment D**) provided a forecast of Council's financial position for the next 10 years. It included an analysis of the base position as well as four different options which would improve Council's financial position while continuing to deliver services and initiatives to the standard the community expects. These four options examined the impact of different special rate variations (SRV) in order to fund the priority initiatives identified by the community and allocate additional funding to asset management backlogs. Details on these four options are provided in *Section 3, Criterion 1.3 Alternate Funding options.*

The Asset Management Policy and Strategy (AMS), an integral part of Council's Resourcing Strategy, outlines how Council will manage its infrastructure in the long term. The Asset Management Plans (AMPs) incorporate all types of service, initiatives and major programs identified in Council's Original 2013-2017 Delivery Program, to ensure that Council has the right assets, service levels, capabilities and strategies in place to meet the community's expectations, now and in the future as identified in the Fairfield City Plan 2012-2022.

Council considered within the constraints of the Long Term Financial Plan, the assets, the condition and the service levels that they deliver to the community. Council's existing assets and infrastructure are in good condition and will continue to deliver service to the community at an acceptable standard in the short term, however the longer term modelling suggested that the condition and service levels will decline due to a growing funding gap.

The Appendices to the AMS and AMP's (**Attachment E**) assess the impacts of the SRV works program in the context of the asset management framework.

In reviewing the impact of the services, initiatives and major programs in the 2013-2017 Delivery Program, Council realised that if the current levels of expenditure were allocated, the asset backlog would continue to grow and the average condition of assets will continue to decline. This is due to escalating renewal costs and an increase in the average age of the assets base which could lead to the outcome of deteriorating assets reaching a condition where they no longer meet the service levels expected by the community.

The need to address this increasing backlog, was a yet another reason why Council considered the option of a Special Rate Variation (SRV). The level of funds sought by the SRV, whilst not eliminating the backlog, would help to maintain the current average condition of Council's assets to the service levels currently identified by the community.

The revised IPR documents, and Council's endorsed SRV option, were put on public exhibition from 29 November 2013 to 7 February 2014 The community were invited to provide feedback on all documents exhibited.

Following the public exhibition period all feedback was considered by Council at the Ordinary Meeting on 18 February 2014 and Council made the following recommendations (refer **Attachment Y**):

That:

1. Council make an application for consideration by IPART under Section 508(2) of the Local Government Act, 1993, for a one-off permanent increase in rates of 10% (including the rate peg) in 2014/15 to fund the list of extra works as identified in Attachment H.

2. Council adopt the two versions of the Revised 2013 – 2017 Delivery Program– one with the SRV and one without the SRV (Attachments A & B) – with the intention of rescinding the redundant version once IPART's decision on Council's application is announced in June.

3. Council adopt the Appendices to the Asset Management Policy, Strategy and Plans 2013/14 – 2022/23 (Attachment E), the Appendix to the Workforce Management Plan 2013/14 – 2022/23 (Attachment F), and the Long Term Financial Plan 2014/15 – 2023/24 (Attachment D) including the amendments as outlined in Attachment C to this report.

3 Assessment criterion 1: Need for the variation

In the DLG Guidelines, criterion 1 is:

> *The need for and purpose of a different revenue path (as requested through the special variation) is clearly articulated and identified through the council's IPR documents, including its Delivery Program and Long Term Financial Plan. Evidence for this criterion could include evidence of community need/desire for service levels/project and limited council resourcing alternatives and the Council's financial sustainability conducted by the NSW Treasury Corporation. In demonstrating this need councils must indicate the financial impact in their Long Term Financial Plan applying the following two scenarios:*
>
> - *Baseline scenario – revenue and expenditure forecasts which reflects the business as usual model, and exclude the special variation, and*
> - *Special variation scenario – the result of approving the special variation in full is shown and reflected in the revenue forecast with the additional expenditure levels intended to be funded by the special variation.*

The response in this section should summarise the council's case for the proposed special variation. It is necessary to show how the council has identified and considered its community's needs, alternative funding options and the state of its financial sustainability.

The criterion states that all these aspects must be identified and articulated in the council's IPR documents.

At the highest level, please indicate the key purpose(s) of the special variation by marking one or more of the boxes below with an "x".

Maintain existing services	☐
Enhance financial sustainability	✓
Environmental works	☐
Infrastructure maintenance / renewal	✓
Reduce infrastructure backlogs	✓
New infrastructure investment	✓
Other (specify)	☐

Summarise below the council's need for the special variation. Comment on how the need is captured in the IPR documents, especially the Long Term Financial Plan (LTFP) and the Delivery Program, and, where appropriate, the Asset Management Plan (AMP). Note that the LTFP is to include both a 'baseline scenario' and an 'SV scenario' as defined in the *Guidelines*.

COUNCIL RESPONSE

Summary of need

As detailed further in this application the Council is seeking the SRV on the basis of the following:

- The community had identified a number of new and improved services and infrastructure that they wanted to see in their City
- It was clear that Council's current budget could not deliver both the ongoing services and the additional priorities that are important to the community.
- The LTFP (**Attachment D**) on page 20 stated that the Base Case, current budget with no SRV, is not a financially sustainable position, with continuing operating deficits, diminution of available cash resources, deteriorating asset backlog and condition, and inability to meet community service expectations.
- The expiration in June 2014 of the existing 5% SRV, which commenced in 2001/02 for a 13 year period, would further reduce the funds available to Council by approximately 5% ($3,204,530 as confirmed by DLG in **Attachment X**) in 2014/15. This reduction will mean that Council will be unable to provide the services that the community expects without alternative funding strategies, including increases to rating revenue.
- The Appendices to the Asset Management Strategy (**Attachment E**), identified that if the current levels of expenditure, without the new SRV, continue to be applied then the Asset backlog would substantially increase from $36.6 million to $116.6 million (218.6% increase). This is demonstrated in **Table 3**. However if the proposed SRV is supported then this backlog will only increase to $46.19 million (26.2% increase).

Table 3: Comparison of current expenditure- Without SRV and with SRV

IMPACT OF CURRENT ANNUAL LEVEL EXPENDITURE- WITHOUT SRV AND WITH SRV						
Asset Class	Replacement cost ('000)		Current Average condition	Predicted average condition in 20 years	Current asset backlog	Asset backlog in 20 years ('000)
Without SRV						
Buildings	$246,183	$9,811	1.9	2.6	$9,157	$42,930
Roads	$712,221	$20,991	1.8	2.1	$26,045	$54,824
Drainage	$281,374	$2,460	1.6	2.1	$960	$9,132
Open space	$22,883	$5,549	1.6	4	$474	$9,790
Total assets	**$1,262,661**	**$38,811**	**1.8**	**2.3**	**$36,636**	**$116,676**
With SRV						
Buildings	$246,183	$9,811	1.9	1.9	$9,157	$9,157
Roads	$712,221	$20,991	1.8	1.9	$26,045	$31,100
Drainage	$281,374	$2,460	1.6	1.9	$960	$5,463
Open space	$22,883	$5,549	1.6	1.6	$474	$474
Total assets	**$1,262,661**	**$38,811**	**1.8**	**1.9**	**$36,636**	**$46,194**

If the special variation seeks funding for contributions plan costs above the development contributions cap, refer to Box 3.1.[1]

Box 3.1 Special variations for development contributions plan costs above the developer cap

For costs above the cap in contributions plans, a council must provide:

- a copy of the council's section 94 contributions plan
- a copy of the Minister for Planning and Infrastructure's response to IPART's review and details of how the council has subsequently amended the contributions plan
- details of any other funding sources that the council is proposing to seek to use
- any reference to the proposed contributions (which were previously to be funded by developers) in the council's planning documents (eg, LTFP and Asset Management Plans (AMP)
- any necessary revisions to financial projections contained in the LTFP and AMP to reflect the special variation.

If the special variation seeks funding for contributions plan costs above the development contributions cap, set out below:

- details explaining how the council has established the need for a special variation to meet the shortfall in development contributions, and

[1] See Planning Circular 10-025 dated 24 November 2010 at www.planning.nsw.gov.au and for the most recent Direction issued under section 94E of the *Environmental Planning and Assessment Act 1979*. See also Planning Circular PS 10-022 dated 16 September 2010.

- how this is reflected in the council's IPR documents.

3.1 Community needs

Indicate how the council has identified and considered the community's needs and desires in relation to matters such as levels of service delivery and asset maintenance and provision in deciding to apply for a special variation. The application should include extracts from, or references to, the IPR document(s) that demonstrate how the council meets this criterion.

COUNCIL RESPONSE

The Fairfield community has many unique features which distinguish it from other councils in Western Sydney and the Greater Sydney Metropolitan area. These features also create many challenges for Council in achieving the community's needs.

The Australian Bureau of Statistics, through its Socio-Economic Indexes for Areas (SEIFA) provides comparison of social and economic conditions across Australia. A low SEIFA index score for an area means it has a higher level socio-economic disadvantage as a result of low income, high unemployment and low levels of education. Fairfield City scores only 854 which is the lowest within Metropolitan Sydney and it is clear that Fairfield has a very high level of socioeconomic disadvantage compared to the rest of Sydney.

A low SEIFA score however does not mean that the Fairfield community has low aspirations and there is, as in most communities, an expectation that Council will deliver quality services, programs and facilities. The Council understands that in an area of low income and high social disadvantage there is reduced attraction for private industry to provide social infrastructure and reduced capacity within the community to pay the higher charges imposed at profit focused facilities.

The provision of quality leisure centres and a water park is a prime example of Fairfield Council providing facilities to meet its community's needs for excellent recreational facilities. Council had previously used funds generated by the 5% SRV, which has been in place since 2001, to build the new Cabravale Leisure Centre and upgrade its other Leisure Centres. Council proposed to allocate $1.5 million from future SRV funds, and if approved, to construct Stage 2 of the Water Park at Prairiewood Leisure Centre.

In 2010 a new water park was opened at the Fairfield Leisure Centre and this has increased visitor numbers by just over 30,000 per season since installation. It has had a dramatic impact on the visitor profile changing it to a predominately family orientated customer (under 12's with siblings and carers) group. This major increase in patronage clearly demonstrates the community's demand for such facilities.

Most importantly the entry fees are highly affordable. It costs a family (2 adults & 2 children) $22 in total to attend the Fairfield Leisure Centre and water park. This compares dramatically with a $250 cost for a similar sized family to attend the privately owned water park in Western Sydney.

When discussing the plans for 2014, including the proposed SRV, the Fairfield City Mayor, Frank Carbone stated, "*I want Fairfield to be a better place for families and a safer one for our community, as well as easing the cost of living pressures and building infrastructure, not just for today, but for tomorrow*". (*The Champion - 21 January 2014*)

The composition of the Fairfield community, as seen in **Table 4,** strongly influences its needs and aspirations especially in relation to community and recreational activities. It is a family community with 61.1% of households with children, compared to 41.3% in Australia (Census data 2011). The challenge for Council is to provide affordable quality facilities and services within a framework of sound sustainable financial management.

Table 4 below provides a summary of these unique features comparing Fairfield with the rest of Metropolitan Sydney (the Sydney Statistical Division), NSW and Australia (Census data 2011).

Table 4: Summary unique features of Fairfield

2011	FAIRFIELD	GREATER SYDNEY	NSW	AUSTRALIA
Median Weekly Household income	$1,022	$1,447	$1,237	$1,234
Median Weekly Rent	$280	$351	$300	$285
Households with children	61.1%	45.6%	42.7%	41.3%
Persons per household	3.23	2.69	2.59	2.55
Amount of social housing	8.0%	5.0%	4.9%	4.5%
Speak a language other than English	69.9%	32.5%	22.5%	18.2%
Speak English not well or not at all	24.4%	5.8%	3.9%	3.0%
No qualifications	60.3%	40.5%	42.8%	44.1%
Unemployment Rates	9.7%	5.9%	5.9%	5.6%

In summary, Fairfield residents have a lower median weekly household income and substantially higher unemployment rate; have considerably more households with children; a higher percentage of social housing with the majority of its residents speaking a language other than English and possessing no work related qualifications. These unique, and highly defined features, drive the community's needs and create the specific challenges which Fairfield City Council must address.

In 2010 Council undertook a comprehensive consultation to inform the Fairfield City Plan 2010-2020. This involved surveys of both residents and businesses, a series of focus groups with a broad range of residents and stakeholders, a web feedback form and youth event. The outcomes of this engagement are outlined in the Community Consultation Report 2010 http://www.fairfieldcity.nsw.gov.au/upload/ywxfn37263/2010communityconsultation.pdf .

Fairfield Council places much importance on undertaking quality and comprehensive consultation. The Division Of Local Government, in its Planning and Reporting Manual, nominates Fairfield Council as demonstrating good practice in both its Community Engagement Strategy and Community Strategic Plan.

In 2012 needing to review the community strategic plan Council held some focus groups and ran online surveys as the main methods of engaging with the community to re-affirm their aspirations and priorities. The 2012 Community Engagement Strategy, provided as **Attachment F,** reviewed and validated the identified Vision, Themes and Goals ensuring community concerns and aspirations for the future of Fairfield City are re-affirmed and contained in the Fairfield City Plan 2012-2022. The report on this engagement is provided in **Attachment G**.

In April 2012 Fairfield City Council engaged an independent research organisation to assess and establish the community's priorities and level of satisfaction with Council activities, services and facilities. This survey of 600 randomly selected residents was conducted in five community languages - Vietnamese, Arabic, Cantonese, Khmer and Mandarin as well as English and was weighted by age to reflect the 2006 census data.

The survey, report provided in **Attachment H**, identified that overall the community was happy with the levels of services provided to them. It used a regression analysis to identify the fifteen key community priorities and these include:

- Condition of local roads
- Footpaths and cycleways
- Local parks & gardens
- Cycleways & walking tracks
- Sporting grounds

Following the September 2012 local government elections, Fairfield's newly elected councillors provided a considered and valuable understanding of the needs of the community as they had been engaging closely with them throughout the election period.

The community engagement outcomes, together with the findings of the satisfaction surveys and input from the elected representatives, lead to the identification of a number of unfunded initiatives the community would like to see implemented over the next 10 years to meet their needs, priorities and aspirations. These community priorities have given rise to new initiatives and projects, detailed in the LTFP (**Attachment D** page 18 & 19).

Council also proposed to address its asset backlog so that the condition of its infrastructure remains stable for the next 10 years. These essential asset renewal projects, which reflect community priorities and the need to inject additional funds into asset maintenance, are included in the list in **Table 5**.

Table 5: List of unfunded community priority projects and programs

PROJECT
Fairfield Library Expansion: Increase the size of Fairfield Library, which is currently under the industry benchmark in relation to size. To create additional study space to meet the community's growing needs in the area and industry benchmarks.
Water Park - Stage 2 Prairiewood Leisure Centre: Installation of an additional feature at the Prairiewood Leisure Centre which will have water features for children of various ages, and other play facilities for families to enjoy.
Sportsgrounds Renovation and Upgrade: The program will renovate and upgrade sportsgrounds throughout the Fairfield LGA, increasing the standard of sporting facilities for residents and visitors.
Open Space Upgrades: To make open space areas in Fairfield more user friendly, accessible and updated. An additional 3 year $100,000 landscaping program for Council park frontages will help beautify the City
Community Buildings Upgrades: To renew the Council owned community centres, halls and other buildings to make them more accessible and appropriate for wider use by the community.
Fairfield Heights Town Centre Upgrade: Renew the Fairfield Heights town centre to create a more modern and attractive area for local business, residents and visitors.
Cabramatta Town Centre Upgrade: Renew the Cabramatta town centre to create a more modern and attractive area for local business, residents and visitors.
Roads, Kerb & Gutter Upgrades: To ensure that roads and kerb and gutter are maintained to meet the increasing expectations of our community. A 3 year $100,000 footpath connection program in Smithfield/Wetherill Park and Canley Heights
Drainage Upgrades: To update our drainage to ensure that it meets the needs of the city by reducing potential flooding and cleaner streets and waterways.
New Fairfield Town Centre Park – The Crescent: Construct a Fairfield Town Centre Park which will provide a modern meeting place in the central business district for residents and visitors to enjoy.

Full details on each project are provided in **Attachment I.**

The community consultation in 2012 also established that the Fairfield community wanted the existing suite of services provided by Council to continue at the same level over the next 10 years. In some cases the community wanted the level of service to increase. During this process the community also identified their priorities over the next 10 years.

The projects are clearly related to the Fairfield City Plan 2012-22 (**Attachment T** page 10) priorities, key priorities identified in the community survey (**Attachment H** page 6) and community needs identified through the community profile. These relationships are shown in **Table 6** below.

Table 6: Relationship of new initiatives and projects to outcomes of major community engagement and consultation

PRIORITY NO.	INITIATIVE NAME	COST $	RELATIONSHIP TO		
			COMMUNITY STRATEGIC PLAN PRIORITIES	SERVICE LEVELS & INDICATORS SURVEY	FAIRFIELD CITY COMMUNITY PROFILE/NEEDS
1	**Fairfield Library** Expansion	$5.0m	**Priority 8** – Access to Schools, Universities and TAFE		Address high youth unemployment & some of the multicultural needs of the community and meeting library benchmarks for the catchment area.
2	**Water Park** Prairiewood Leisure Centre – Upgrade Stage 2	$1.5m	**Priority 10** – More activities for children and Youth		Affordable opportunities for our socially disadvantaged community
3	**Sportsgrounds** Renovation and Upgrade	$1m per year	**Priority 10** – More activities for children and Youth	**Key area 2** – Clean and Maintained	
4	**Open Space** Upgrades *including landscaping of park frontages program*	$460k per year *$100k 3 years*	**Priority 2** – A clean and attractive place	**Key area 2** – Clean and Maintained	
5	**Community Buildings** Upgrades	$1.7m per year	**Priority 2** – A clean and attractive place	**Key area 2** – Clean and Maintained	Affordable opportunities for our socially disadvantaged community
6	**Fairfield Heights Town Centre Upgrades**	$1m	**Priority 2** – A clean and attractive place	**Key area 2** – Clean and Maintained	
7	**Cabramatta Town Centre Upgrades**	$1.02m	**Priority 2** – A clean and attractive place	**Key area 2** – Clean and Maintained	
8	**New Fairfield City Centre Park** –	$1.8m	**Priority 10** – More activities for	**Key area 2** – Clean and Maintained	Affordable opportunities for our socially

PRIORITY NO.	INITIATIVE NAME	COST $	RELATIONSHIP TO		
			COMMUNITY STRATEGIC PLAN PRIORITIES	SERVICE LEVELS & INDICATORS SURVEY	FAIRFIELD CITY COMMUNITY PROFILE/NEEDS
			children and Youth		disadvantaged community
9	**Roads, Kerb & Gutters Upgrades** *including footpath connections program*	$1.2m per year *$100k 3 years*	**Priority 6 –** Improved Roads	**Key area 3 –** Getting Around	
10	**Drainage Upgrades**	$150k per year	**Priority 5 –** Cleaner Environment	**Key area 2 –** Clean and Maintained	

In order to deliver these unfunded initiatives, and projects Council considered of a number of funding options available to them, one of which being a SRV.

After a review of Round 1 community engagement outcomes, Council proposed a reduced SRV option and works program, to reflect the reduced revenue. Some of the key changes to the SRV works program originally identified included the staging of the works, reprioritisation, inclusion of future operational costs and more targeted areas for sections of asset maintenance.

The amended SRV works program was included in all engagement material developed for Round 2 engagement.

3.2 Alternative funding options

Explain how the decision to seek higher revenues was made after other options such as changing expenditure priorities or using alternative modes of service delivery were examined. Also explain the range of alternative revenue/financing options you considered and why the special variation is the most appropriate option. For example, typically these options would include introducing new or higher user charges and increase council borrowing, but may include private public partnerships or joint ventures.

Provide extracts from, or references to, the IPR document(s) which show how the council considered the alternatives.

COUNCIL RESPONSE

Council explored various financial strategies to remain financially sustainable and pay for new initiatives identified as priorities by the community; build on existing suite of services and their levels; address the asset maintenance backlog.

The LTFP considered in depth (**Attachment D** pages 20-45) the sources and level of revenue and expenditure which are normally available to a council, including selling assets, using cash reserves, productivity and efficiency improvements, generating long term income streams from development activities and increasing rates. **Table 7** provides a summary of these considerations as detailed in the LTFP.

Table 7: Analysis of other Revenue Options

REVENUE SOURCE	
STATUTORY CHARGES	Council has no discretion to determine the amount of the fee for a service when the amount is fixed by regulation or by another authority. Examples of statutory fees include development assessment fees, inspection fees and planning certificates. The income derived from these charges is expected to increase by CPI annually.
PROPERTY RENTAL	Property rental is expected to increase significantly in 2016-17 due to the development of Dutton Lane in Cabramatta. This development which is expected to cost $16.5m over 2 years (2014-15 and 2015-16) will be funded mostly by external loans. The commercial nature of the development can support the loan repayments and will bring to Council a long term income stream of additional rental income of $3m per year from 2016-17. This is a 95% increase on the previous year. The net bottom line impact is forecast to be $2.4m after allowance for outgoings.
COMMERCIAL ACTIVITIES	Fees for the commercial waste service, childcare centres, leisure centres and showground are expected to increase in line with CPI. Capability to increase fees for these activities, beyond the CPI, is limited due to the price sensitive nature of customers and the necessity for Council to provide market competitive prices.
ASSET SALES	The sale of assets is a finite one-off source of income. Council is focusing on generating long term revenue and any funds achieved through the sale of a significant asset will be invested in an income producing asset.
GRANTS AND SUBSIDIES	It is assumed that all recurrent grant funds will be maintained at current levels with CPI adjustments, with the exception of the pensioner rates rebate granted by the NSW State Government, which are not expected to increase. Whilst the number of pensioners may increase over time, due to the aging population, it is not expected to have a material impact on Council's income.

REVENUE SOURCE	
BORROWINGS	Currently, Council has a limited amount of debt and has no future borrowings planned for works other than for income producing projects nominated, such as the Dutton Lane Redevelopment ($16m loan) and Cabramatta Town Centre Streetscape Refreshment Project ($0.3m loan). During development of the Revised 2013-2017 Delivery Program Council determined that there will be no further loans at this stage as any new loans beyond this would result in significant interest repayments and reduction in existing services.
CASH RESERVES	Council's Available Funds consist of Internally Restricted Cash Reserves and the Unrestricted Cash Reserves. Council has recently rationalised its internally restricted cash reserves, significantly reducing the number in order to more effectively manage Council's cash position and expenditure demands placed on those funds. Key to this LTFP is Council's flexibility to use these funds to achieve the community outcomes required. At times throughout the LTFP period, Council's cashflow will demand that these funds be drawn down.

Another complicating factor for Council's revenue position is the impact of the existing 5% Special Rate Variation concluding in June 2014. This will reduce Council's rating revenue by approximately $3.2 million in 2014/15. This reduction means that without alternative funding strategies including increases to rating revenue Council will be unable to provide the services which the community expects.

Throughout the past few years Council has been mindful of both the community's capacity to pay (Fairfield is the most socio-economic disadvantage within Metropolitan Sydney) and the longer term issue of costs outstripping revenue. As a consequence, there has been a strong focus on productivity improvements, cost containment and revenue opportunities (these are detailed in the response to criterion 5). However, efficiency measures, while important, will not be sufficient to address the expense/revenue gap facing Council.

For Council to deliver on the community expectations and respond to the longer term issues, the following strategies are proposed in the LTFP:

- Council to develop Dutton Lane Cabramatta, generating ongoing property annual rental income stream of $2.4 million net from 2016/17. This development will be a fully funded commercial, stand alone development costing approximately $16 million. It will be funded by external loans.
- Continued vigilance on cost containment and efficiency strategies, including a targeted $500,000 per annum from 2017/18 from the future initiatives identified.
- Utilising available cash reserves in a more flexible manner to help fund peak cash flow requirements during the 2013-2017 Delivery Program period.
- Selling Council properties for $1.8m to fund new initiatives.

- Capital Improvements to the Sustainable Resource Centre are expected to result in an ongoing surplus. This is a wholly Council-owned, Category One commercial business provides revenue to Council's general fund. It takes in construction and demolition waste to produce a range of products which it sells back to the construction industry.
- Introducing an SRV increase and further intervention initiatives to progress to achieve Council's operating position to about 3% of own sourced income in 2023/24 a level of 1.84% is achieved. Five SRV options were considered in the LTFP.

The LTFP details the additional major capital expenditure planned to provide the community with enhanced services and to address the asset backlog so that average infrastructure condition is maintained throughout the planning period. **Table 8** shows the extent and range of alternate funding sources considered and incorporated into the LTFP.

Table 8: Funding Sources identified in 2014-24 LTFP

DETAILS	PRIORITY	VALUE	FUNDING	WHEN	COMMENTS
			COMMERCIAL & OTHER ACTIVITIES		
Dutton Lane redevelopment		$16.500m	• External loans $16.000m • Internal reserve funds of $0.500m	2014/15 to 2015/16	Development will generate ongoing net revenue of $2.400m per year from 2016/17
Fairfield Youth and Community Centre		$8.250m	• Grants $7.348m • Section 94 $0.600m • Stormwater $0.302m	2013/14 to 2015/16	Federal Government grant funding has been approved.
			SRV ONE OFF INITIATIVES		
Fairfield Library Expansion Capital works Ongoing	1	$5.000m $5.847m	• Property sales $1.800m S94 $0.718m • Application for SRV $2.482m + ongoing costs.	2013-14 to 2015-16	Ongoing operating expenditure $0.630m pa indexed by inflation.
Water Park Prairiewood Stage 2 Capital works Ongoing	2	$1.500m $0.567m	• Application for SRV $1.500m + ongoing costs.	2013-14 & 2014-15	Ongoing operating expenditure $0.063m pa that cannot be covered by entry fees.
Fairfield Heights Town Centre Upgrade	6	$1.000m	• S94A $0.400m • Application for SRV $0.600m	2015-16	
Cabramatta Upgrade	7	$1.020m	• Application for SRV	2015-16	
Fairfield City Park	8	$1.800m	• Application for SRV	2016-17	

DETAILS	PRIORITY	VALUE	FUNDING	WHEN	COMMENTS
ON-GOING INITIATIVES					
Sportsground Upgrades	3	$9.000m	• Application for SRV	9 years - 2014-15	$1.000m per year
ASSET BACKLOG					
Open Space upgrades	4	$4.140m	• Application for SRV	9 years - 2015-16	$0.460m per year
Landscaping	4(a)	$0.300m	• Application for SRV	3 years from 2014/15	$0.100m per year
Community Buildings upgrades	5	$15.300m	• Application for SRV	10 years - 2014-15	$1.700m per year
Roads, Kerb and Gutter upgrades	9	$10.600m	• Application for SRV	9 years - 2015-16	$1.200m per year
Footpath	9(a)	$0.300m	• Application for SRV	3 years from 2014/15	$0.100m per year
Drainage upgrades	10	$1.350m	• Application for SRV	9 years - 2015-16	$0.150m per year
GRAND TOTAL		**$82.474m**			

Revenue forecasts

In preparing its revenue forecasts Council considered five options which included the growth in rates in accordance with rate peg nominated by IPART (3% per annum) and the removal of the existing SRV due to end on 30 June 2014. These options are:

- **Option 1** – Base Case- 3% rate peg increase each year
- **Option 2** – Base Case Plus 2% SRV increase each year for 6 years
- **Option 3** – Base Case Plus SRV increases of 5%, 4%, 3%, 2% and 1% over 5 years
- **Option 4** – Base Case Plus a one-off 7% SRV in 2014/15
- **Option 5** – Base Case Plus a one-off 7% SRV in 2014/15 with intervention from 2018/19.

Under Options 1 to 4 the assumptions about revenue (except Rating Income) remain the same. However the Intervention Point in 2018/19 under Option 5 will mean that initiative(s) to increase revenue and lower expenditure will be planned.

Option 1 – Base Case

This Option is considered the "no policy change" or "worst case" option. Rates revenue will increase in line with IPART's approved rate pegged increase, estimated at 3% per year, with no SRV increase. This option is not considered to be financially sustainable without significant reduction in the services Council provides.

Option 2 – Base case plus 2% SRV increase each year for 6 years. This Option increases rates at an additional 2% per year, for the next six years, above the estimated rate pegged increase of 3%. The total annual rate increases over the next 6 years will be 5%.

Option 3 – Base case plus SRV increases of 5%, 4%, 3%, 2% and 1% over 5 years. This option increases rates each year but on a diminishing scale. The first year will increase rates by a 5% SRV above the estimated rate pegged increase of 3% and this trend will continue until in the last year (2018/19) the SRV increase will be 1% above the estimated rate pegged increase of 3%. The total rate increases over the next 5 years will be 8%, 7%, 6%, 5% and 4% respectively.

Option 4 – Base Case Plus a one-off 7% SRV in 2014/15
This option increases rates in 2014/15 with a single year 7% SRV plus the estimated 3% rate pegged increase. The identified SRV program of works would be completed under this option. The total rate increase is 10% in 2014/15.

Option 5 – Base Case plus a one-off 7% SRV in 2014/15 with intervention in 2018/19. This option increases rates in 2014/15 with a single year 7% SRV plus the estimated rate pegged increase. The identified SRV program of works would be completed under this Option. The total rate increase is 10% in 2014/15.

An analysis of Option 4 shows Council's long term financial sustainability deteriorating once the impacts of the additional revenue associated with an increase of 10% in 2014/15 (7% SRV + 3% rate peg) and Dutton Lane Redevelopment coming on-line in 2016/17 were taken into consideration.

Council determined that these would impact on the residents' financial capacity to pay and accordingly decided that significant intervention would be required in 2018/19 if it was to achieve its long term operating position target of about 3% on own sourced income in 2023/24. Accordingly Option 4 was extended to include some intervention and this is reflected in Option 5. The initiatives identified in the LTFP to address the gap in growth rates of expenses and revenue have not been costed at this stage. They will however form a body of work to be considered in future Council decisions. Option 5 therefore includes all the assumptions built into Option 4 but with the addition of financial improvements from intervention initiatives.

The following graphs, **Figure 2** and **Figure 3**, show the impact of the five different options on Council's operating position and available funds over the ten year LTFP period.

Figure 2: Comparison of net operating result under each option

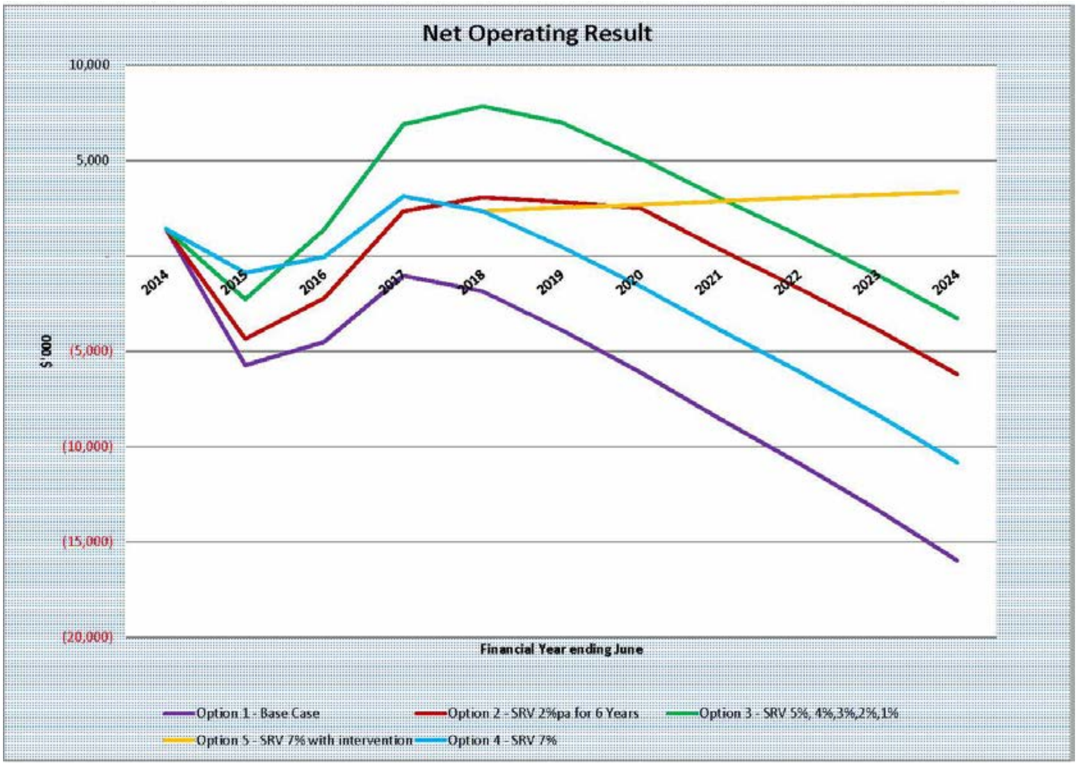
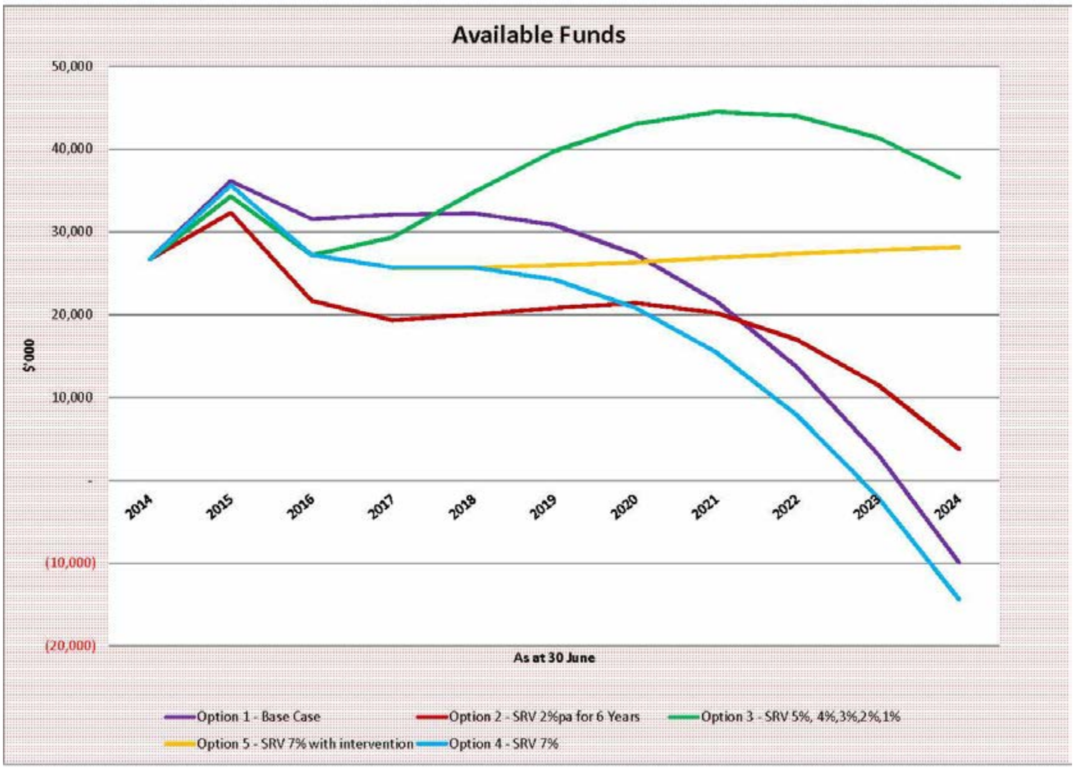


Figure 3: Comparison of available funds under each option



Central to Council's considerations on a preferred option was a very strong focus on 'affordability' for the community and awareness that there are currently many uncertainties around the industry with the review of local government.

An in-depth analysis of long term impacts (refer to figure 9 & 10 above) of the different options being considered identified that Options 2 and 3 would deliver more funds to Council over the period of the 2013-2017 Delivery Program. Whilst these two options would also push out the critical date when expenditure exceeds revenue, it was considered that Options 4 and 5 were more affordable for the community.

The feedback from the first stage of community engagement showed that, whilst there was support for an SRV with 50% indicating their support, 50% were opposed to the SRV. Comments indicated for both indicated that the community still wanted the initiatives to go ahead but felt the increases were too large and a reduced option would be preferred. In responding to this feedback and a further review of funding and staging of the projects, Council has nominated Option 5 – a permanent one-off 7% SRV plus the 3% rate peg in 2014/15 with some intervention in 2018/19. The impacts of this option are modelled in the LTFP and information was provided for the final stage of community engagement undertaken in December 2013 and January 2014.

Intervention Initiatives

The quantum of the changes to achieve an operating position of about 3% of own sourced income is demonstrated in **Table 9**. It is assumed that the burden will be shared equally between revenue and expenditure and across all categories. Achieving these financial improvements will be very challenging, but having them in the forefront for ongoing decision making should enable Council to progress these in the years leading up to 2018/19. It is expected that some may be implemented before that time but no financial allowance, at this stage, has been made for this in Option 5 prior to 2018/19.

Table 9: Impact of intervention starting in 2018/19 on operating position

FINANCIAL YEAR	INTERVENTION REQUIRED			OPERATING POSITION $'000	
Invention	Revenue Increase %	Expenditure Decrease %	Total Operating Position %	From Option 4	To Option 5
2018/19	0.59%	-0.60%	1.19%	467	2,527
2019/20	0.60%	-0.61%	1.21%	(1,614)	2,675
2020/21	0.62%	-0.64%	1.25%	(3,890)	2,859
2021/22	0.55%	-0.57%	1.12%	(6,058)	3,035
2022/23	0.54%	-0.57%	1.11%	(8,352)	3,197
2023/24	0.54%	-0.58%	1.12%	(10,831)	3,337

The following are examples of intervention options which could be considered:

- Review employee costs – particularly award and progression increases
- Opportunities for shared services or resource sharing
- Better distinction between core and optional services – with option of discontinuing some optional services or forego management
- Reduce service levels – review and consult to determine acceptable lower levels
- Special rate variation – Tranche 2 in 2017/18
- Increase fees – look at price sensitivity and how this affects demand for Council services
- Fully cost the subsidies that Council provides for its services and facilities so that future decisions can be made concerning the level of subsidy
- Purchase more ongoing revenue generating properties – review Property Development Fund Strategy
- Sustainable Resource Centre – investigate options for additional products/services
- Review how Council provides staff for some of its services – internal vs external labour sources
- Establish the long term impacts of an aging population and how this would shift service delivery.
- Adopt at least a break even ethos for all optional services

Further information on future productivity improvements and cost saving strategies are identified in the Criteria 5 response.

3.3 State of financial sustainability

The special variation may be intended to improve the council's underlying financial position, 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.

The application should set out the council's understanding of its current state of financial sustainability, as well as long-term projections based on alternative scenarios and assumptions about revenue and expenditure. Such evidence can be drawn from the LTFP and from any external assessment, eg by auditors or TCorp.

Explain the council's view of its financial sustainability as it relates to the application for a special variation.

COUNCIL RESPONSE

The key in determining financial sustainability is for Council to achieve an operating surplus from its operations. Council's capital program and increased operating cost base will create challenges in achieving future operating surpluses.

The Operating Statement in the Revised 2013-2017 Delivery Program, **Attachment J**, provides a summary of and testament to Fairfield City Council's level of financial sustainability. These statements incorporate future efficiency improvements and additional cost saving targets. Further, a corporate restructure has also been introduced to help reduce the deficit position.

Most revenue and expenditure projections over the remaining 3 years of the Revised 2013-2017 Delivery Program have been based upon the expected Consumer Price Index (2.8%, 2.7%, 3.0%, 2.9%) except:

- Rating Revenue – In light of extensive consultations with the community regarding its requirement of council services, infrastructure and additional capital projects, Council decided to make an application for a one-off 10.0% SRV in 2014/15 (including 3% rate peg). All current and future projections have included the 3% rate peg and subsequent income from this has been included in the rating base each year and is crucial in ensuring the future sustainability of Council.

- Domestic Waste Revenue – Under normal circumstances, Council caps the increase of Domestic Waste income to match the expected increased level of Domestic Waste expenditure. This is 6.6% in 2013/2014. However, due to accumulated Domestic Waste Management reserve funds (a restricted fund), Council will only increase the charge by 3.0% in 2014-2015. In the latter years of the Revised 2013-2017 Delivery Program, the financial projections incorporate 8.8% for each of the 2 years.

- Stormwater Levy Revenue – This has been capped and remains unchanged from the current levy of $1.6m per year.

- Employee Expenses will increase by 3.2% , 3.2% , 2.6% and 2.9% over the term of the Revised 2013-2017 Delivery Program period, and this includes the Federal Government requirement of a staged increase in the Superannuation Contribution Rate (9.25%, 9.50%, 10.00% and 10.50%)

The outcome of Council's negotiations with staff concerning Sick Leave Payout Entitlements is incorporated over the 4 year period and this will save at least $445,000 per annum. There will also be ongoing staff savings of $3.691 million through the administration and review of vacant positions and the more effective application of leave policies.

Council has also factored in the Dutton Lane Redevelopment which is expected to occur in Years 2014-2015 and 2015-2016 (through a loan program) and anticipated to generate additional net income of $2.4m pa from 2016-2017.

The existing SRV, which commenced in 2001-2002 will end in June 2014 and will affect ongoing revenue through a downward adjustment from 2014-2015 onwards, of approximately $3.2m per year.

There is an average capital expenditure of $47.6m per annum over the Revised 2013-2017 Delivery Program period including the SRV projects.

An important component affecting Council’s ability to continue to provide the current level of service is the movement in the unrestricted funds (General Funds) that Council has the discretion to use. The current position shown in the financials in the Revised 2013-2017 Delivery Program, after the allocation of funds to externally and internally restricted reserves, would mean that the deterioration in the level of the general fund with a reduction of $18.8 million over the term of the Revised 2013-2017 Delivery Program. This implies a General Fund balance at the conclusion of the Revised 2013-2017 Delivery Program would be $8.9m deficit. However, funds will be diverted from internally restricted reserves to keep the general fund in surplus in line with the more flexible management of internally restricted funds.

Taking into consideration all of the above factors, the cumulative operating surplus over the term of the 2013-2017 Delivery Program is $3.6 million. This result confirming the financial sustainability of the Council, incorporates the maintenance of existing levels of service and new initiatives proposed over the Revised 2013-2017 Delivery Program period, and the conclusion of the current SRV which commenced in 2001-2002.

> “A local government will be financially sustainability over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community” *(Financial Sustainability of the NSW Local Government Sector, TCorp)*.

The underlying premise of Fairfield's LTFP is that Council is forecasting a shortfall in the generation of funds to allow it to maintain existing services at the current level of service and address infrastructure delivery (new and replacement demands).

The current SRV proposal is designed to predominantly address the backlog/infrastructure issues not within current capacity. The LTFP forecasts the proposed SRV assists in addressing the infrastructure backlog issue, however, still forecasts a growing gap (deficits) between revenue and expenses. This predicts an intervention being required around 2018/2019 (within the timeframe of the next Delivery Program) to increase revenues and/or reduce expenses – or an adjustment in the range of services/standard of services delivered will be required.

There is a resulting need for Council to plan for, and implement, a suite of interventions over the next three to four years. These will assist in minimising the forecast gap (and responds to the underlying assumptions in LTFP modelling).

Explain how TCorp's recent Report on the council's financial sustainability is relevant in supporting the decision to apply for a special variation.

COUNCIL RESPONSE

In 2013 NSW Treasury Corporation assessed the financial capacity and sustainability of Fairfield City Council. A full copy of the report can be found at

http://www.dlg.nsw.gov.au/dlg/dlghome/documents/tcorp/Fairfield%20Sustainability%20Report.pdf

and a copy of the Executive summary is provided in **Attachment K**.

TCorp assessed Fairfield City Council as having a **Sound** Financial Sustainability Rating (FSR) with this FSR likely to remain unchanged in the short term. As only 22.4% of all 152 NSW Councils received a Sound/Strong rating this is a very good achievement for Fairfield City given that it has the lowest Socio-Economic Index (SEIFA) in the Greater Sydney region and is one of the most culturally diverse cities in Australia.

The report noted that:

- The Council has been well managed over the four years of the review period (2009-2012) with a strong historical financial position.
- Council is currently spending sufficiently to maintain its assets (valued at $915.6m) at an acceptable standard.
- In 2012 there was a $34.0 million infrastructure backlog.
- Council's capital expenditure has generally been above the benchmark and is forecast to continue

There were a number of key findings that strongly support Council's decision to apply for a special variation including:

- $24.96 million (73.4%) of the 2012 infrastructure backlog relates to roads, footpaths and carparks
- A high level of capital expenditure is required to meet the increasing urban development and population growth

Fairfield Council's level of Financial Sustainability is stronger than all of its Western Sydney neighbours as can be seen below in **Table 10**.

Table 10: Comparison of FSR for Fairfield and its neighbouring Western Sydney Councils

FSR	OUTLOOK	COUNCIL
Sound	**Neutral**	Fairfield
Sound	**Negative**	Liverpool
Moderate	**Neutral**	Blacktown
	Neutral	Parramatta
	Negative	Bankstown
Weak	**Neutral**	Holroyd
	Neutral	Penrith

The proposed projects to be funded from the SRV clearly address these key findings identified by TCorp. There will be substantial spending on road upgrades, key capital projects such as library expansion, renovations and upgrades to sportsgrounds and open space, town centre upgrades and further development of a leisure centre.

How will the special variation affect the council's key financial indicators over the 10-year planning period? Key indicators may include:

- Operating balance ratio excluding capital items (ie, net operating result before capital as percentage of operating revenue before capital grants and contributions)
- Unrestricted current ratio (the unrestricted current assets divided by unrestricted current liabilities)
- Rates and annual charges ratio (rates and annual charges divided by operating revenue)
- Debt service ratio (net debt service cost divided by revenue from continuing operations)
- Broad liabilities ratio (total debt plus cost to clear infrastructure backlogs (Special Schedule 7) divided by operating revenue)
- Asset renewal ratio (asset renewals expenditure divided by depreciation, amortisation and impairment expenses).

COUNCIL RESPONSE

The Financial Modelling section, pages 49-68, (**Attachment D**) in the LTFP provides detailed information for each of the five options for the 10 year period ending June 2024 in relation to:

- Income Statement
- Cash Flow
- Balance Sheet
- Impact on the key performance indicators

Table 11 provides a summary of the impact of each of the five options at the end of the ten year period. Looking at the first indicator, achieving a surplus on own sourced income, it can be seen that option 5 is moving close to the target of 3%. However, the Base case option would see Fairfield being in an unfavourable situation in financial sustainability, with an 8.51% deficit by 2023/24.

Table 11: Impact of each SRV option on key financial indicators

INDICATOR	Current year 2013 - 2014	IMPACT OF SRV by 2023/24				
		Option 1 Base case 3% rate peg increase	**Option 2** Base case + 2% SRV for 6 years	**Option 3** Base case + 5,4,3,2,1% SRV over 5 yrs	**Option 4** Base case + 7% SRV in 2014/15	**Option 5** Base case + 7% SRV in 2014 + 2018 intervention
1. Operating surplus /deficit ratio- on own sourced operating income	1.11% ☻	-9.43% ☻	-3.44% ☻	-1.79% ☻	-6.11% ☻	1.84% ☻
2. Unrestricted current ratio	3.03 ☻	0.08 ☻	0.67 ☻	2.04 ☻	-0.10 ☻	1.73 ☻
3. Debt service ratio	1.05% ☻	1.18% ☻	1.11% ☻	1.10% ☻	1.14% ☻	1.10% ☻
4. Rates & annual charges coverage ratio	61.49% ☻	61.92% ☻	63.87% ☻	64.36% ☻	63.07% ☻	63.11% ☻
5. Rates, annual charges, interest & extra charges outstanding %	3.94% ☻	3.93% ☻	3.93% ☻	3.93% ☻	3.93% ☻	3.93% ☻
6. Building & infrastructure renewals ratio	88.56% ☻	85.68% ☻	83.04% ☻	83.04% ☻	83.04% ☻	83.04% ☻
7. Net financial liabilities ratio continuing operations	-0.37% ☻	3.51% ☻	2.65% ☻	0.85% ☻	3.65% ☻	1.26% ☻
8. Net interest coverage ratio	-2.11% ☻	-1.95% ☻	-1.85% ☻	-1.82% ☻	-1.89% ☻	-1.83% ☻

☻ Within benchmark (minimum and/or maximum)

☻ Not within benchmark (minimum and/or maximum)

Table 11 shows that Options 2 and 3, while raising more revenue would not deliver better results for all the key performance indicators.

3.4 Capital expenditure review

Councils undertaking major capital projects are required to comply with the DLG's Capital Expenditure Guidelines, as outlined in DLG Circular 10-34. A capital expenditure review is required 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 the greater. A capital expenditure review is a necessary part of a council's capital budgeting process and as such should have been undertaken as part of the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Does the proposed special variation require you to do a capital expenditure review in accordance with DLG Circular to Councils, Circular No 10-34 dated 20 December 2010?	Yes ☐ No ✓
If *Yes*, has a review been done and submitted to DLG?	Yes ☐ No ☐

4 Assessment criterion 2: Community awareness and engagement

In the DLG Guidelines, criterion 2 is:

> *Evidence that the community is aware of the need for and extent of a rate rise. This must be clearly spelt out in IPR documentation and the council must demonstrate an appropriate variety of engagement methods to ensure opportunity for community awareness/input. The IPR documentation should canvas alternatives to a rate rise, the impact of any rises upon the community and the council's consideration of the community's capacity and willingness to pay rates. The relevant IPR documents must be approved and adopted by the council before the council seeks IPART's approval for a special variation to its general revenue.*

To meet this criterion, councils must provide evidence from the IPR documents[2] that the council has:

- Consulted and engaged the community about the special variation using a variety of engagement methods and that the community is aware of the need for, and extent of, the requested rate increases
- considered and canvassed alternatives to the special variation
- provided opportunities for input and gathered input/feedback from the community about the proposal
- considered the impact of rate rises on the community
- considered the community's capacity and willingness to pay.

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2 The relevant documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and, where applicable, Asset Management Plan

In assessing the evidence, we will consider how transparent the engagement with the community has been, especially in relation to explaining:

- the proposed cumulative rate increases including the rate peg (including in both percentage and dollar terms)
- the annual increase in rates that will result if the special variation is approved in full (and not just the increase in daily or weekly terms)
- the size of any expiring special variation (see Box 4.1 below)
- alternative rate levels that would apply without the special variation
- proposed increases in any other council charges (eg, waste management, water and sewer), especially if these are likely to exceed the increase in the CPI.

Box 4.1 Where a council is renewing or replacing an expiring special variation

The council should have explained to its community:

- that there is a special variation due to expire at the end of this financial year or during the period covered by the proposed special variation
- that, if the special variation were not approved so that only the rate peg applied, the year-on-year change in rates would be lower, or that rates may fall
- if applicable, that the expiring special variation is being continued (in full or in part), in the sense that it is being replaced with another that may be either temporary or permanent, or that the value is included in the percentage increase being requested in the following year.

More information about how community engagement might best be approached may be found in the DLG *Guidelines*, the IPR manual, and our Fact Sheet *Community Awareness and Engagement*, September 2013.

4.1 The consultation strategy

Provide details of the consultation strategy undertaken, including the range of methods used to inform the community about the proposed special variation and to engage with the community and obtain community input and feedback on it. The range of engagement activities could include media releases, mail outs, focus groups, random or opt-in surveys, online discussions, public meetings, newspaper advertisements and public exhibition of documents.

Please provide relevant extracts of the IPR documents that explain the council's engagement strategy and attach relevant samples of the council's consultation material.

COUNCIL RESPONSE

In December 2012, Council adopted a Special Rate Variation Engagement Strategy to commence discussions with the community, about the three SRV options for funding proposed projects, and seek community feedback on whether these options were considered to be viable. This Strategy is provided as **Attachment A.**

Council's original draft 2013-2017 Delivery Program was exhibited in April/May 2013. It included a discussion about future funding options (including a new SRV) for the list of extra priorities and outlined further engagement with the community.

The SRV community engagement strategy comprised two stages:

- Stage 1 (June 2013 - September 2013) involved the distribution of information to the community, including a survey to help inform Council of what additional projects and increased services its community would like.
- Stage 2 (November 2013 - February 2014) with amended SRV option and project listing.

In line with the Integrated Planning and Reporting guidelines, the engagement strategy identified how Council would engage its community as widely as possible on the SRV options ensuring that it reached the hard-to-reach groups within the City. It mostly targeted ratepayers within Fairfield City due to the impact of the Special Rate Variation on them, but also included:

- *Community Stakeholders* – rate paying and non rate paying residents, businesses, landowners, community groups, sporting clubs or interest groups
- *Businesses* – the Chamber of Commerce and Town Centre Committees as well as individual businesses
- *Non-government and not-for-profit organisations (NGO)* – NGOs are instrumental in reaching the community and advocating for community needs
- *Councillors* – Councillors promote and lead community engagement
- *Hard to reach groups and the disengaged* - such as youth, people from culturally and linguistically diverse backgrounds, older people, disadvantaged, Aboriginal and Torres Strait Islander people and people with a disability

The SRV communications plan encompassed community engagement through the following mediums:

- Community survey (translated into 5 languages and distributed through numerous networks, Council centres and community groups)
- Mail-out of community information leaflet (including survey) to 65,000 residents
- 3 public information sessions hosted by the Mayor
- Community focus groups
- Councillor briefings
- Council's Place Managers meetings with business stakeholders and business newsletters
- Presentations on SRV to various community committees and networks
- Provision of information and surveys at Council facilities, including the Administration Centre, Leisure Centres, child care centres, community centres and libraries
- Online survey
- Mayoral Forums were held throughout the City requesting community feedback
- Council website and social media
- Fairfield City Champion newspaper with weekly Council section titled, City Connect
- Printed advertisements, newspapers, city banners
- Advertisements in ethnic print media - Arabic, Vietnamese, Chinese, Spanish
- Three editions of Council's newsletter, City Life distribution to 65,000 residents of over 9 months

As Fairfield is one of the most culturally diverse areas in Australia with 70% of its people speaking a language other than English at home it was essential that Council effectively engage with this broader community and present information in a way that community members could understand.

Apart from meeting with particular ethnic community and social groups, as listed in **Table 12,** surveys were distributed in five community languages and advertisements were placed in four ethnic newspapers. The 1,149 survey responses received listed thirty six (36) different languages spoken at home, attesting to the diversity of Fairfield City.

Table 12 provides a brief summary of the strategies used to engage as many community members (refer **Attachments M & N** for complete listing), including those from hard to reach groups.

Table 12: Key elements of consultation and engagement strategy

CONSULTATIVE STRATEGY	DATE	TARGET GROUP	FEATURES
LG Open day at Council	August	Fairfield Community	Information on FCC services provided at stalls Survey on SRV available and information on the proposed SRV – approximately 400 attendees
City Life community newsletter	April 2013 September 2013 December 2013	Fairfield community	65,000 copies of Council's newsletter are distributed on a quarterly basis to every household in Fairfield LGA. The Autumn edition, No. 59 in 2013 included an insert about the existing SRV, programs it funded, the unfunded initiatives and option including a new SRV, as to how they could be funded. The Spring Edition, No 60, provided information on the proposed SRV, the programs and projects the funding would support as well as how residents could get more information and have their say. It also included a link to *have your say on* Council's website The Summer Edition 2013-14, No 61, provided information on the amended priority list of extra projects and the permanent one-off increase in rates of 10% including the rate peg, in 2014-15. There were details showing how the increase would impact on the average residential rate, general information in five community languages and maps showing where the initiatives will be delivered. Readers were invited to visit Council's website for further information
City Connect	Ongoing	Fairfield community	Council has a regular section in the Fairfield Champion weekly newspaper. This was used consistently throughout both Round 1 and round 2 of the community consultation to inform the community, refer them to other sources of information on the proposed SRV and encourage them to provide feedback.
Council website	**First Round** July-Sept 2013 **Second Round** Nov. 2013-Feb. 2014	Online - Fairfield community and other interested	238,899 hits on Council's website First round: Information available included the key documents in the information package listed in the next row as well as: 1. SRV List of works by suburbs & map 2. SRV financial tables showing total rates increase & actual increase

CONSULTATIVE STRATEGY	DATE	TARGET GROUP	FEATURES
			3. Information for Businesses on SRV 4. Copies of SRV Flyer including options 5. List of proposed works 6. Online survey Second round: Information available included the key documents in the information package, listed in the next row, as well as: 1. Outline of Council's preferred option- 10% SRV including rate peg 2. Tables showing impact of proposed 10% rates increase on residential, business and farmland rates 3. Detailed information on ten of the proposed SRV works 4. An invitation for readers to have their say Also provided links to draft Revised 2013-17 Delivery Program, draft 2014-15 Operational Plan & draft LTFP
Information package	First stage July- Sept 2013 (☻) Second stage (☺) Nov 2013-Feb 2014	Fairfield community and other interested persons	**Provision of key information documents (FAQ) covering:** 1. How Council is talking to you? ☻ ☺ 2. Understanding your rates ☻ ☺ 3. Assets ☻ ☺ 4. Understanding an SRV ☻ ☺ 5. Funding options ☻ ☺ 6. Council Services ☻ ☺
Social media Facebook Twitter	Ongoing	Fairfield community and other interested persons	Facebook- 573 likes Twitter - 1,100 followers
Councillor briefings/ Workshops	9 Oct 12 16 Oct 12 2 & 3 Nov 12 5 March 13 5 Feb 13 19 Feb 13 15 May 13 21 May 13 4 June 13 2 July 13 17 Sept 13 15 Oct 13 19 Nov 13 4 Feb 14	Fairfield City Councillors	Regular briefings were held since October 2012 in order to develop the IPR Documents (both original and revised) and review funding options including an SRV. These were used to look at the SRV strategy, consider feedback from the community and financial impacts. This also ensured that Councillors had the necessary information to discuss with the community. Council reports on these matters were also developed.

CONSULTATIVE STRATEGY	DATE	TARGET GROUP	FEATURES
SRV flyer and survey		Fairfield ratepayers and residents	• ***Have Your Say*** online survey - 1919 visits distributed to over 65,000 households • Available at Council's Administration Centre, libraries, Leisure centres and child care centres • 1,149 surveys returned
Community meetings		Open invite	SRV public information sessions held • Fairfield RSL • St John's Park Bowling Club • Cabravale Diggers RSL Club
Special interest group meetings		Targeted	• Cumberland Business Chambers • Wetherill Park Rotary
Posters & flyers	July - September	Fairfield community	Displayed at libraries, child care centres, leisure centres and administration building
Advertising in ethnic press	¼ page ads on two occasions	Non- English speakers in Fairfield community	Advertised in: • El Telegraph • Dan Viet • Australian • Chinese Daily
Information stalls	July 13 – Sept 13	Fairfield community	PowerPoint/ flyers/discussion & surveys • Wetherill Park (multilingual) (16 attendees) • Fairfield Migrant interagency (31) • Spanish Seniors group x 2 (45) • Arabic Women's Group (18) • MCCS- CALD group (10) • Multicultural advisory Committee (12) • Advisory committees/focus groups (17) • Youth workers' network (18) • Spanish Seniors' meeting Prairiewood (25) • Fairfield youth workers network (18) • Vision Impaired group- CALD (13) • Fairfield Aboriginal Advisory committee (10) • Aboriginal Advisory committee (10) • Men's shed - CALD (20) • Seniors' network group (12) • Club Marconi- Italian Seniors' group (58) • Four Council Libraries (56)

The consultation and engagement strategy:

- acknowledged the diversity of Fairfield's community by recognising that different people prefer to engage and give feedback in different ways
- was based on the Fairfield City Council's Community Consultation Principles and Consultation Planning Guide
- focused on ensuring that the 'hard-to-reach' groups had access to the information and were directly encouraged to provide feedback
- was transparent and well publicised
- made available accurate information and provided opportunities for discussion of issues and options
- was available in a number of different formats

The information provided to the community outlined:

- that the current SRV is due to expire in June 2014, resulting in a fall in rates
- the impact on rates of the SRV options proposed
- why Council is proposing a permanent one-off increase of 10%
- proposed projects and programs including costs
- cost of the SRV, showing the cumulative impact

Residents and ratepayers could engage in discussion of the issues and give feedback through:

- comment on *Council's* webpage
- three public meetings
- a large number of meetings with targeted groups
- a survey distributed in hardcopy to all ratepayers and available online
- online web based discussion forum website
- social media- Facebook and Twitter
- letters and submissions
- face to face discussions or calls with Council staff.

The Council made a concerted effort to consult with its business community about the impact of any proposed rate increase on that sector. **Table 13** outlines the marketing tools were used to engage businesses in Fairfield LGA. Apart from the meetings held with business special interest groups, an information sheet discussing the impact of the proposed SRV on businesses was distributed (included in **Attachment L**). A number of the proposed projects, such as the upgrades to the Fairfield Heights and Cabramatta town centres and the new Fairfield Town Centre park were highlighted as supporting local business and delivering benefits for this group of ratepayers.

Table 13: Marketing tools used to engage businesses

Engagement Type	Description	Attendees / Circulation
Council's "Have Your Say" Online Survey	Social media	1,149 surveys 1,919 visits
Facebook	Social media	573 Likes
Twitter	Social media	1,100 Followers
Local Government Open Day at Council's Administration Centre	Stalls – FCC Services and Surveys on SRV	400
Business Newsletters	Information on SRV and its impacts included in Newsletters (including translations)	Over 500 businesses
Smithfield/Wetherill Park Discussion Group Meeting	Discussion	8
SRV Public Information Session, Fairfield RSL Club	Variety of material mediums	8
SRV Public Information Session, St Johns Park Bowling Club	Variety of material mediums	3
SRV Public Information Session, Cabravale Diggers RSL Club	Variety of material mediums	2
Cumberland Business Chambers	Discussion with President and General Manager	3
Wetherill Park Rotary Club	Informal discussions with representatives	2

Copies of all information provided during the consultation, is provided in:

- **Attachment M - Stage 1**
- **Attachment N - Stage 2**

Alternatives to the special variation

Indicate the range of alternatives to the requested special variation that the council considered and how you engaged your community about the various options.

COUNCIL RESPONSE

Council carefully considered other revenue options for the additional priorities identified by the community and provided information on them in the City Life brochures and on Council's website.

These revenue options, summarised in **Table 14**, included:

- Increasing fees and charges
- Grants
- Loans
- Asset sales
- Productivity savings and efficiencies
- Funding from existing budgets

Table 14: Summary of information on range of funding sources

FUNDING OPTION	USE?	COMMENTARY
Funding from existing budgets	x	These funds are needed to deliver Council's existing services which the community have told us they would like to retain. Any identified savings are put back into existing services.
Cash reserves	YES	Council will utilise some of its cash reserves to part fund the additional projects. However it will not utilise all its reserves as these are required to ensure that Council is sustainable into the future.
Reallocation of existing budgets	x	Based on the Service Levels and Indicators Survey the community identified that they did not want to see any decreases to existing services. They did however identify areas Council could improve. Based on this Council reviewed its existing budgets during the original 2013-2017 Delivery Program development and reallocated some of the savings identified to increases in some existing services.
Loans	x	Council reviewed this option and based on the additional cost of interest payments and Council policy of only considering loans for income producing projects, decided that this was not a financially sustainable option.
Asset sales	YES	Council has considered selling some vacant land to provide part funding for one of the projects. This is limited, however, and will only contribute funds on a one-off basis
Increased fees and charges	x	The amount raised in fees and charges is very small and any substantial increases would not be affordable for the community.
Efficiency improvements	x	In the past few years Council has made efficiency improvements and productivity savings, however these funds are generally used to offset the annual cost increases associated with the provision of Council's existing services identified in the original 2013-2017 Delivery Program.
Grants	YES	Council actively seeks grants wherever possible but it is highly unlikely that full grants will be available for all projects. An example of Council's willingness and persistence in seeking grants is its recent successful application for a grant to construct a youth centre in Fairfield following a number of applications made for funding.
Developer contributions	YES	This is money collected from new developments throughout the city. These funds are restricted to specific areas and certain types of project. While an accurate estimate of funds available for the projects cannot be made now, funds will be allocated, as appropriate, to projects which effectively meet the growing needs of the community.

FUNDING OPTION	USE?	COMMENTARY
Special rate variation	**YES**	This is Council's preferred option for provided the majority of funding required for the additional projects identified by the community. This option ensures that it is financially sustainable for both Council and the community into the future.

There was considerable information provided throughout the community engagement process on alternative funding sources as well as different options for an SRV, which included information in the Original 2013-2017 Delivery Program and in documents provided in **Attachments M and N**.

During Stage 1 of the community engagement Council also provided information, see **Table 15**, about the different set of initiatives and programs that could be delivered under each option.

Table 15: Alternative program and initiatives under each option

OPTION	PROJECTS
Option 1 – No Special Rate Variation, only 3% rate peg increase	This option means that no projects from the extra projects list can be implemented.
Option 2 – 2% each year for six years plus 3% rate peg increase	Fairfield Library Expansion Water Park – Upgrade Stage 2 Prairiewood Leisure Centre Sportsground Renovation and Upgrade Open Space Upgrades Community Buildings Upgrades Fairfield Heights Town Centre Upgrade Cabramatta Town Centre Upgrade Road, Kerb and Gutter Upgrades (partial).
Option 3 – 5%, 4%, 3%, 2%, 1% over 5 years plus 3% rate peg increase	Fairfield Library Expansion Water Park – Upgrade Stage 2 Prairiewood Leisure Centre Sportsground Renovation and Upgrade Open Space Upgrades Community Buildings Upgrades Fairfield Heights Town Centre Upgrade Cabramatta Town Centre Upgrade Roads, Kerb and Gutter Upgrades Drainage Upgrades New Fairfield City Centre Park - The Crescent.

4.2 Feedback from the community consultations

Summarise the outcomes of, and feedback from, your community engagement activities. Such outcomes could include the number of attendees at events and participants in online forums, as well as evidence of media reports and other indicators of public awareness of the council's intentions. Where applicable, provide evidence of responses to 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 special variation during the engagement process, the application should set out the views expressed in those submissions. It should also identify and document any action the council has taken, or will take, to address issues of common concern.

COUNCIL RESPONSE

The SRV Community Engagement report is provided as **Attachment O.** It includes an extensive outline of the:

- Overall community engagement strategy
- Results of the community consultation

The first stage of the SRV community engagement strategy was completed on 27 September 2013. This was the closing date of the SRV survey which allowed the community to review three options to fund a list of up to 10 projects.

The three options were:

- Option 1 – No SRV, only 3% rate peg increase
- Option 2 – 2% SRV each year for six years plus 3% rate peg increase
- Option 3 – 5%, 4%, 3%, 2%, 1% SRV over 5 years plus annual 3% rate peg increase

Council received 1,149 completed surveys, a high response from the Fairfield City community and makes this a statistically valid survey.

As can be seen in **Figure 4,** over half of the respondents (50.8%) selected an option which supported a special rate increase and the implementation of extra projects.

Figure 4: Summary of Survey Results

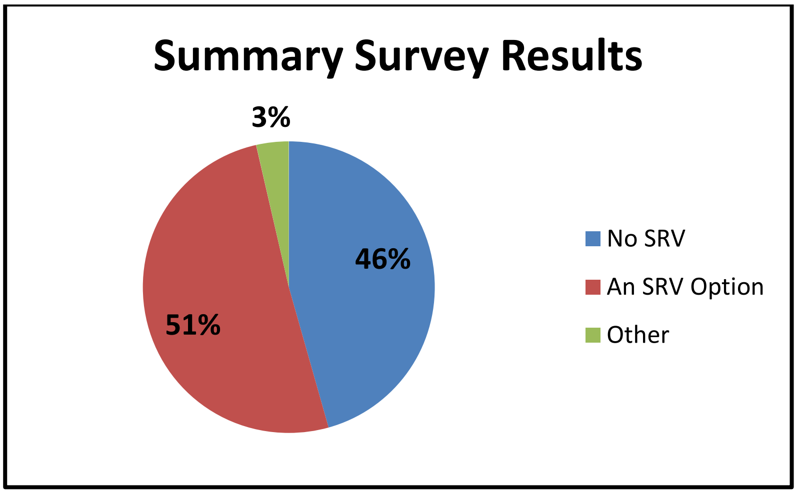


Table 16 provides a breakdown of the support for each of the options.

Table 16: Support for each option

OPTION	REPLY PAID	ONLINE	TOTAL	%
Option 1	443	63	524	45.6
Option 2	236	29	335	29.1
Option 3	169	39	249	21.7
Other	38	1	41	3.6
Total	**886**	**132**	**1,149**	**100%**

Of the 1,149 surveys received, only 154 (13.4%) provided some form of comment in relation to the SRV options and projects. With such a low number of written responses in comparison to the number of surveys returned, and with no significant consistent response, there were no recommendations for changes based on these comments.

As outlined previously, Fairfield is one of the most culturally diverse areas in Australia. With 70% of people speaking a language other than English at home, it was essential that Council effectively engaged the broad community to inform them about the SRV application. Council ensured that it met the criteria, by distributing the surveys in five community languages and placing advertisements in four ethnic newspapers.

In the 1,149 surveys received, 36 different languages were listed as the main language spoken at home. The fact that 33.4% of all respondents spoke a language other than English at home attests to Council's success in engaging with its diverse community. A summary of the top 10 languages received from the surveys is provided in **Table 17.**

Table 17: Top 10 languages that responded to survey

LANGUAGE	TOTAL
English	765
Vietnamese	84
Spanish	76
Arabic	32
Chinese	25
Italian	24
Khmer	22
Assyrian	22
Cantonese	16
Mandarin	12
Other	71
TOTAL	**1,149**

The results from Stage 1 community engagement showed:

- There was a significant response from the community
- There was reasonable support (51%) for the options involving a special rate variation
- There were some concerns raised about affordability
- The level of feedback received would indicate that the community is aware of the proposal, a key requirement of the application

Stage 2 Community Engagement

As with Stage 1, Stage 2 of community engagement provided information to the community about an SRV, how it is applied, what it would be used for and the impact it would have on their rates. All considerations of the community profile were considered, especially the ‘hard-to-reach’ groups.

Council revised its IPR documents, to clearly demonstrate the impacts of the revised SRV option. Council developed two versions of its documents, one demonstrating the impact with an SRV and one demonstrating the impact without the SRV.

Engagement was then combined with the public exhibition of the Draft Revised 2013-2017 Delivery Program and associated IPR documents. Engagement included the standard public exhibition requirements, and the additional advertising and engagement to inform the community specifically on the SRV option being considered. This was done using a similar engagement method as Stage 1, including distribution of information to the networks and committees previously engaged.

The community were invited to provide any comments and feedback to Council through Council’s ‘Have your Say’ facility on its website, by contacting Council via email, letter or phone.

The Stage 2 exhibition and engagement campaign ran from November 2013 to February 2014.

Stage 2 of the community engagement strategy comprised the following:

- Information flyer & posters developed and distributed to Council facilities
- Information distributed to 65,000 households in City Life magazine
- Included in the public exhibition material on the Draft Revised 2013-2017 Delivery Programs and Draft 2014-2015 Operational Plans
- Advertising in City Connect weekly in The Champion newspaper
- Information on Council’s website
- Discussions in social media (facebook/Twitter)
- Information presented to business network groups and included in newsletters
- Information presented at community network groups and committees

Feedback received during the engagement of network groups, committees and other meetings consisted of comments about:

- the new option being better and more affordable
- still no projects specifically for the elderly
- more activities for youth are needed
- about time Council fixed up its assets

Council had very little response from the community other than the feedback during consultation sessions with three forms of comment/feedback received from residents. Two of the responses were only for information and the third was a detailed letter (Refer appendix 1 in **Attachment O**) commending Council on its SRV application and included many comments including the following:

> ***'AN UNFORTUNATE LACK OF AWARENESS***
> *I consider the Special Rate Variation is essential and much more in line with better decision making than when the council 'reduced' rates not that long ago.*
>
> *That decision was a poor one. I expressed this to the then 'new' mayor and a council executive officer at a meeting. The decision demonstrated an unfortunate lack of awareness of our city's needs. I noted subsequent variations, but not enough, adopted by the council.*
>
> ***WELCOME STEP IN THE RIGHT DIRECTION***
> *Council has been failing us in those day-to-day ongoing functions that councils perform. I welcome the relatively recent attention given to the infrastructure and other assets within this LGA. I am mindful and thankful that state governments have been drivers of an evolving approach by Fairfield and other NSW councils, in particular relating to community consultation and planning.*
>
> *The draft delivery plan incorporating the Special Rate Variation is a step in the right direction.'*

Although the feedback from the community was limited for Stage 2 engagement there was some positive feedback with support for Council in applying for an SRV. The lack of response can also indicate that the community was relatively satisfied with the SRV option being considered by Council.

4.3 Considering the impact on ratepayers

Indicate how the council assessed the impact of the special variation on ratepayers, and where this was addressed within the community awareness and engagement processes. Where the impact will vary across different categories and/or sub-categories of ratepayers, the council should consider the circumstances of the various different groups.

COUNCIL RESPONSE

Council in its communication with the community provided extensive information about:

- the expiration in June 2014 of the existing 5% SRV
- the impact of the various options on residential, business and farmland rates
- The projects and programs that would be funded by the new SRV.

The first round of engagement (June 2013 - September 2013) was based around three options and different works programs for the 'unfunded' initiatives. These options, detailed in the SRV flyer and in the City Life Winter edition 2013, (both in **Attachment M**) distributed to 65,000 residents included:

- Option 1: No SRV - no extra projects
- Option 2:2% SRV for 6 years plus annual rate peg increase of 3%. This option delivered a total estimated SRV budget over 6 years of $32 million and funded the majority of projects on priority list
- Option 3: 5%, 4%, 3%, 2% and 1% SRV increases over 5 years plus annual rate peg increase of 3% delivered a total estimated SRV budget over 5 years of $41 million and funded all the projects on priority list

Tables showing the impact on residential, business and farmland rates for each of the three options were distributed widely and made available on Council's website. These tables are provided in **Attachment P**.

There was also a special information sheet for Business ratepayers, available on the website, included in place newsletters and distributed during engagement presentations with businesses (provided in **Attachment L**), which provided more details about the services that Council provides for business. This includes dedicated Place Managers who are responsible for business development in the town centres. Council's commitment to, and support of, local businesses was demonstrated by both its investment $20.8 million in business and town centre programs between 2009-2013 and the identification of an additional $15.8 million of programs in the original 2013-2017 Delivery Program.

Following the first stage of consultation (Feb-Sept 2013) Council reviewed the feedback and, taking into consideration its own strong concerns about affordability, decided to endorse a lower SRV and engage with the community on that option.

In the second stage of engagement (Nov 2013 - Feb 2014) detailed information on the impact of the proposed 10% SRV on residential, business and farmland rates was provided by Council, **Attachment Q**. This clearly identified the gross impact of the 10% SRV (including rate pegging) and what rates would be without any SRV in place in 2014-15. This information was available on the website, a range of Council centres and was distributed to 65,000 households in the Summer 2013-14 edition of City Life.

These tables for Residential, Farmland and Business Ratepayers, provided in **Attachment Q** clearly showed:

- current 2013/14 rates including the 5%SRV
- 2014/15 rates without the SRV
- the level of 2014/15 rates with the 7%SRV and 3% rate peg.
- total cumulative increases to 2016/17

All ratepayers can clearly see that, in 2014/15, if the SRV is not approved there would be a very small fall in their rates.

At the same time all categories of ratepayers were shown that the cumulative effect of the one-off endorsed SRV was minimal with:

- An average residential ratepayer with land value between $200,000 and $299,999 (accounts for 59.5% of all ratepayers) would only pay an additional cumulative amount of $89 over a three year period

- An average business ratepayer with a land value between $100,000 and $199,999 (accounts for 22.7% of all business ratepayers) would only pay an additional cumulative amount of $159 over a three year period.

- An average farmland rate payer with a land value between $900,000 and $999,999 (accounts for 22% of all farmland ratepayers) would only pay an additional cumulative amount of $169 over a three year period

Council was very mindful of the impact of the proposed SRV on the community and its capacity to pay the increased rates. It engaged an independent consultancy group, Western Research Institute (WRI) to assess the impact of the implementation of three of the options proposed by Council. The outcomes of this research is reported in the response to Criterion 3.

4.4 Considering the community's capacity and willingness to pay

Indicate how the council has assessed the community's capacity to pay for the rate increases being proposed, and also assessed its willingness to pay.

Evidence on 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 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, particularly if the impact varies across different categories of ratepayers.

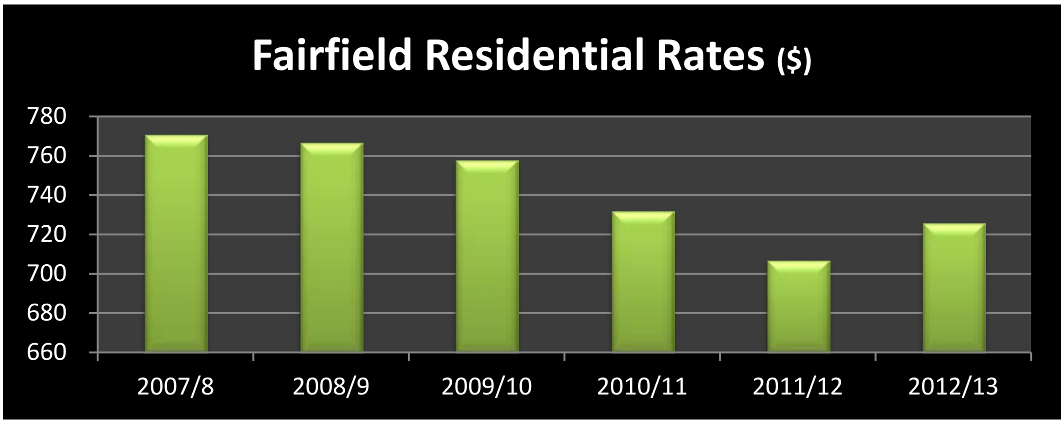
COUNCIL RESPONSE

Throughout the past few years Council has been mindful of both the community's capacity to pay and the longer term potential issue of costs outstripping revenue. As a consequence, there has been a strong focus on increasing revenue and reducing costs through productivity improvements, cost containment and increased revenue opportunities.

The affordability of the SRV and the community's potential capacity to pay were the key factors in Council endorsing the total 10% rates increase (SRV plus rate peg) for 2014-15. While delivering fewer funds to Council over the longer term this would, most importantly, result in lower more affordable increases in rates.

Figure 5 shows the impact of the restructure of Council's rating base on residential rates with a significant decline in rates over the past few years compared to the rates charged in 2007/2008.

Figure 5: Average residential rates by year



When the average residential rates in Fairfield are compared to neighbouring councils (**Figure 6**) and Group 3 LGAs (**Figure 7**) it is clear Fairfield's residential rates are lower than all except one of their neighbours and lower than the Group 3 average.

Figure 6: Average residential rates comparison to neighbouring councils

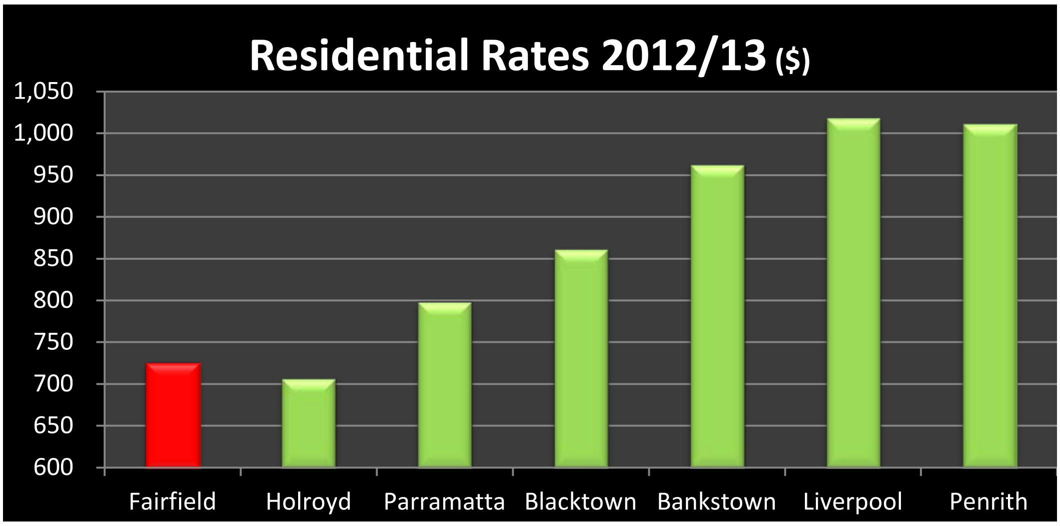
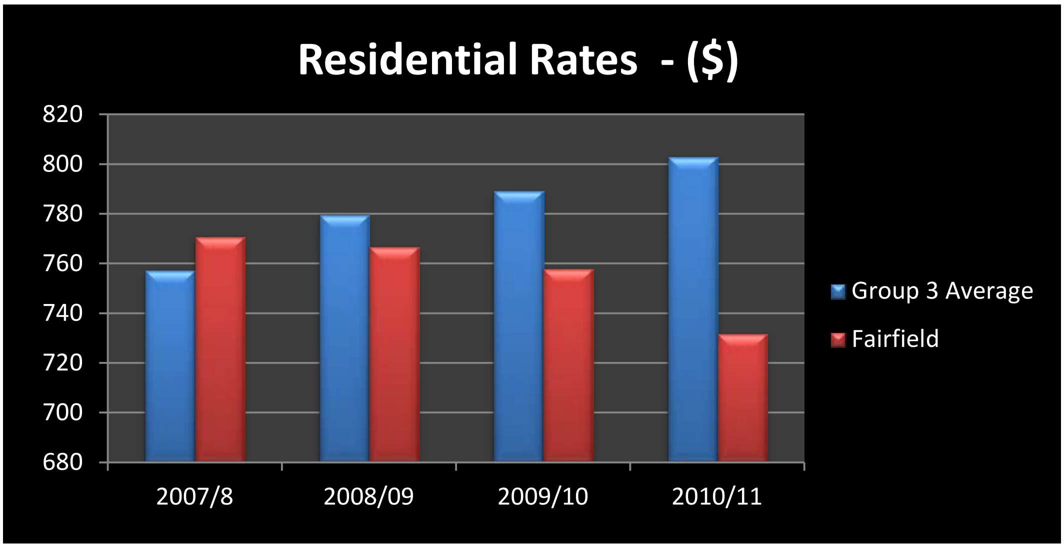
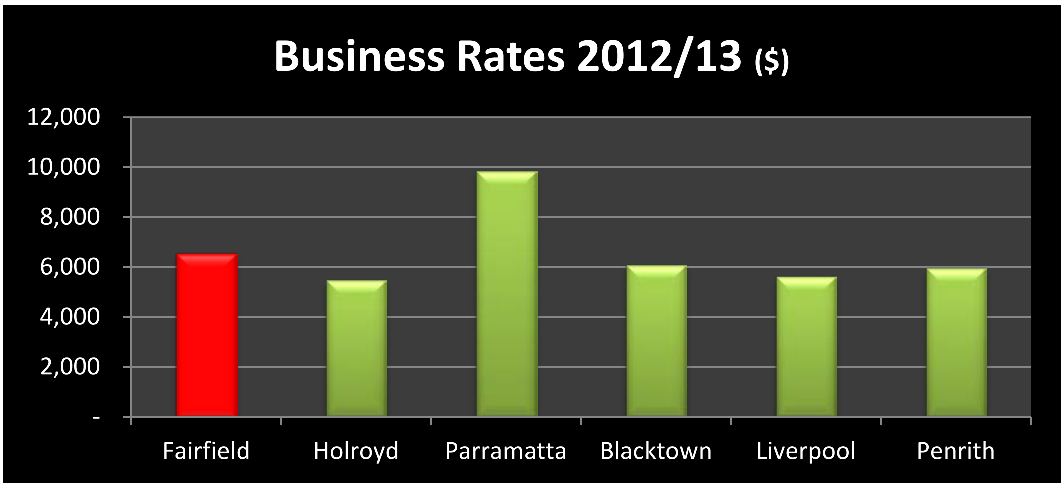


Figure 7: Average residential rates comparison to Group 3 councils



While the 2007/08 staged restructure of rates shifted the contribution of business rates from 25% to 40% of total rates revenue, resulting in increases in the level of business rates, they are now more in line with the neighbouring councils, as seen in **Figure 8**.

Figure 8: Average business rates comparison to neighbouring councils



Note: Bankstown is not included in the above graph due to figures unable to be sourced.

Farmland rates have been falling slightly over each of the past four years. When average farmland rates in Fairfield are compared to neighbouring councils (**Figure 9**) and Group 3 LGAs (**Figure 10**) it is clear that Fairfield's farmland rates are lower than both their neighbours and the Group 3 average.

Figure 9: Average farmland rates comparison to neighbouring councils

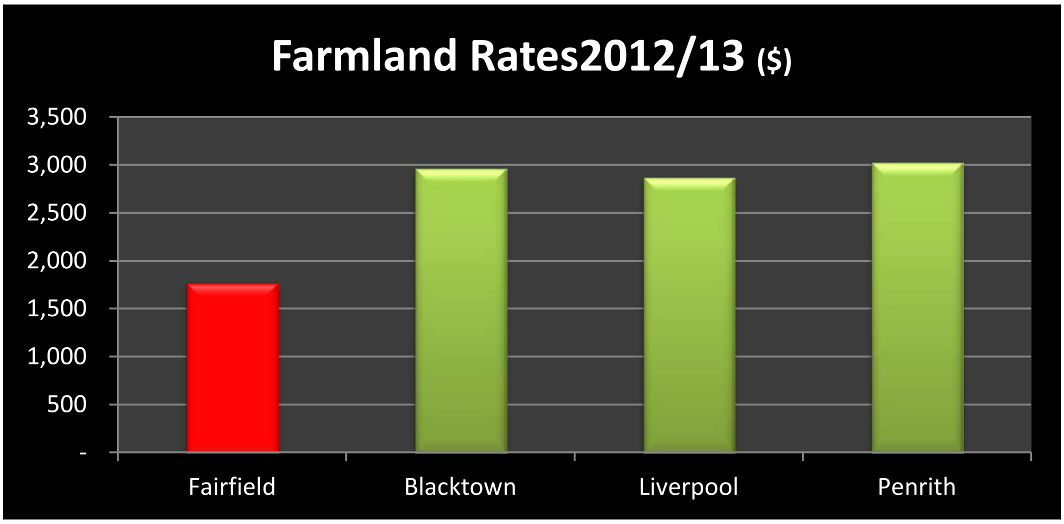
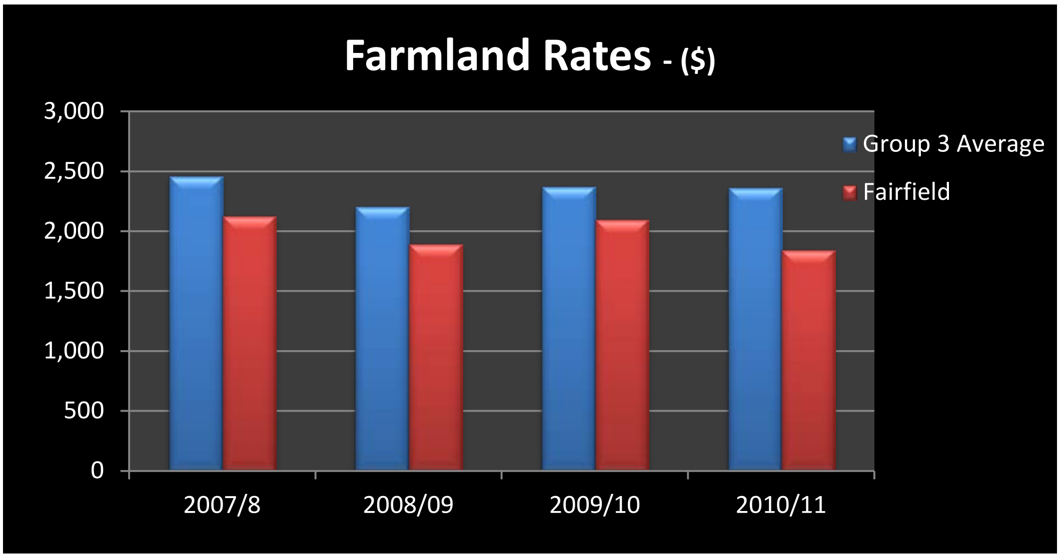


Figure 10: Average farmland rates comparison to Group 3 councils



In setting other charges Council bore in mind the community's capacity to pay. Under normal circumstances, Council caps the increase of Domestic Waste income to match the expected increased level of Domestic Waste expenditure. This is 6.6% in 2013/2014. However, due to accumulated Domestic Waste Management reserve funds, Council will only increase the charge by 3.0% in 2014-2015. The Stormwater Levy Revenue has been capped and remains unchanged from the current levy of $1.6m per year.

All of these other charges influence the community's capacity to pay. Council considered what the bottom line would be for residents with the increases they are facing. This analysis took into consideration the following:

- In 2013/14 ratepayers are already paying a 5% SRV plus the rate peg
- Charges for Domestic Waste and Stormwater

In 2013/14 a residential ratepayer with a land value between $200,000 and $299,999 (59.5% of total ratepayers) paid a total of $1,223.90 in rates and charges. In 2014/15 with the 10% SRV the same ratepayer will pay a total of $1,276.47 in rates and charges representing an actual overall increase of 4.3% ($52.57).

Finally Fairfield City Council was keen to assess both the community's capacity and their willingness to pay the increased rates. It engaged an independent consultancy group, Western Research Institute (WRI) to assess the impact of the implementation of three of the options proposed by Council. The results of this research are discussed in Criterion 3.2.

5 Assessment criterion 3: Impact on ratepayers

In the DLG Guidelines, criterion 3 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. Council's IPR process should also establish that the proposed rate increases are affordable having regard to the local community's capacity to pay.*

We are required to assess whether the impact on ratepayers of the council's proposed special variation is reasonable. To do this, we are required to take into account current rate levels, the existing ratepayer base and the purpose of the special variation. We must also assess whether the council's IPR process established that the community could afford the proposed rate rises.

5.1 Impact on rates

Much of the quantitative information we need on the impact of the special variation on rate levels will already be contained in Worksheet 5 of Part A of the application.

To assist us further, the application should set out the rating structure under the proposed special variation, and how this differs from the current rating structure, which would apply if the special variation is not approved.

We recognise that a council may choose to apply an increase differentially among categories of ratepayers. However, you should explain the rationale for applying the increase differentially among different categories and/or subcategories of ratepayers, particularly in light of the purpose of the special variation. This will be relevant to our assessment of the reasonableness of the impact on ratepayers.

COUNCIL RESPONSE:

In 2007/08 Council began restructuring its rates. This was to lower its dependency on residential ratepayers, from 75% to 60% of total rating revenue, and bring the rates more in line with neighbouring Councils. The business rates were not equitable across the 13 different business centres, with different rates for each centre despite the fact that the services provided by Council were similar for all centres.

Council adopted a staged restructure, over 5 years, and completed in 2011/12. The results are:

- Residential Rates now contribute approximately 60% of the total rates. This is down from 75% prior to the staged implementation of the new rating structure.

- Business rates now contribute approximately 40% of the total rates. This is up from 25% prior to the staged implementation of the new rating structure.

- There are now only 2 business rates. A rate for businesses in Business Centres and a rate for those businesses which are not.

Table 18 shows that since 2007/08 Council's average residential rates are reduced in both nominal and real terms – from $771 in 2007/08 to $751 in 2013/14.

Table 18: Impact of restructure of rates

FINANCIAL YEAR	AVERAGE RESIDENTIAL RATE
2013-14	$751
2012-13	$726
2011-12	$695
2010-11	$724
2009-10	$758
2008-09	$766
2007-08	$771

Had the restructuring of rates not happened, and the rate pegged increases were applied to the 2007/08 pre-restructure residential rate, the average residential rate would be $899 today. This rate restructuring, an example of another strategy that the Council has implemented to ensure the impact of rates on its residents is reasonable, has resulted in an average saving of $173 per annum for each residential ratepayer.

5.1.1 Minimum Rates

The special variation may affect ordinary rates, special rates and minimum rates.

Does the council have minimum rates? Yes ☐ No ✓

If *Yes*, explain how the proposed special variation will apply to the minimum rate of any ordinary and special rate, and any change to the proportion of ratepayers on the minimum rate for all relevant categories that will occur as a result.

So that we can assess the reasonableness of the impact on minimum ratepayers, briefly explain the types of ratepayers that are on minimum rates, and the rationale for the proposed impact of the special variation on minimum rate levels.

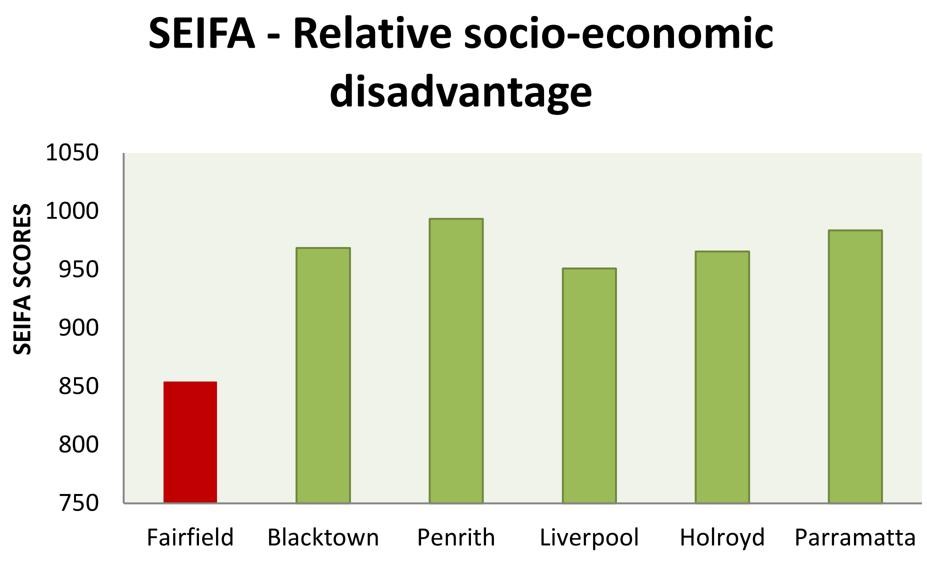
5.2 Affordability and community capacity to pay

Show how your IPR processes have established that the proposed rate rises are affordable for your community, and that affected ratepayers have the capacity to pay the higher rate levels. (Indicators considered in this context may be similar to those cited under criterion 2.)

COUNCIL RESPONSE

The Australian Bureau of Statistics through its Socio-Economic Indexes for Areas (SEIFA) provides comparison of social and economic conditions across Australia. One index for SEIFA is the Index of Relative Socio-Economic Disadvantage (IRSD) which contains indicators of disadvantage for low income, high unemployment and low levels of education. A low reading for an area means it has a higher level of socio-economic disadvantage. Fairfield City scores only 854 which is the lowest within Metropolitan Sydney as well as within the region (see **Figure 11** below).

Figure 11: Comparison of SEIFA scores- Western Sydney Councils



Fairfield's low SEIFA Index Score indicates that the city has a high level of socioeconomic disadvantage compared to the rest of Western Sydney.

This situation heavily influences Fairfield's aspirations as a community and sets a considerable challenge for Council in providing the services and facilities that the community wants. In many ways a disadvantaged community will have greater expectations of its Council and value the services it receives more highly than a more advantaged community might. Fairfield Council aims to provide the community with an extensive range of services and facilities, and the community has determined that it wishes those services to continue or increase. These community aspirations cannot be delivered unless funding options, including increasing rates, are considered.

Fairfield community's capacity to pay has improved significantly because of the restructure of its rates in 2007/08.

When considering the capacity of the community to pay, it is useful to compare the impact of no SRV on rates and each of the options considered. This will give a clear understanding of 'how much' Council is expecting the community to pay.

Table 19 below provides a brief summary of the rates outcomes for the average Fairfield ratepayer under the five different options

Table 19: Comparison of rating revenues for each of the five options

OPTION	ESTIMARED RATE PEG INCREASES	SRV APPLICATION	TOTAL RATE INCREASE	AVERAGE RESIDENTIAL RATE IN 2014/15
1. Base case	3% pa	Nil	2014/15 and every year thereafter - 3% pa	**$741**
2. SRV 2% pa for 6 years	3% pa	2014/15 - 2% 2015/16 - 2% 2016/17 - 2% 2017/18 - 2% 2018/19 - 2% 2019/20 - 2%	2014/15 - 5% 2015/16 - 5% 2016/17 - 5% 2017/18 - 5% 2018/19 - 5% 2019/20 - 5% Beyond 2019/20 - 3% pa	**$755**
3. SRV 5%, 4%, 3%, 2% and 1% over 5 years	3% pa	2014/15 - 5% 2015/16 - 4% 2016/17 - 3% 2017/18 - 2% 2018/19 - 1%	2014/15 - 8% 2015/16 - 7% 2016/17 - 6% 2017/18 - 5% 2018/19 - 4% Beyond 2018/19 - 3% pa	**$777**
4. SRV 7% in 2014/15	3% pa	2014/15 - 7%	2014/15 -1 0% Beyond 2014/15 - 3% pa	**$791**
5. SRV 7% in 2014/15 with intervention in 2018/19	3% pa	2014/15 - 7% 2018/19 - future intervention of approx. 0.6%	2014/15 - 10% 2015/16- 3% pa 2016/17-3% pa 2017/18-3% pa Beyond 2018/19 - 3.6%	**$791**

Over the past six years the growth in rate assessments has generally been minimal. Whilst any growth will improve rating income, it has not been built into the modelling as it is immaterial and allows a little conservatism in revenue projections.

As stated previously, Council has been mindful of the community's capacity to pay and the longer term issue of costs outstripping revenue. In order to assess both the community's capacity to pay the increased rates, Fairfield Council engaged an independent consultancy group, Western Research Institute (WRI) to undertake an economic study to assess the impact of the implementation of three of the options proposed by Council.

In particular the research considered:

- Whether the proposed rates increase was comparable to other price and cost increases in the Fairfield LGA
- What would be the impact of the proposed rates increase on household expenditure and business viability
- What would be the impact of the proposed rates increase on the Fairfield LGA ranking relative to its peers in terms of personal incomes and socio-economic indicators

The research was based on the three proposals for SRV increases of:

a. 5% per annum for six years for all classes of rates
b. 8%, 7%, 6%, 5% and 4% respectively per annum over five years for all classes of rates
c. a one-off increase of 10% in 2014/15 followed by a 3% rates increase (in line with the rate peg) between 2015/16 and 2019/20

Each of the proposed annual rate increases included the 3% rate peg applied by Fairfield Council and documented in its Long Term Financial Plan.

A full copy of the WRI report is included as **ATTACHMENT R**.

The research report in its executive summary stated that:

"*Fairfield LGA is ranked poorly in terms of socio-economic position and average personal income. However, it is ranked favourably in terms of land values and the level of council rates in residential and farmland categories.*

In terms of services that are typically provided by local governments (water, child care), under all three rate increase options, the proposed rates increase will be below the anticipated change in water prices, but above the anticipated change in child care costs. The proposed rates increase under the fixed and variable SRV plans will be below other utilities costs. The proposed rates increase under the one-off SRV will be below changes in utilities costs and changes in some other goods and services prices.

In terms of input costs and wages for farm and non-farm businesses, the proposed rates increase under all three rate increase options will be above changes in most input categories and wages.

Under all three rate increase options, the proposed rate increases will be going some way to catch up with price increases for households and input cost increases for businesses in some price/cost categories.

At the end of the rates increase implementation periods, Fairfield residential and farmland rates will be below Group 3 LGA and neighbouring LGA levels. Fairfield business rates will be above or in line with neighbouring LGAs' levels and above Group 3 levels under the fixed and variable SRV, and will be below neighbouring LGAs' levels and above Group 3 levels under the one-off SRV.

Overall, the proposed rates increases under all three rate increase options appear reasonable and serviceable in terms of price comparison, impact on households and businesses, and peer comparison."

Impacts of the endorsed SRV - one-off 10% increase in 2014/15 with a 3% p.a. increase thereafter.

The proposed rates increase will:

- be below anticipated utilities price increases for households, and will be in line with price increases for some goods and services,
- be below anticipated price changes in some of the input cost and wage cost categories for farm and non-farm businesses
- go some way to catch up with price increases for households and input cost increases for farm and non-farm businesses in some price/cost categories.

The proposed increases are not expected to impose a significant burden on households as they will not unduly compromise household expenditure. Residential rates as a percentage of total household expenditure will decline over the period between 2013/14 and 2019/20 by 0.23% for all households; by 0.45% for low-income households and by 0.55% for pensioners. This satisfies the reasonableness criteria for households. This impact is supported by **Table 20** which shows residential rates as a proportion of total expenditure (% in 2019/20) for the one off 10% SRV option.

Table 20: Impact of 10% SRV as proportion of total expenditure (by level of income)

	Lowest	Second	Third	Fourth	Highest	All house holds	2nd & 3rd deciles
Initial (2013/14)	1.8	1.25	0.94	0.76	0.61	0.95	1.51
After 7 years (2019/20)	1.35	0.95	0.72	0.58	0.47	0.72	1.14
Change 2013/14 - 2019/20	-0.45	-0.30	-0.23	-0.19	-0.15	-0.23	-0.37

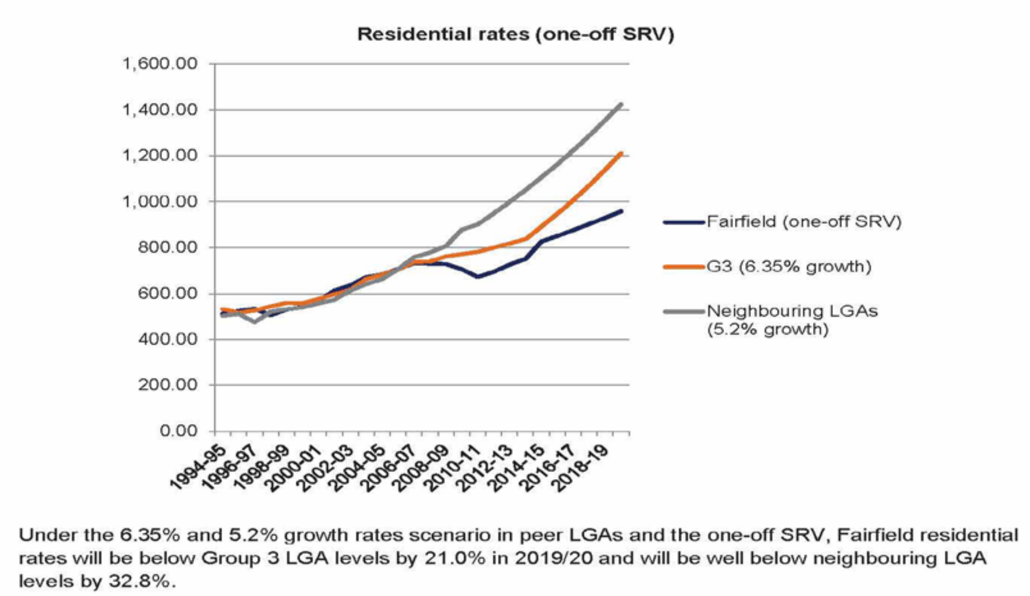
Table 20 shows that even in the lowest income households where currently the total cost of residential rates is 1.8% of total expenditure, with the one-off 10% SRV after seven years, this proportion will fall to 1.35%.

The reasonableness of the proposed increases can also be assessed by comparing the impact across peer councils. The research nominated peer councils for Fairfield that included:

- Group 3 LGAs to which Fairfield City Council belongs
- Neighbouring LGAs - Liverpool and Penrith. It is noted that at the time of preparing the report, Penrith had indicated that it may apply to IPART in 2014 for a continuation of the current 9% SRV or some variation on this.

After incorporating growth assumptions the following **Figure 12** clearly shows that Fairfield residential rates with the one-off SRV in 2019/20 will be below the Group 3 LGA levels by 21.9% and well below the neighbouring LGA levels by 32.8%.

Figure 12: Residential Rates Comparison including one-off 10% SRV



The impact of farmland rates on the viability of farm enterprises will vary depending on the projections of the agricultural value added in Fairfield and the forecast of the number of farms. When reviewing the nature of urban agricultural production in Fairfield LGA, WRI considered that there are strong impediments to extensive growth in output.

Agricultural lands in Fairfield LGA face pressures from residential and industrial development, compounded by the opening of Western Sydney Orbital and the state government plans for 'employment lands' (i.e. the lands allocated for industry). WRI notes that, while proposals were advanced to develop urban farming in Fairfield and other Western Sydney LGAs (Western Sydney Parklands Plan and Horsley Park Precinct Masterplan), the impact of these proposals on farm value added dynamics is yet to be seen. Hence, for the purpose of this analysis, WRI considered that a growth scenario when agricultural production fluctuates around a 4-year mean is the most plausible.

WRI has also examined the number of farms over the last 12 years and assumed that the number of farms in 2014/15-2019/20 will follow a long term deterministic trend.

Table 21 shows that during rates' increase implementation period, the number of farms in Fairfield will be falling, while agricultural value added will stagnate.

Under the one-off SRV the farmland rate/value added ratio will be 0.66% in 2019/20. The implementation of the one-off SRV will change the rates/farm value added ratio by 0.10 percentage points and the proposed increases are not expected to impose a significant burden on farm businesses. It must be noted that there are currently only 111 farms and, following a long term deterministic trend this number will fall every year in the future.

Table 21: Farmland rates and farm business viability with one-off 10% increase

Year	Average Farmland rates	No. of farms	Aggregate farm value added ($"000)	Rates/value added (%)
2013-14	$1,833	111	$25,286	0.56
2014-15	$2,016	109	$23,604	0.65
2015-16	$2,077	107	$17,411	0.89
2016-17	$2,139	104	$24,532	0.64
2017-18	$2,203	102	$26,826	0.59
2018-19	2,269	100	27,019	0.59
2019-20	2,337	98	24,515	0.66

Table 21 above shows that the change between 2013/14 and 2019/20 in ratio of rates and value added is 0.10% which would have an insignificant impact on business viability.

When considering the viability of non-farm businesses, WRI noted that:

1. The non-farm value added in Fairfield LGA has been growing by 2.51% per annum over the past 4 years (in line with NSW gross state product), despite adverse economic conditions which present challenges to Fairfield LGA such as competition from other industrial areas, low labour market participation and high Australian dollar impacting export industries etc.

- The number of non-farm businesses has been growing at 1.23% per annum

Table 22 shows that under the one-off SRV, the business rates/value added ratio will stand at 0.31% by 2019/20, an increase by 0.01 percentage points which again would have an insignificant impact on business viability.

Table 22: Business rates and non-farm business viability with one-off 10% increase

Year	Average Business rates	No. of businesses	Value added ($000)	Rates/value added (%)
2013-14	$6,693	4,268	$6,566,354	0.30
2014-15	$7,362	4,320	$6,902,285	0.32
2015-16	$7,583	4,374	$7,255,401	0.32
2016-17	$7,811	4,427	$7,626,582	0.32
2017-18	$8,045	4,482	$8,016,752	0.31
2018-19	$8,286	4,537	$8,426,884	0.31
2019-20	$8,535	4,593	$8,857,997	0.31

Summary

The WRI report showed that under all three rate increase options, the proposed rates increases would be considered serviceable and would not have a significant impact on financial bottom line of farm and non-farm businesses.

Under the one-off 10% SRV:

- residential rates in Fairfield LGA will be below residential rates in Group 3 LGAs and neighbouring LGAs
- farmland rates will be below farmland rates in peer LGAs
- business rates will be below business rates in the neighbouring LGAs, but above rates in Group 3 LGAs

The rates increase, proposed under all three rate increase options, will have insignificant impacts on the Fairfield community and on farm and non-farm businesses in terms of the capacity to pay rates and financial bottom line.

The ratio of outstanding rates to the total rates collected in Fairfield has been over the past 15 years, in line with the neighbouring LGA average and during 2002-09 above the Group 3 average. From 2010/11 the level of outstanding rates in Fairfield LGA declined and in June 2013 stood at 3.74%. This strongly points to the capacity of the Fairfield community to pay their current rates.

When compared to its peer LGAs (neighbouring councils and Group 3) it should be noted, however, that while Fairfield ranks poorly in terms of socio-economic indicators and personal income, it ranks favourably in terms of land values and residential and farmland rates.

5.3 Other factors in considering reasonable impact

In assessing whether the overall impact of the rate increases is reasonable we may use some of the same indicators that you cite in section 5.2 above. In general, we will consider indicators such as the local government area's SEIFA index rankings, average income, and current rate levels as they relate to those in comparable councils. We may also consider how the council's hardship policy might reduce the impact on ratepayers.

5.3.1 Addressing hardship

In addition to the statutory requirement for pensioner rebates, most councils have a policy, formal or otherwise.

Does the council have a Hardship Policy?	Yes ✓ No ☐
If Yes, is it identified in the council's IPR documents?	Yes ✓ No ☐

Please attach a copy of the Policy and explain who the potential beneficiaries are and how they are addressed.

Does the council propose to introduce any measures to limit the impact of the proposed special variation on various groups?	Yes ☐ No ✓

Provide details of the measures to be adopted, or alternatively, explain why no measures are proposed.

COUNCIL RESPONSE

Council has a current Hardship Policy (**Attachment W**) in place which provides financial assistance to ratepayers and other debtors who are experiencing genuine financial hardship with the payment of their rates and charges.

Potential Beneficiaries and how they are addressed

The beneficiaries and how they are addressed by Council's Hardship Policy are as follows:

1. Financial relief up to $300 for first year only where new valuations have increased the rates (based on the new valuations) above the allowable increase. E.g. if the new valuation means the rates payable increased by 5% from the previous year and the allowable increase is 2.9% the additional increase of 2.1% would be subject to financial relief.

   <u>Eligibility</u>

   - Must be principal place of residence
   - Rates payable must be above 5% of gross household annual income

2. Extension of pensioner concession to person who is not pensioner but is jointly responsible for rates with an eligible pensioner.

   <u>Eligibility</u>

   - Must be principal place of residence
   - Rates payable must be above 5% of gross household annual income

3. Writing off accrued interest <u>above</u> $100. (Council staff currently have the capacity to write off interest up to $100)

   <u>Eligibility</u>

   - Must be principal place of residence
   - Rates payable must be above 5% of gross household annual income
   - Must comply with a mutually agreed repayment plan

<u>Pensioners Only</u>

1. Pensioners entering into a repayment plan will not be charged interest on any arrears until the arrears are paid up.

   <u>Eligibility</u>

   - Must be eligible pensioners as defined under s.134 of the Local Government (General) Regulation 2005.

2. Pensioners may seek deferral of payment of rates and charges until the property is sold, or in the event of death, the estate settled.

   <u>Eligibility</u>

   - Must be eligible pensioner and owner/occupier of property.
   - Must agree to nominal amount from pension ($20 per fortnight) towards their rates
   - Must complete appropriate forms.

<u>Other hardship considerations</u>

1. Policy also allows Council to consider hardship relief for ratepayers who through illness, unemployment and other circumstances are eligible for Centrelink benefits.

Measures to limit the impact

No measures for specific groups are proposed by Council other than the implementation of Council's Hardship Policy identified above.

During the development of Council's SRV application Council undertook an assessment of the community's capacity to pay. This did not highlight any groups who would experience specific difficulty in meeting the SRV commitments identified.

Based on this, Council saw no reason to implement any separate measures to limit the impact of the SRV increase, other than those already in place with its Hardship Policy.

6 Assessment criterion 4: Assumptions in Delivery Program and LTFP

The DLG Guidelines state this criterion as follows:

> *The proposed Delivery Program and Long Term Financial Plan must show evidence of realistic assumptions.*

Summarise below the key assumptions adopted by the council and indicate where they are set out in your Delivery Plan and LTFP. We will need to assess whether the assumptions are realistic. For your information, we will consider such matters as:

- the proposed scope and level of service delivery given the council's financial outlook and the community's priorities
- estimates of specific program or project costs
- projections of the various revenue and cost components.

To also assist us, identify any in-house feasibility work, industry benchmarks or independent reviews that have been used to develop assumptions in the Delivery Program and LTFP if these are not stated in those documents.

COUNCIL RESPONSE

The following assumptions support the Revised 2013-2017 Delivery Program and were included in both versions - with and without SRV, that were exhibited (November 2013 - February 2014). They also support the Long Term Financial Plan (**Attachment D** see pages 16-17).

Population

Forecast population growth to 2031 is shown below in **Table 23**.

Table 23: Population assumptions

BRIEF STATISTICS	FAIRFIELD CITY
Forecast population 2013	197,075
Forecast population 2031	216,508
Change between 2013 and 2031	19,433
Average annual percentage change between 2013 and 2031	0.52% per annum
Total percentage change between 2013 and 2031	9.86%

Inflation forecasts

Inflation forecasts used over the term of the LTFP have been based upon predictions of growth in the Consumer Price Index (CPI) as shown below in **Table 24.**

Table 24: Forecast CPI increases

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2.7%	3.0%	2.9%	2.5%	2.4%	2.4%	2.6%	2.6%	2.4%	2.4%

Interest Rate movements

Interest Rate forecasts used over the term of the LTFP have been based on predictions on the market rate for 90 bank bills. This is shown in the following **Table 25**.

Table 25: Forecast 90 day bank bill interest rates

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2.7%	3.7%	4.6%	4.7%	4.6%	4.6%	5.2%	5.2%	5.1%	5.1%

Other key assumptions in the Long Term Financial Plan are that:

- Existing services will run for the 10 years (2014-2024) at the same level of service
- The capital projects as detailed in the adopted Revised 2013-2017 Delivery Program will be implemented
- There will be expenditure as detailed for maintenance and upgrades on all asset programs for the life of the LTFP (2014-2024)

There are also tables in the LTFP, on pages 26-27, which detail the assumptions relating to rates and annual charges as they relate to each of the options.

The LTFP identifies the need for Council to plan for, and implement, some interventions over the next three to four years in order to achieve and/or reflect the existing underlying assumptions.

7 Assessment criterion 5: Productivity improvements and cost containment strategies

The DLG Guidelines state this criterion as follows:

> *An explanation of the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation period.*

In this section, provide details of any productivity improvements and cost containment strategies that you have implemented in the last 2 years (or longer) and any plans for productivity improvements and cost containment during the period of the special variation. These plans, capital or recurrent in nature, must be aimed at reducing costs. Please also indicate any initiatives to increase revenue eg, user charges. Identify how and where the proposed initiatives have been factored into the council's resourcing strategy (eg, LTFP and AMP).

Where possible, quantify in dollar terms the past and future productivity improvements and savings.

You may also use indicators of efficiency, either over time or in comparison to other relevant councils. We will make similar comparisons using various indicators and the DLG Group data provided to us.

COUNCIL RESPONSE

Part of Council's approach to financial sustainability is to understand and regularly review the value of Council's services and the levels at which they are provided. The Integrated Planning and Reporting Framework requires Council to identify and commit to the services it will deliver during its term of office.

A number of factors have influenced Council in recent years to ensure a consistent and effective program is in place to achieve efficiencies in its service delivery. Some of these relate to unexpected increases in superannuation expenses, significant growth in electricity charges and increasing employee costs. The identification and implementation of efficiency measures also assist in maintaining levels of service across the organisation.

As part of the process of developing the original 2013-2017 Delivery Program (**Attachment Z(d)**), Council reviewed its external services (Page 29) to ensure they continue to meet the priorities of the community identified in the 2012-2022 Fairfield City Plan and in the Service Levels and Indicators Survey. As a result, Council committed to a range of efficiencies, cost savings and a review of all services to ensure that Council continues to deliver the services its community wants at a level that is appropriate and productive.

The following is a list of some of the major changes, identified during the preparation of the original 2013-2017 Delivery Program, which increase revenue or reduce costs:

- Review of the operation of the multi-level car parks was undertaken with cost savings of $450,000 identified within current service standards. The revised fee structure was included in the 2013-14 Fees and Charges.
- An upgrade of tennis courts will deliver increase rental income of $40,000 each year
- Mowing parks without play equipment every 8 weeks instead of 6 weeks saving $100,000 per annum
- Reducing the annual banner program in Cabramatta, from 4 to 3 changes in banners each year, will save $30,000

Efficiency reviews

Council undertakes regular service and efficiency reviews to identify the potential improvements in operations which will reduce costs, improve productivity and allow more to be done with existing resources. As part of this process, the following priority areas for the organisation have emerged:

- Process improvement and reengineering
- People development and service alignment
- New and improved systems
- Reviewing how Council procures
- Reviewing asset management
- Identifying new sustainable revenue sources

Past efficiencies improvements

Table 26 identifies a range of productivity improvements and cost containment strategies which were successfully implemented over the past five years.

Table 26: Savings & productivity gains 2008-2013

YEAR	DESCRIPTION OF INITIATIVE	SAVINGS/PRODUCTIVITY GAINS
2008	Withdrawal from managing Fairfield City Farm	Saves $400,000 each year
2009	Reduction in employee costs- overtime, staff development & filling vacancies	Saved $1.4 million
	Council service provision extended for contract to enforce parking restrictions at Stocklands Wetherill Park	Revenue $150,000 per annum

	Management of leave to ensure that entitlements are taken and do not accumulate	Efficiency
2010/11	Review of all services to identify priority and any opportunities to adjust the level of service or find savings	Efficiency
	Investigate alternate service delivery models for the dog pound and for community development	Service Change
	Review of street lighting costs	Efficiency
2010/13	Employee cost increase held to rate peg increase each year	Efficiency
	Reduction of annual leave accruals	Efficiency improvement & saves $230,000 per annum
	More efficient energy use	Saves $145,000 per annum
	More efficient water use	Saves $25,000 per annum
	Recycled road materials – diversion from landfill and alternate to clean fill sources	Saves $713,000 per annum
	Waste Enforcement Unit Service Change	Saves $130,00 per annum
	Review of non-rate paying entities	Saves $71,000 per annum
	Introduction of scanning software for invoices	Saves $60,000 per annum
	New enterprise agreement for sick leave	Saves $445,000 per annum
	Christmas/New Year close down saves	Saves $500,000 per annum in leave liabilities
	Ongoing review of positions as they become vacant	Saved $805,000
	Change to printing and stores service	Saves $192,000 per annum
	Organisational Structural Change	Saves $300,000 per annum
	Internal Services Review	Saves $225,000 per annum

Current and future efficiencies

Council's Long Term Financial Plan has identified a trend of expenses increasing at a faster rate than revenue. This forecasts increasing deficits unless costs are contained or the revenue base is increased. A range of efficiencies to manage expenses responsibly in the future and to increase sustainable revenue sources address productivity improvements and cost containment across the organisation.

Attachment V outlines in more detail Council's approach to productivity improvements and cost containment. Initiatives are structured to apply at all levels of the IP&R framework introduced at Council. This approach identifies long term proposals and issues with decisions made by the relevant parties within the organisation i.e. continuation of a service is a Council decision while paper usage is a management issue.

The Revised 2013-2017 Delivery Program (**Attachment Z(b)**) incorporates key efficiency targets built into the annual budget:

- $3.69M savings in Employee Costs; and
- 0.5% efficiency dividend for Materials and Contracts (operations).

The Delivery Program also identifies a range of programs and specific initiatives being implemented by Council as follows:

- Property Development Fund – Diamond Crescent and various smaller subdivisions – one off capital return on investment through land sales (approximately $18m)
- Strategic Portfolio Area – Financial Sustainability – coordinated approach to identifying, assessing and implementing proposals with appropriate return on investment and risk profiles.
- Dutton Lane Redevelopment – commercial development to generate on-going revenue – project forecast to return $2.4 million per annum from 2016-2017
- Sustainable Resource Centre – commercial operation to recycle road materials. Generates profits and reduces road base and landfill costs for Council operations. (estimated revenue in 2013/14 $3.5m externally sourced
- Revised operational arrangements for Council's multi-storey car parks – commercial decision to optimise net revenue from Council's four car parks (Estimated revenue per annum of $0.45m)

The Long Term Financial Plan identifies trends across the next ten years. It has identified a looming issue in 18/19 and identifies strategies to mitigate this issue. These are identified as the intervention strategies and are being assessed. Viable actions are to be resourced and implemented in coming years. The identified strategies are:

- Review employee cost drivers including award and progression increases
- Opportunities for shared services or resource sharing
- Identify core and optional services with assessment of value generated from optional services
- Identify acceptable reduction in service levels
- Examine level of fees, price sensitivity and impact on demand for Council services
- Fully cost subsidies for Council services so that future decisions can be made on the level of subsidy
- Review the Property Development Fund strategy and influence on revenue generation and investment funds
- Implemented approved business case with analysis for future expansion for additional products/services
- Assess optimum value from service structure examining alternate service delivery models
- Establish the long term impacts of an ageing population and influence on service delivery requirements
- Performance requirements adopted for all optional services i.e. no subsidy
- Future special rate variation

These issues need further development, including business cases for specific initiatives confirming merit of pursuing the initiative (existing projects such as Dutton Lane Redevelopment are part of this program). The possible initiatives arising will form part of the Operational Plan in each year it is undertaken, with financing decisions made for subsequent years as appropriate.

Council's Asset Management Strategy guides the development of asset management at Council. The strategy provides the framework for the development of Council's asset management capabilities and has identified a range of proposals as part of the continuous improvement to the system.

Council's Asset Management Plans are still early in their development. Advanced strategic asset management, such as tailored replacement programs for individual or groups of assets, are part of future improvements. The initiatives identified below analyse service efficiencies and increase knowledge on asset classes:

- Review and extend existing asset management plans
- Business case for analysis of alternative methods of service delivery for community buses and facilities
- Community engagement and education on level of service and expectations (tailoring level of service for assets/classes to community and service expectations)

Council has a range of other proposals identified for consideration during the Revised 2013-2017 Delivery Program period. A selection of these are:

- Modifying the operation of goods storage to move to *Just In Time* delivery approach for bulk of stock items;
- Altering print room operations to optimise equipment leasing and reflect lower printing demand for agendas and other reports
- Continued implementation of the simplified Work Health and Safety management system
- Annual specification of Corporate Business Improvement Unit program
- Analysis of purchasing to identify best use of vendor panels
- Review of approach and delivery of legal services

These initiatives are developed through Service Plans. Annual reviews identify opportunities to improve productivity or streamline operations. These initiatives are collated in the Productivity Improvements and Cost Containment report each year.

This approach allows flexibility to respond to legislated changes while driving a continuing improvement ethos in the organisation.

8 Other information

8.1 Previous Instruments of Approval

If you have a special variation which is due to expire at the end of this financial year or during the period of the proposed special variation, when was it approved and what was its purpose?

Please attach a copy of the Instrument of Approval that has been signed by the Minister or IPART Chairman.

COUNCIL RESPONSE

Council has a Special Rate Variation, of 5%, which is due to expire on 30 June 2014.

This SRV was approved for a 13 year period commencing in 2001/02, and has achieved major infrastructure projects including: a new pool and grandstand at Prairiewood Leisure Centre, renovations at Fairfield Leisure Centre, the new Cabravale Leisure Centre along with the upgrade of many parks as part of the Parks Improvement Program and significant traffic management works in the Cabramatta Town Centre. Provided at **Attachment X** is the signed Instrument of Approval for this expiring SRV.

8.2 Reporting to your community

The *Guidelines* set out reporting mechanisms that show your accountability to your community. Please tell us how you will go about transparently reporting to the community on the proposed special variation, should it be approved. Also indicate the performance measures you will use to demonstrate how you have used the additional funds (above the rate peg) generated by the special variation.

COUNCIL RESPONSE

Fairfield Council will report to its community on the proposed SRV and the funding of the projects through a number of different ways including:

a. Routine quarterly reports to Council on implementation of the Operational Plan - the proposed projects will be identified in the relevant Operational Plan and progress against each project will be reported on a quarterly basis.

b. Routine Six Monthly Reports will also include progress on the projects in the SRV program, as all works have been listed in the Revised 2013-2017 Delivery Program.

c. Annual Report. Council would report through the annual report on the SRV expenditure and highlights. For example **Attachment U** on page 82 currently has a dedicated section for reporting on achievements and expenditure against the current SRV program. Council also currently reports on productivity improvements, cost containment and revenue opportunities (page 26) that have been achieved during the year and would continue to report these to the community.

d. Council will also report highlights and achievements on its SRV program through the City Life Magazine and City Connect local paper advertising.

8.3 Council resolution to apply to IPART

The Guidelines require the council to have resolved to apply for a special variation. Please attach a copy of the council's resolution to make a special variation application. Our assessment of the application cannot commence without it.

COUNCIL RESPONSE

At its Ordinary Council Meeting on 18 February 2014, Council resolved the following:

That:

1. Council make an application for consideration by IPART under Section 508(2) of the Local Government Act, 1993, for a one-off permanent increase in rates of 10% (including the rate peg) in 2014/15 to fund the list of extra works as identified in Attachment H.

2. Council adopt the 2 versions of the Revised Delivery Program 2013–2017 – 1 with the SRV and 1 without the SRV (Attachments A & B) – with the intention of rescinding the redundant version once IPART's decision on Council's application is announced in June.

3. Council adopt the Appendices to the Asset Management Policy, Strategy and Plans 2013/14–2022/23 (Attachment E), the Appendix to the Workforce Management Plan 2013/14 – 2022/23 (Attachment F), and the Long Term Financial Plan 2014/15 – 2023/24 (Attachment D) including the amendments as outlined in Attachment C of the report.

A copy of the resolution can be found in **Attachment Y**.

9 Checklist of contents

The following is a checklist of the supporting documents to include with your Part B application:

Item	Included?
Relevant extracts from the Community Strategic Plan	✓
Delivery Program	✓
Long Term Financial Plan	✓
Relevant extracts from the Asset Management Plan	✓
TCorp report on financial sustainability	✓
Contributions Plan documents (if applicable)	N/A
Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and special variation	✓
Community feedback (including surveys and results if applicable)	✓
Hardship Policy	✓
Past Instruments of Approval (if applicable)	✓
Resolution to apply for the special variation	✓
Resolution to adopt the Delivery Program	✓

10 Certification

APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Officer

Name of council:

Fairfield City Council

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

City Manager (name): **Alan Young**

Signature and Date: 24 February 2014

Responsible Accounting Officer (name): **Anthony Smith**

Signature and Date: 24 February 2014

Once completed, please scan the signed certification and attach it to the Part B form before submitting your application online via the Council Portal on our website.