



Special Variation Application Form Part B

Snowy Valleys Council

Application Form

2022-2023

Local Government »



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The Independent Pricing and Regulatory Tribunal (IPART)

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

Acknowledgment of Country

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

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

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Council information

Council name Snowy Valleys Council

Date submitted to IPART 02/01/2022

Primary Council contact person Susanne Andres

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About this application form

IPART has revised the Application Form to be completed by councils applying for an increase to a special variation (SV) for 2022-23 under s548(3) of the *Local Government Act 1993*. The application form is in two parts:

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

The SV Application Form Part B consists of:

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

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

- Application Guide for MR Increase Application Form Part B ([website](#))
- OLG's MR Guidelines issued in November 2020 ([website](#)).

Also refer to the following publications ([website](#)):

- Fact sheet: The Year Ahead – Minimum Rates in 2022-23
- Information Paper: Minimum Rates in 2022-23
- Information Paper: Community awareness and engagement for special variations

Attachments for Criteria

- Copy of the relevant instrument(s)
- Declaration by the General Manager as to the council's compliance with the conditions applying to the SV included in the instrument of approval
- Any supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s).

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Description and Context

To complete these questions, refer to the discussion in the Application Guide for SV Application Form Part B, Description and Context.

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

Indicate the type of the proposed SV - s 508(2) or 508A the council is requesting, and specify the percentage increases in each of the years in which the SV is to apply, the cumulative increase for a s508A SV, and whether the SV is to be permanent or temporary.

Provide the information in the text box, or alternatively, complete Table 1.

Click or tap here to enter text.

Table 1 The council's proposed special variation

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Percentage increase	15.7%	17.5%	Rate Peg	Rate Peg	Rate Peg	Rate Peg	Rate Peg
Cumulative percentage increase for s 508A	35.95%						
Permanent or temporary?	Permanent						

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

In the text box summarise the key purpose (or purposes) of the SV the council is requesting.

- To improve Council's financial sustainability by eliminating the operating deficit – the unfavourable gap between operating income and expenditure.
- To create long term financial sustainability enabling Council to:
 - deliver existing services into the future without the need to significantly reduce service levels and/or cease services
 - manage a range of adverse impacts to its financial position caused by external factors such as grant funded new assets and natural disasters.

In making the decision to apply, Council identified in its 2019/20 Long Term Financial Plan (LTFP) that rates income would reduce by some \$637,000 for the 2020/21 year due to expiration of a temporary SV. Council's 2021/22 IP&R process estimated a 10-year forward funding gap (projected accumulated deficit) of \$41.2 million. These coupled with general fund accumulated operating deficits for 2018/19, 2019/20 and 2020/21 of \$16.041 million - \$2.99 million: \$7.76 million and \$5.29 million respectively, left Council in a position where it had to consider a range of improvements and funding options.

Further in November 2020, the Local Government Boundaries Commission published findings from Deloitte who were engaged to undertake financial analysis of demerger options. The report also highlighted the financial challenges for Snowy Valleys Council, in particular an estimated financial gap of some \$5.9 million for FY25.

Further financial sustainability assessment by an independent consultancy company (Morrison Low) confirmed that there was a long-term structural financial issue that required immediate attention to enable Council to deliver its current service levels across the local government area (LGA) into the future. The assessment, for the phase 1 community engagement, estimated the 10-year financial gap to be in the order of \$45 million.

Subsequently the 2021/21 audited financial statements were finalised, IPART announced the rate peg increase for 2022/23 and made available Part A of the application and as a result the 10- year financial gap has been estimated at \$33.6 million.

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

Refer to OLG's SV Guidelines Attachment 4 – Increasing minimum rates, and OLG's Guidelines for a Minimum Rate Increase.

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

Does the council have an ordinary rate(s) subject to a minimum amount?	No
Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time?	No
Which rates will the increases apply to?	Choose an item.
If the increase will apply to only some subcategories, specify	Apply to all categories
Does the council propose to increase the minimum amount of its ordinary rate(s) by	Special variation percentage X%
What will the minimum amount of the ordinary rate(s) be after the proposed increase?	\$Click to enter amount
Has the council submitted an application for a minimum rate increase?	No

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

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

What will the minimum amount of the ordinary rate(s) be after the proposed increase? \$Click to enter amount

Has the council submitted an application for a minimum rate increase? Click to enter amounts

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

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

Refer to OLG's SV Guidelines Attachment 1 – Calculation of expiring special variations.

Does the council have an SV which is due to expire on 30 June 2022? No

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

If Yes to either question:
a. When does the SV expire? Click or tap here to enter text.

b. What is the percentage to be removed from the council's general income? Click or tap here to enter text.

c. What is the dollar amount to be removed from the council's general income? Click or tap here to enter text.

Does the council have an SV which it proposes to terminate before the date which the instrument specifies as the date on which it expires? No

If Yes:
a. When does the council propose it be terminated? Click or tap here to enter text.

b. What is the percentage to be removed from the council's general income? Click or tap here to enter text.

c. What is the dollar amount to be removed from the council's general income? Click or tap here to enter text.

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

Choose an item.



Attachments required:

Copy of the relevant instrument

Copy of OLG advice confirming calculation of amount to be removed from the council's general income.



Attachments

Copy of the relevant instrument

Copy of OLG advice confirming calculation of amount to be removed from the council's general income.

Question 5: Does the council have an existing (ongoing) s 508A special variation which applies in 2022-23?

Refer to:

- OLG's SV Guidelines Section 5.2.
- Fact sheet: *The Year Ahead – Special Variations in 2022-23*.

Does the council have a s 508A multi-year SV instrument that applies in 2022/23 No

In the text box:

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

Click here to enter text.

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

Refer also to OLG's SV Guidelines Section 6.

You **do not** need to respond to this question if all the relevant information has been provided in council's response to Question 5.

Does the council have a s 508(2) or s 508A SV which IPART has approved in the past five years? No

In the text box, for each SV approved in the past five years, briefly:

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

N/A

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

Does the proposed SV require the council to do a capital expenditure review in accordance with OLG Circular to Councils, Circular No 10-34 dated 20 December 2010? No

If Yes, has a review been done and submitted to OLG? Choose an item.

Question 8: Is the council a new council created by merger in 2016?

Refer also to OLG's SV Guidelines Section 4.

Is the council a new council created by merger in 2016? Yes

Question 9: Does the council have deferred rate increases available to it?

Does the council have deferred rate increases available to it from one or more previous years under section 511 of the Local Government Act No

If Yes, has the collection of these additional rates been included in the Council's LTFP	Choose an item.
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Criterion 1 Need for the variation

Criterion 1 in the SV Guidelines is:

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

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

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

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

To complete the questions for Criterion 1 refer also to Fact sheet: *The Year Ahead – Special Variations in 2022-23* and Information Paper – Special Variations in 2022-23 in relation to the interaction of financial need and willingness to pay.

In the response to this criterion, you should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

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

In the text box explain how the council developed the proposal to apply for the proposed SV in the context of its IP&R processes.

Council identified in its 2019/20 LTFP document that a special rate variation (SRV) applied to residential and business land in the former Tumut Shire would expire on 30 June 2020, resulting in rates revenue reduction of some \$637,000. This impacted the following financial year, resulting in Council having to fund some of its capital works program from the General Fund cash. Council planned to bridge the operational funding gap via the actions in Council's Road to Sustainability Plan as well as the pursuit of alternative revenue streams and a review of service levels.

Local Government Boundaries Commission published findings, in November 2020, from Deloitte who were engaged to undertake financial analysis of a demerger scenario, refer attachment 1.2.3. The report also highlighted the financial challenges for Snowy Valley Council. At the time of the report being issued, Council had not realised net savings as a result of the merger; there was an estimated financial gap of some \$5.9 million for FY25; The LTFP estimated financial sustainability by 2030, however significant constraints were identified, see page 5 attachment 1.2.3.

Council, as part of the 2021/22 IP&R Operational Plan, LTFP and Budget cycle process identified that Council's General Fund baseline scenario generated ongoing operating deficits before capital grants for all 10 years, with an estimated accumulated operating deficit of \$41.2 million. This, in conjunction with the General Fund accumulated operating deficit of \$17.85 million, for the FYs 19, 20 and 21 (estimate), required Council to consider some further sustainability options.

For the 2021/22 IP&R process the following three scenarios were developed for Council consideration and community engagement:

- a baseline scenario
- an SRV scenario
- an optimistic scenario – refer attachment 1.2.1.

Assumptions informing the SRV scenario for the General Fund were developed with the primary aim of achieving an operating surplus in the long-term in order to maintain service levels. Council also ensured it provided sufficient funding for renewal of existing assets based on an analysis of actual renewal requirements as set out in its Service Management Plans. Because assets are in good condition, Council proposed to keep its renewal program stable, but may revise this forecast following a needs analysis in consultation with users. Council also aimed to maintain sufficient cash, manage its debtors and maintain its debt within acceptable limits.

The SRV scenario assumed over two years a 25.44% (excluding rate peg) increase in its rates revenues and a reduction in expenditure through efficiency gains and cost savings with moderate adjustments to service levels. The SRV scenario generated a return to operating surpluses for the General Fund from year 7 – 2027/28.

The Operational Plan and LTFP documents, refer attachments table 1.2, were endorsed for community consultation forming part of the IP&R community consultation process, with adoption in June 2021.

Council then engaged an independent consultant (Morrison Low) to undertake a further financial sustainability assessment and develop scenario options combining several SRV and improvement options. The drivers of financial unsustainability for Council that were of significant impact included:

- rate capping
 - cost shifting – for example Emergency Services Levy
 - termination of an SRV for the former Tumut Shire Council
 - new assets funded through federal and state government grants
 - recovery from natural disasters
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- the minimum full-time equivalent (FTE) requirements in place for Tumbarumba, Adelong and Batlow due to merger obligations for a rural centre
 - service level changes through merger harmonisation.

The impacts of these drivers are detailed in attachment 1.2.6. The LTFP documents, attachments 1.2.1 and 1.2.2, note the future implications of natural disasters in terms of asset replacement and recovery.

As a consequence, the Morrison Low baseline LTFP estimated for the General Fund operation estimated a ten-year accumulated financial gap of \$45 million, from 2020/21 to 2030/31 with each year having an operating deficit result, the details of which are in attachment 1.2.5. The likelihood is that this position could get worse, without any actions to improve Council's financial performance and longer-term sustainability.

Three options were developed for further community engagement and consideration, being:

1. Option A - 30% SRV over two years (15%, 15%) = \$3.1 million (compounded percentage increases ~32.25%, with a 2.5% rate peg ~ 38.06%) + implementing the productivity gains of \$600,000 over three years.
2. Option B - 25% SRV over two years (12.5%, 12.5%) = \$2.5 million (compounded percentage increases ~ 26.66%, with a 2.5% rate peg ~ 32.25%) + productivity gains \$600k over three years + \$700,000 service savings over three years.
3. Option C - 15% SRV over two years (7.5%, 7.5%) = \$1.5 million (compounded percentage increases ~ 15.56%, with a 2.5% rate peg ~ 21%) + productivity gains \$600,000 over three years + \$1.7 million service savings over three years.

The productivity and service saving options are as follows with details in attachment 1.2.5:

- Productivity gains – Council has identified productivity savings that will result in reduction in staff costs.
- Asset rationalisation - selling or disposing of underutilised/redundant building assets will avoid ongoing maintenance and depreciation costs.
- Transfer or cease services - this entails someone else providing the services or stopping services altogether. Services that could be considered for exit are non-core services and include some community services activities, community grants and donations, saleyards, events and promotions, and community development.
- Reduce service levels - unlike transferring or ceasing services, under this option Council would still deliver the service but reduce the amount of service it provides. It could reduce the operating hours for some services like libraries, swimming pools and customer service centres, etc.
- Increase fees and charges - this approach enables a larger recovery of the costs paid by the direct users/beneficiaries rather than general ratepayers.

These three options were endorsed by Council for comprehensive community engagement during August, September and October 2021. The details and outcomes are detailed in section 4 - criterion 2.

Council was provided with the following reports and information at its meeting on 21 October 2021, in consideration of a proposed SRV:

- Revised/Updated LTFP
 - Community Engagement summary and full reports
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- Community Information provided
 - Close the gap options
 - Capacity to Pay Report

Details are on Council's website <https://www.snowyvalleys.nsw.gov.au/Council/Council-Meetings> for 21 October 2021 Ordinary meeting.

Assessment of the community feedback indicated all but a small number of submissions opposed any SRV and a reduction in services or cuts. A small number of community members expressed a preference for any alternative actions to avoid an SRV.

While acknowledging the community favours as small an SRV as possible it was noted that the community also favours retaining the same/similar range of assets, services, service levels and fees and charges. These preferences are diametrically opposed, and Council needs to adopt a position that ensures it becomes financially sustainable.

At its October meeting Council resolved to notify IPART of its intent to submit an SV in accordance with Option A - 17.5% per year for two years - 38.06% compounded over two years including a rate peg of 2.5% for each year. Council also resolved to undertake further community consultation on the proposed SRV option A and the revised LTFP.

The outcome of this consultation is detailed in section 4.

Subsequently Council was advised that the LTFP and SRV application had to include the announced rate peg percentage for 2022/23 of 0.7% not the 2.5% that was used in the LTFP forecast modelling and community engagement processes. The revised SRV is 15.7%, including rate peg of 0.7% for 2022/23 and 17.5%, including rate peg of 2.5% being a cumulative increase over the two years of 35.95%.

Council resolved on 20 January 2022 to submit an SRV application in accordance with Option A and adopt the revised LTFP document, refer attachment 1.2.2

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

In the text box explain how the proposed SV will:

- Improve the council's underlying financial position for the General Fund

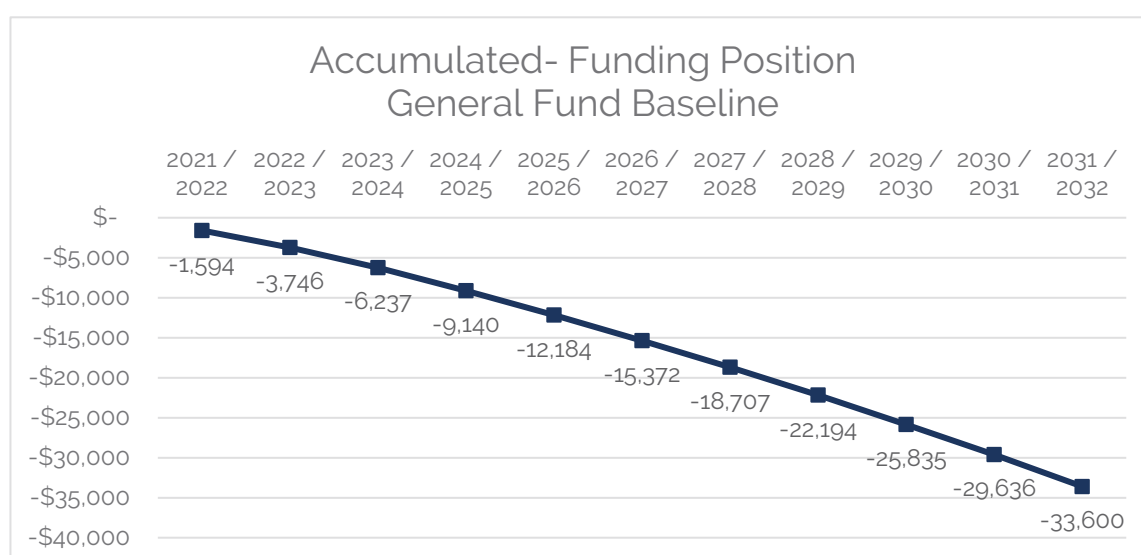
Three different entities, Deloitte, Morrison Low and Council itself, have assessed Council's General Fund financial position and all have concluded that the current situation is unsustainable without either improvement initiatives and/or increases in rates revenue.

With the finalisation of Council's 2020/21 financial statements, the announcement of the 2022/23 rate peg increase of 0.7%, the release of Part A of the SRV application and advice from IPART that the SRV application needs to include the approved rate peg amount of 0.7%, instead of 2.5%, in this application the LTFP has been updated to include these changes.

Council's actual General Fund accumulated operating deficit for 2018/19, 2019/20 and 2020/21 totalled \$16.041 million - \$2.99 million: \$7.76 million and \$5.29 million respectively. (Operating result before capital grants and contributions.)

The baseline LTFP has been adjusted with the inclusion of 2020/21 actuals resulting in a net increase in forecast rates and annual charges of \$594,000 for 2021/22 and subsequent years index accordingly. The rate peg amount for 2022/23 has changed from 2.5% to 0.7%. The 10 year forecast range has been changed with the exclusion of 2020/21 and inclusion of 2031/32. This has resulted in the estimated ten-year funding gap reducing from \$45 million to \$33.6 million. The amended baseline case has been included in the revised LTFP document as detailed in attachment 1.2.2 and Council's website.

The revised LTFP forecast clearly demonstrates Council's ongoing unsustainable financial position with operating deficits for each of the ten years in the forecast period 2021/22 to 2031/32 averaging \$3.3 million per year, illustrated in the following graph.

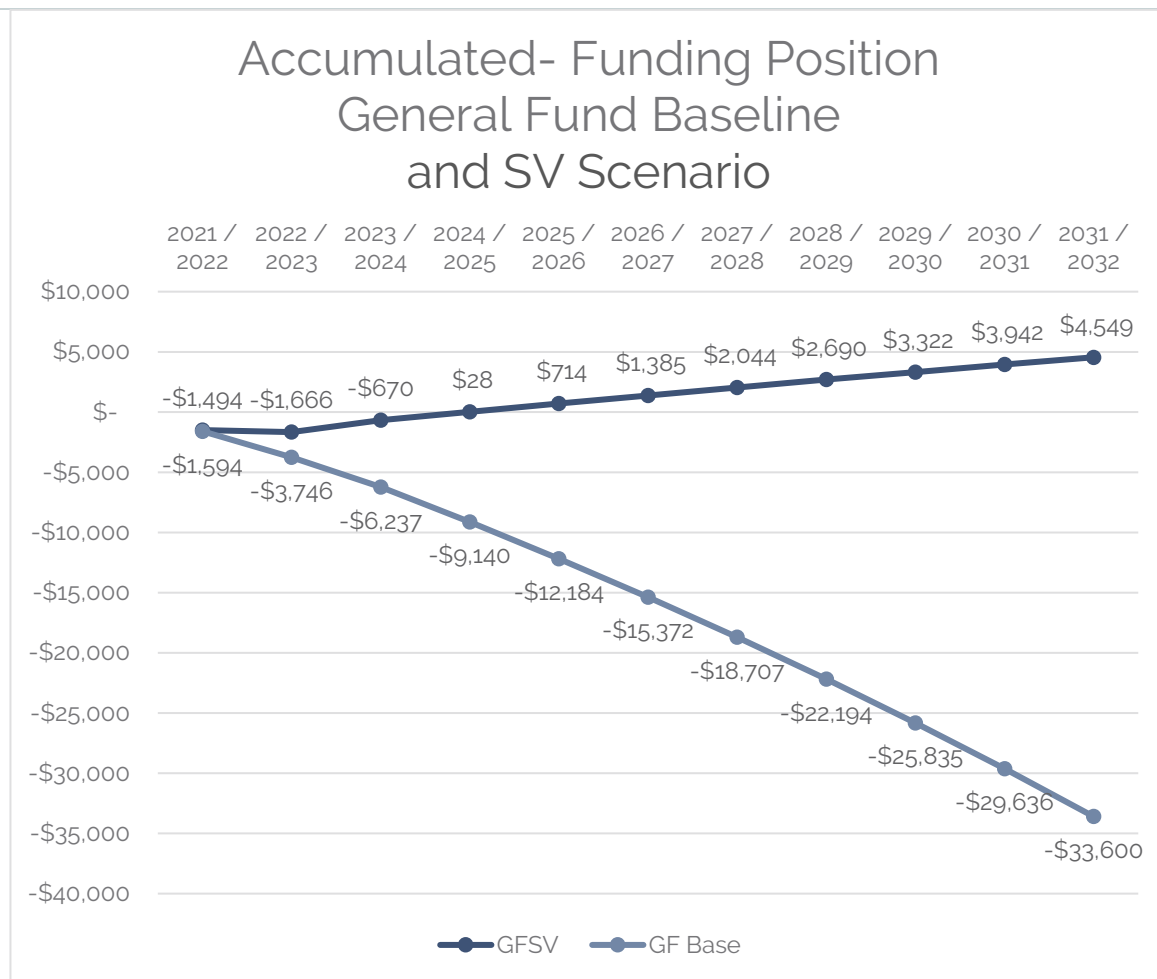


The detailed explanation for the baseline position is included in attachments 1.2.5 and 1.2.6, with the key contributing reasons being rate capping, cost shifting – emergency services levy, cost to renew and maintain new assets, termination of an SV, service level improvements and recovery from natural disasters.

In addition, attachment 1.2.7 further highlights the relatively low level of rates income compared to other councils. For 2019/20, general rates contributed 18% of Snowy Valleys' General Fund total revenue, which is significantly lower than similar regional merged councils at 24%.

The comparison background paper also illustrates Council's performance against the OLG indicators not meeting the operating performance ratio and own source operating revenue ratio. Council has in place a financial sustainability plan that is detailed in section 5 along with achievements.

The proposed SV has a positive impact on Council's financial sustainability as illustrated in the following graph, noting \$100,000 of the \$600,000 improvement is achieved in 2021/22 and the full \$600,000 from 2022/23 onwards.



With the implementation of the proposed SRV – a cumulative SV of 35.95% over two years, including rate peg of 0.7% for 2022/23 and 2.5% for 2023/24 and the \$600,000 productivity improvements, Council is able to meet the two outstanding performance ratios as detailed in the following table.

Performance Ratio	2020/21	Baseline projection 2031/32	SV projection 2031/32
Operating performance	-5.7%	-8.4%	1.3%
Own source operating revenue	45%	69%	71%

The operating performance ratio remains positive from 2023/24 providing Council with limited financial capacity to respond to unforeseen circumstances.

b. Fund specific projects or programs of expenditure, or

For noting the SV request aims to achieve financial sustainability with the objective to maintain the current service levels and to deliver Council's 10-year asset renewal program. The SV will not be used for the creation of new assets or programs.

c. Achieve both outcomes

N/A

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

In the text box provide details on the council's key financial indicators and indicate if the proposed SV has been included in the Long Term Financial Plan.

Provide the information for part a. by **populating Table 1.1**, for as many years as relevant for the council's proposed SV.

a. Explain how the proposed SV would affect the council's key financial indicators (General Fund) over the 10-year planning period.

Commentary on how the proposed SV would impact Council's key performance indicators are detailed on page 19 of the revised LTFP, attachment 1.2.2. The most significant change is that Council is projecting a small operating surplus for General Fund and a positive operating performance ratio from 2023/24.

b. Indicate if this information has been included in the council's Long Term Financial Plan. Relevant key indicators could include those listed in Question 1.1.

The proposed SV and productivity improvements for the general fund are fully included in Council's revised LTFP – attachment 1.2.2 and are reflected in table 1.1 below – General Fund only.

Table 1.1 Council's key financial indicators

Ratio	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Operating performance ratio excluding capital items	-4.1%	-3.9%	-0.4%	2.3%	1.6%	1.5%
Own source revenue ratio	51%	49%	61%	71%	71%	71%
Building and asset renewal ratio	282%	209%	84%	83%	99%	94%
Infrastructure backlog ratio	0.2%	1.4%	1.5%	1.5%	1.6%	1.6%
Asset maintenance ratio	100%	187%	185%	178%	178%	178%

Debt service ratio	2.9%	6.6%	5.8%	4.8%	4.0%	3.3%
Unrestricted current ratio	0.6	1.9	2.0	1.2	1.4	1.6
Rates and annual charges ratio	10.1%	9.2%	9.3%	9.3%	9.2%	9.2%

1.4 Deferred rate increases available under section 511 of the Local Government Act

In the text box explain:

a. The quantum, rationale and timing of any deferred rates the council has incurred.

Council has no deferred rates.

b. When council plans to include these deferred rates through the catch up provisions and whether this been included in the LTFP.

N/A

c. How do these deferred rates impact on the council's need for the special variation and its cumulative impact on ratepayers' capacity to pay?

N/A

Table 1.2 Criterion 1 attachments

Council- assigned number	Name of document	Page references ^a
1.2.1	Original 2021/22 LTFP	
1.2.2	Revised 2021/22 LTFP	
1.2.3	LGBC Statement Deloitte Key Findings	
1.2.4	2021/22 Operational Plan	20
1.2.5	SVC Background Paper - Financial Situation	
1.2.6	SVC Background Paper – Sustainability Overview	
1.2.7	SVC Background Paper – Comparison to other Councils	
1.2.8	SVC Background Paper – Assessment of Options	

a. If document only relevant in part.

Criterion 2 Community awareness and engagement

Criterion 2 in the SV Guidelines is:

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

To complete the questions for Criterion 2

Provide relevant extracts of the IP&R documents that set out the rate rises under the proposed SV and attach relevant samples of the council's consultation material.

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

In the text box:

a. Outline the council's consultation strategy and timing.

Community consultations for proposed SRV options took place over an extended period that included:

- 2021/22 IP&R community consultation process during May and June of 2021
- Phase 1 - Specific community consultation on the three Options A, B & C during August, September and October 2021
- Phase 2 - Community consultation on Councils preferred SV option during October and November 2021

The specific details on how Council engaged with the community, approaches used, activities, timing of community meetings and community feedback are detailed in the final Community Engagement report – refer attachment 2.1.1.

A key challenge during the three consultation processes from May through to November 2021 were the COVID Health Order requirements restricting direct face to face access with community members.

Following are the details of the main engagements and their timing:

Engagement type	Timing and details
Advertising and print runs	<ul style="list-style-type: none"> Advertisement - Tuesdays, Wednesdays and Fridays each week in July 2021 (4 different adverts used to promote exploring options and having a say at community meetings) Full page advertisement – 13 and 18 August 2021 (on SRV and closing the gap options) Advertisement - 8, 10, 14 and 15 September 2021 (advertising community meetings on SRV options) Advertisement - 9, 10 and 11 November 2021 (on public exhibition relating to Council's preferred SRV option and updated LTFP) Advertisement - 23, 24 and 26 November 2021 (on public exhibition relating to Council's preferred SRV option and updated LTFP)
Letterbox drops - to all letterboxes, PO boxes, roadside boxes and business addresses in the LGA	<ul style="list-style-type: none"> 30 August 2021 - community leaflet covering financial sustainability and options 21 November 2021 - community leaflet covering Council's preferred option
Submission received via Council's website	<ul style="list-style-type: none"> August – September 2021 (on SRV and closing the gap options) October – November 2021 (on Council's preferred SRV option)
Virtual community engagement meetings	<ul style="list-style-type: none"> Eight virtual community engagement meetings held via Zoom between 19 July and 15 September 2021 at varying times of day and week (on SRV and closing the gap options) One virtual community meeting held specifically for NSW Farmers on 19 October 2021 One virtual community meeting held specifically for prospective Councillors on 10 November 2021 One virtual community engagement meetings held via Zoom on 22 November 2021 (on Council's preferred SRV option)

For the 2021/22 IP&R exhibition process from 26 March to 7 May 2021, community engagement involved:

- Information on the Council website (no longer available on the website)
- Social media
- Newspaper advertisements during April 2021
- There were numerous articles in the papers during that time

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- In-person town hall meetings held on 12 April (Tumut), 14 April (Tumbarumba), 23 April (Khancoban), 5 May (Tumut) – mostly discussions around the SRV detailed in the IP&R documents. t mostly deteriorated to discussion around SRV)
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b. Indicate the different methods the council employed to make the community aware of the proposed SV and seek their feedback, and why these were selected.

The range of engagement and information provision approaches with the community included:

- Establishing a Council webpage with all SRV information with updates to include further information following Council's decision on a preferred SRV option.
- Creating information on the page including SRV summary, five detailed background papers, community Q&A, recording of the community meeting presentation, a survey, feedback form and rates calculator.
- Advertisements in print news relating to both phases one and two.
- Social media posts.
- Brochure letterbox drop delivered to households, businesses, roadside mailboxes and post boxes for both phases one and two.
- Virtual/face-to-face engagement community meetings for both phases.
- Website and community polls.

Council was committed to undertaking a comprehensive engagement process given the COVID-19 restrictions. The program used a broad range of communication and information channels, and formats to ensure all parts of the community were provided with the information and opportunity to participate and respond.

The details of the activities used for each approach are detailed in attachment 2.1.1. For example, some 10 virtual community meetings were held using information presentations, online polls, questions through chat function, text or verbally by virtual hand-raising. All meetings were record and are available on the website and feedback included in the final report.

2.2 How did the council present the impact of the proposed special variation in the consultation material?

- In the text box provide details of the information made available to the community during consultation about the proposed rate increases.
- Attach representative examples of the consultation material.

The full range of consultation material can be found in tables 1.1 and 2.1 and on Council's website: <https://yourvoice.svc.nsw.gov.au/srv>.

As an example, attachment 2.1.2 at the letterbox brochures that were distributed for phases 1 and 2. Advertisements with similar content were also used as an information source for the impact of the proposed SRV.

2.3 How effectively did the council's various consultation strategies engage the community about the proposed special variation?

In the text box provide details on the level of community involvement, consultation strategies used and feedback from the community.

Attach survey results and other examples of feedback from the community.

a. Indicate the level of community involvement in, and response to, the various consultation strategies the council used, e.g., number of participants in meetings, number of submissions received.

As part of Council's community satisfaction survey June 2021 (Jetty Research 2021), the research sought to understand the awareness of a proposed SRV. The survey results indicated that 79% of the respondents were aware of a proposed SRV, page 15 – attachment 2.1.3

All ratepayers were directly sent special rate variation brochures to their households for both phase 1 and 2 of the community engagement process. The first was issued in August 2021 with the proposed SRV options and in November 2021 with Council's preferred option.

The community also had the opportunity to attend one of the virtual community meetings and visit Council's website where all the SRV information was available. Council has informed and engaged with the community from May 2021 to November 2021 on the proposed SRV. It is expected that the majority of the community were aware that Council was considering an SRV to address the financial sustainability challenges.

Overall there was some eight percent of the community that responded in some form. Through the IP&R process Council received 549 submissions which related to the SRV engagement that was run separately but over the same months. As part of the 549 submissions, Council also received via hand delivery at the Tumut Community Meeting 495 signed letters opposing the introduction of an SRV.

Phase 1 engagement resulted 15 online submissions, 62 responding to the website poll and from nine virtual community meetings around 30 people attended.

Phase 2 engagement resulted 15 submissions, all online and one virtual community meetings that 5 people attended, not all were present for the full session.

b. Outline the nature of the feedback the community provided on the proposed SV.

Details of the level of engagement and the responses/feedback have been detailed in several reports that Council considered as part of the decision-making process to apply for an SRV.

The community feedback for the IP&R and phase 1 processes are detailed in reports Council considered at its meeting on 21st October 2021 -

<https://www.snowyvalleys.nsw.gov.au/Council/Council-Meetings>.

For the IP&R process Council received 549 submissions including 495 signed letters opposing an SRV.

All but a small number of these submissions opposed any SRV. A small number opposed service cuts and all, but a few, submissions did not express preference for any alternative actions to avoid an SRV. There was no consistent view on what actions to become financially sustainable could involve.

Phase 1 engagement resulted 15 online submissions, 62 responding to the website poll and from nine virtual community meetings around 30 people attended. Community meeting polls were used toward the end of the meeting to give attendees the ability to inform Council on their preferences. The outcomes are detailed in attachment 2.1.1.

Polls were used for both website and online meetings to gauge the community feelings about the importance of retaining the current range of assets, services, service levels and fees and charges. An indicative range of SRV options was also polled. Approximately 90 people responded. The polls revealed that:

- 66% of respondents considered that maintaining the current range of assets was important, somewhat important or very important.
- 74% of respondents considered that maintaining the current service levels was important, somewhat important or very important.
- 62% of respondents considered that maintaining the range of non-core services was important, somewhat important or very important
- 87% of respondents believed that maintaining the current level of fees and charges was important, somewhat important or very important.

This gives Council a reasonably clear direction that current assets, services, service levels and fees and charges are highly valued and important to the community. The polls also show that 60% of those polled preferred the lowest SRV and 26% the highest SRV.

Of those who engaged there was a contrast between those who participated in the online forums and the website. Those who participated in the online workshops were more likely to support some options Council proposed to reduce the amount of the required SRV as they were more informed than those who chose not to participate.

The majority of those engaged did not favour a large SRV and in addition there was an unwillingness to accept a reduction in assets, services, service levels or an increase in fees and charges. This makes it difficult for Council as it does not provide a clear community preference for sustainability.

There was no consistent view on preferences or actions by Council to close the funding gap but of those presented asset rationalisation and a reduction in the ranges of services were marginally seen as least important and therefore more acceptable solutions.

Phase 2 engagement resulted 15 submissions, all online and one virtual community meetings that 5 people attended, not all were present for the full session. Community meeting polls were used toward the end of the meeting to give attendees the ability to inform Council of their feedback on two questions.

The summary of the poll results is detailed in the following table:

Poll question	Yes	No
<ul style="list-style-type: none"> Have you received sufficient information on the proposed SRV? 	2	1
Poll question	Support	Oppose
<ul style="list-style-type: none"> Do you support or oppose the SRV proposed by Council? 	1	2

The polling results indicate that there was a split in feeling regarding whether sufficient information on the proposed SRV had been received and whether community members supported or opposed Council's proposed SRV. Due to the low turnout, it was hard to make any solid assumptions on the strength of community feeling either way in relation to both of the polled questions and the questions raised/feedback received.

The majority of submissions received via Council's website opposed the proposed SRV, A small number of responses didn't directly oppose the SRV but did raise questions about whether there were alternative options and the effect that the SRV would have on lower-income earners. One respondent agreed with the need for an SRV but felt it should be a lower percentage.

2.4 How did the council respond to feedback from community consultation?

In the text box explain the action, if any, the council took in response to feedback from the community.

In considering the community feedback from the initial IP&R engagement process, Council confirmed that there was insufficient clarity and information on the need for an SRV and insufficient detail of alternate options that could reduce any proposed SRV.

The original LTFP document adopted in June 2021 acknowledged the need to undertake further consultation to establish community understanding and willingness to accept an SRV to allow Council to return to a sustainable operating model. Also Council was of the view that the community is not willing to accept reduced service levels or declining infrastructure without considerable community discussion and engagement.

In response, Council commissioned Morrison Low to develop more comprehensive alternate options for the next round of community engagement. As previously detailed, three options were created and these formed the basis of phase 1 community engagement, noting that planned face to face engagement was moved online due to COVID-19 social distancing restrictions and lockdowns.

As detailed in section 2.3 b. above, Council considered community feedback at its meeting on 21 October 2021. Prior to this meeting, on 7 October 2021, a councillor workshop was held to present the findings and observation of the community feedback. This is detailed in attachment 2.1.4.

Even though there was strong opposition to both an SRV and to service reductions, councillors were of the view that is critical for Council to be financially sustainable. Consideration was given to a combination of actions - if the SRV is not adequate other actions, to reduce assets, service levels, organisational savings and an increase in fees and charges for services, would be required.

From this process Council resolved to inform IPART of its intent to make an SRV application and to further engage with the community on its preferred option – Option A, a 38.06% cumulated increase over two years with a productivity improvement of \$600,000 from staff savings.

The community feedback from the phase 2 engagement was presented to Council on 11 January 2022 as detailed in attachment 2.1.5. The responses were small and inclusive in nature and was considered at the Council meeting on 20 January 2022 at which Council resolved to submit an SRV application.

Table 2.1 Criterion 2 attachments

Council-assigned number	Name of document	Page references ^a
2.1.1	SVC Community Engagement Final Report – Special Rate Variation	
2.1.2	Brochure letterbox Aug and Nov 21	
2.1.3	SVC Community Satisfaction Survey June 2021	P 15
2.1.4	Council presentation phase 1 feedback	
2.1.5	Council presentation phase 2 feedback and recap for new Council	
2.1.6	Engagement Material (SRV promotions)	

a. If document only relevant in part.

Criterion 3 Impact on ratepayers

Criterion 3 in the SV Guidelines is:

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

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

3.1 What is the impact on rates of the proposed special variation?

In the text box provide information about the impact on rates of all affected ratepayer categories.

The following information was published in Council's website as part of the community consultation process for phases 1 and 2.

The cumulative impact of the proposed special rate variation is 38.06% over two years, including an estimated rate peg of 2.5% for each year.

The impact of the SRV on the average rate overall and per category is detailed below. A rates calculator is available on Council's website to allow ratepayers to review the impact of the proposed SRV on their annual rates bill.

	2021/22 Average Rate	SRV Increase 2022/23	SRV Increase 2023/24	Total SRV Increase - over 2 years	2023/24 Average Rate
		Including 2.5% Rate Peg	Including 2.5% Rate Peg	Including 2.5% Annual Rate Peg	
Average Annual Ordinary Rate across all Rating Categories	\$1,043	\$183	\$214	\$397	\$1,440
Average Annual Ordinary Residential Rate	\$661	\$116	\$136	\$252	\$913
Average Annual Ordinary Business Rate	\$1,521	\$266	\$313	\$579	\$2,100
Average Annual Ordinary Farmland Rate	\$2,007	\$351	\$413	\$764	\$2,771

In responding to the pricing equity principle, Council has decided that all categories will be increased by the same percentage. The SRV (including rate peg) will raise additional rates income of \$1.35 million in year 1 and \$2.97 million in year 2. This equates to an annual increase of approximately \$183 and \$397 on the average rate.

The rate increase will impact some ratepayers more than others. This is partly offset by the pensioner rebates and rates relief, deferrals and repayment arrangements included in Council's Hardship Policy.

Realistically, there is no other viable alternative for Council to attain and maintain financial sustainability without drastic reduction in services and service levels. Community feedback was divided with no clear position. This proposal includes productivity savings of some \$600,000, which Council has partly achieved in 2021/22.

A further consideration is that Council's rates income percentage of total income is relatively low compared to similar councils, as detailed in the SVC Background Paper – 'Comparison to other Councils', attachment 1.2.7. For 2019/20, general rates contributed 18% of Snowy Valleys' General Fund total revenue, which is significantly lower than similar regional merged councils at 24%.

Further details of the impact of the proposed special variation can be found on Council's website, along with the rates calculator - <https://yourvoice.svc.nsw.gov.au/srv>.

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

In the text box explain how the council considered whether the rate increases would be affordable for the community, including any socioeconomic data referred to in making its assessment.

Council engaged Morrison Low to assess the community's capacity to pay, refer attachment 3.1.1 for a full copy of the report. This provided Council with an objective and independent assessment to assist with the decision on the level of the SRV.

The report firstly assesses the issues of social disadvantage, reviewing the different characteristics and make up of each local area to determine whether there are any particular areas of social disadvantage, including:

- the age structure of each region
- the typical make up of each household
- household income, including the effect of dependants
- SEIFA rankings.

The report also investigates whether there are any particular groups within each local area that, despite the overall wealth of the local area, would be particularly vulnerable and affected by a change in rates. These include:

- property owners
 - persons who have or need core assistance
-

- individuals who are currently unemployed
- households currently under housing stress
- pensioners.

Finally, the report examines trends in household expenditure and discusses what impacts they may have on an individual's ability to pay, along with the impact that the global pandemic COVID-19 has had on industries and residents within the Snowy Valleys LGA.

A summary of the findings by the five local areas is detailed on page 1 of attachment 3.1.1. Some of the findings by local area are:

- Adelong and Surrounds - Highest proportion of family households as well as the largest proportion of young residents under the age of 18; Largest middle class with respect to equivalised household income.
- Batlow and Surrounds - Highest proportion of retirees amongst the LGA areas; Highest proportion of residents requiring assistance.
- Tumbarumba – Khancoban - Largest proportion of residents in the workforce or of working age; Highest proportion of households with children.
- Tumut Surrounds – Talbingo - High levels of home ownership; Highest level of equivalised household income within the LGA.
- Tumut - Largest proportion of 'at risk' households; Highest level of social housing within the LGA; Highest proportion of households under financial household stress.

Council also took into consideration community feedback from the extensive community engagement processes that detailed options incorporating a comprehensive range of saving alternatives that proposed lower SRV increases.

3.2.1 How does the council intend to address hardship?

Does the council have a Hardship Policy?	Yes
--	-----

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

In the text box:

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

The measures Council has in place include the pensioner rebates and rates relief, deferrals and repayment arrangements included in Council's Hardship Policy, refer attachment 3.1.2. There is some relief from interest on rates in the deferral clause of the hardship policy.

Council also situationally considers community support. For example, Council waived interest on current rates from July to October 2021 due to the State-imposed lockdowns and public health measures. In addition, after the bushfire crisis in early 2020, Council waived interest on all arrears for a period of 6 months and granted a reduction in water usage charges for those residents who had excessive water bills due to fire-fighting requirements.

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

The Hardship Policy is referenced in the 2021/22 Fees and Charges document page 8 which was reviewed and approved as part of the 2021/22 IP&R process. Also, the policy and applicant forms are available on Council's website.

Table 3.1 Criterion 3 attachments

Council- assigned number	Name of document	Page references ^a
3.1.1	SVC Capacity to Pay Report	
3.1.2	SVC Hardship Policy	

a. If document only relevant in part.

Criterion 4 Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

The relevant IP&R documents must be exhibited (where required., approved and adopted by the council before the council applies to IPART for a special variation to its general revenue.

To complete the questions for Criterion 4.

Refer also to the Information Paper – *Special Variations in 2022-23*.

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

In the text box outline the council's IP&R processes as they relate to public exhibition and adoption of the IP&R documents relevant to the council's application for the SV.

For the 2021/22 IP&R process, councils in NSW were impacted by the deferral of the councillor elections. Council was advised to use the 2020/21 Delivery Program for the 2021/22 IP&R process and therefore there were no changes/updates, with a full review scheduled with the newly elected Council. However, Council in preparing the 2021/22 Operational Plan and LTFP document included an action in the Operational Plan to commence the process of applying for a special rate variation, refer attachment details of proposed SRV options in the LTFP document attachment 1.2.1 pages 14 to 19.

Following the IP&R process for 2021/22, Council undertook a further review of Council's financial sustainability and LTFP using Morrison Low Consultants. This review led to a revision of the LTFP that was adopted by Council on 21 October 2021 for community engagement and the basis for the proposed SRV.

Following the community engagement and announcement of the rate peg for 2022/23 in December 2021, Council further revised the LTFP to include the rate peg increase of 0.7% resulting a revised accumulative SV of 35.95% over two years, including rate peg of 0.7% for 2022/23 and 2.5% for 2023/24. The revised LTFP was adopted by Council on 20 January 2022 and is attached refer 1.2.2.

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

Complete Table 4.1 for the mandatory IP&R documents. If other IP&R documents are relevant to the council's application, also complete Table 4.2.

As required by Section 7 of the SV Guidelines, councils should provide web links to all relevant IP&R documents in Table 4.3.

Table 4.1 Mandatory IP&R documents

Document	Date(s)
Community Strategic Plan	
Exhibition	14 May 2018 – 11 June 2018
Adoption by council	28 June 2018
Placed on council website	2 July 2108
Delivery Program	
Exhibition	14 May 2018 – 11 June 2018
Adoption by council	28 June 2018
Placed on council website	2 July 2018
Long Term Financial Plan	
LTFP endorsed by council	17 June 2021
Placed on council website	21 June 2021

Table 4.2 Other IP&R documents (if relevant)

Document	Date(s)
Asset Management Strategy / Plan(s)	
Exhibition	18 April 2019 – 18 May 2019
Adoption by council	13 June 2019
Placed on council website	17 June 2019
Operational Plan for 2021-22	
Endorsed by council	17 June 2021
Placed on council website	21 June 2021
Revised Long Term Financial Plan	
Endorsed by council for public exhibition	21 October 2021
Placed on council website	25 October 2021
Endorsed by Council	20 January 2022
Placed on Council website	24 January 2022
Revenue Policy and Fees and Charges	
Endorsed by council	17 June 2021
Placed on council website	21 June 2021

Table 4.3 Website links for council's IP&R documents

Document	Website link
Community Strategic Plan	https://www.snowyvalleys.nsw.gov.au/Council/Strategies-Plans-and-Reporting/Integrated-Planning-and-Reporting/IPR-Planning
Delivery Program	https://www.snowyvalleys.nsw.gov.au/Council/Strategies-Plans-and-Reporting/Integrated-Planning-and-Reporting/IPR-Planning
Long Term Financial Plan	https://www.snowyvalleys.nsw.gov.au/Council/Strategies-Plans-and-Reporting/Integrated-Planning-and-Reporting/IPR-Planning#LTFP
Asset Management Strategy / Plan(s)	https://www.snowyvalleys.nsw.gov.au/Council/Strategies-Plans-and-Reporting/Integrated-Planning-and-Reporting/IPR-Planning#Resourcing

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

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

As detailed in this application, the community have a strong view that the current assets, service levels and fees and charges should largely remain unchanged,

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

4.4 Where is the proposed special variation referred to in the council's IP&R documents?

Complete Table 4.4 with all relevant page (or section) references in the mandatory IP&R documents for material related to each criterion. Add rows for other IP&R documents if necessary.

Table 4.4 Insert text

IP&R document	Page reference(s)
Criterion 1: Financial need	
Long Term Financial documents – Original adopted 17 th June 2021	Pp 6 and 14-19
Revised Long Term Financial Plan adopted 21 st October 2021 for public exhibition	Pp 4-6 and 14-17
Revised Long Term Financial Plan adopted 20 th January 2022	Pp 4-6 and 14-17..
Criterion 2: Community awareness and engagement	
2021/22 Operational Plan	P 20
Revised LTFP referring to the Community Engagement Reports (refer to attachments in Criterion 2	P 6
Community awareness and engagement section) considered by Council on 21 st October 2021 as part of Councils decision to inform IPART of its intention to apply for a SRV and to undertake further community consultation. Council report (business paper) and resolution https://www.snowyvalleys.nsw.gov.au/Council/Council-Meetings/21-October-2021-Ordinary-Meeting?BestBetMatch=%22capacity%20to%20pay%22[d13b95b2-5146-4b00-9e3e-a80c73739a64]4f05f368-ecaa-4a93-b749-7ad6c4867c1f1en-AU Engagement summary report https://www.snowyvalleys.nsw.gov.au/files/assets/public/meeting-minutes-amp-agendas/council-meetings/20211021/10.6-attachment-2-srv-community-engagemetn-summary-morrison-low.pdf and https://www.snowyvalleys.nsw.gov.au/files/assets/public/meeting-minutes-amp-agendas/council-meetings/20211021/10.6-attachment-3-srv-community-engagement-report-30.09.21.pdf The Final Engagement Report (January 2022) is attached at 2.1.1	P 46

Criterion 3: Impact on ratepayers

Revised Long Term Financial Plan – High Level impact
<https://yourvoice.svc.nsw.gov.au/srv>

P 14 plus link to Have
Your Say – SRV on
Councils website p1.

Table 4.5 Criterion 4 attachments

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

a. If document only relevant in part.

Criterion 5 Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

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

To complete the questions, refer to the Application Guide for SV Application Form Part B.

Refer also to the Information Paper, *Special Variations in 2022-23* –

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

In the text box explain the council's overall approach to improving productivity, containing costs, increasing own source revenue in the context of its operations and IP&R resource planning.

As part of the merger process, following the expiry of the transitional staffing protections, Council on 24 October 2019 approved a restructure. The report, page 63, indicated potential gross savings of \$1 million with \$0.5 million invested in future pathways employment program resulting in an estimated annual saving of \$0.5 million. This has been incorporated into Council's LTFP. The report can be found on Council's website – [https://www.snowyvalleys.nsw.gov.au/Council/Council-Meetings?dlv_OC%20CL%20Public%20Meetings=\(dd_OC%20Year=2019\)](https://www.snowyvalleys.nsw.gov.au/Council/Council-Meetings?dlv_OC%20CL%20Public%20Meetings=(dd_OC%20Year=2019))

Council has had in place a Financial Sustainability Plan for a number of years with v1.1 reviewed and updated as part of the 2021/22 IP&R process. The current version, V2 was adopted by Council on 17 June 2021, with V1.1 adopted 20 February 2020. Attached at 5.1.1 is Sustainability Plan V1.1 and 5.1.2 V2.

\$600,000 of the savings identified in the sustainability plan V2 are included as productivity savings in the three SRV options that Council developed and presented to the community as part of the engagement process.

These savings are included in the revised LTFP that was adopted by Council.

Council will also investigate and evaluate further productivity saving potential into the future, such as overtime and vacancy freezes where services and community safety are not jeopardised. This is further exacerbated, given the lower than expected rate peg announced for 2022/23 (which at 0.7% does not cover the real cost increases experienced by Council).

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

In the text box:

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

The key initiatives undertaken since the 2016 merger have included:

- Review staff resources and structure –organisational structure review including removal of FTE positions; contract to casual staff; regrading staff positions; changing in staff levels for some services.
- Continue operation of PMO
- Prepare rates options study
- Update LTFP and undertake community engagement to improve sustainability
- Prepare service Management Plans
- Review Council's procurement processes
- Review fees and charges
- Review depreciation expenses
- Revise Delivery program to focus on services
- Reduce leave entitlements
- Improve financial reporting and budgeting processes
- Continuous review of vacant positions

In relation to the \$600,000 productivity savings, Council is expected to realise \$100,000 in 2021/2022 with the balance to be realised in 2022/23.

b. Outline the outcomes which have been achieved.

The quarterly Operational Plan reports to Council for 2020/21 detailed the implementation progress of the sustainability plan V1.1, namely

- Council report 18 February 2021 – Attachment 10.4 item 4.3.9
- Council report 20 May 2021 – Attachment 10.4 item 4.3.9
- Council report 19 August 2021 – Attachment 10.4 item 4.3.9

Some of the outcomes achieved are rates option study, LTFP updated with scenarios, service management plans drafted, initial review of fees and charges, strategic business plan for commercial works, transport assets depreciation review and improved level detail in budgets.

Further Council has budgeted productivity operational savings of \$100k in 2021/22 and future savings of \$500k in 2022/23. Of these planned savings, the removal of 6.2 FTE from the organisational structure from October 2021 resulted in higher than budgeted savings of \$280K for 2021/22 with \$390K ongoing savings. Further reviews of vacancies and overall organisational structure will deliver the additional savings required to achieve the planned savings by 2022/23.

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

As detailed in section 5.1 and 5.2 a. and b. above

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

In the text box summarise the council's ongoing efficiency measures.

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

Council will continue to review and implement actions detailed in that attached Financial Sustainability Plan including the \$600k productivity savings.

Council will also investigate and evaluate further productivity saving potential into the future, such as overtime and vacancy freezes where services and community safety are not jeopardised. Given the lower than expected rate peg announced for 2022/23 (which at 0.7% does not cover the real cost increases experienced by Council) and the continuing funding of new assets by the NSW State through grants, Council is aware that further productivity savings are required to achieve the updated LTFP.

b. Estimate their financial impact.

As detailed in a. above.

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

The financial benefits from the current Financial Sustainability Plan are currently estimated at \$600,000, the productivity savings are included in the revised LTFP adopted 20 January 2022.

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

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

As a measure of Council's overall productivity and efficiency over time, the OLG performance ratios illustrate in the table below (Sourced LG Solutions), vary in levels of performance. In comparison with other Councils within the same classification. The operating performance ratio has trended downward, however more significantly for Snowy Valley Council (SVC). However, SVC has performed very well in renewing and maintaining assets which is reflected in a low backlog ratio.

OLG Performance Measures	Snowy Valley Council			Councils' Classification Average		
	2021	2020	2019	2021	2020	2019
Operating performance ratio	-4.1%	-11.1%	1.84%	0.3%	-0.4%	1.4%
Own source operating revenue ratio	51.6%	56.9%	60.94%	57.6%	59.3%	61.9%
Unrestricted current ratio	2.81	3.35	3.83	2.82	2.50	2.92
Debt service cover ratio	4.73	3.43	7.39	5.08	4.78	5.68
Rates, annual charges, interest and extra charges o/s	5.6%	7.0%	4.27%	7.5%	8.5%	7.1%
Cash expense cover ratio	7.46	9.92	13.84	11.57	11.74	12.30
Infrastructure renewals ratio	198.0%	126.2%	135.24%	122.8%	105.8%	98.1%
Infrastructure backlog ratio	0.2%	0.2%	0.05%	3.6%	3.1%	3.4%
Asset maintenance ratio	100.0%	100.0%	100.00%	99.8%	102.1%	100.8%
Cost to bring assets to agreed service level	0.2%	0.2%	0.04%	2.9%	2.5%	2.7%

Other than own source revenue ratio, Council's performance is largely in line with the performance with other Councils in their classification.

Further Council produced a background paper – 'Comparison to other Councils' for community engagement and is found at attachment 1.2.7 of this application.

Table 5.1 Criterion 2 Attachments

Council-assigned number	Name of document	Page references ^a
5.1.1	SVC Financial Sustainability Plan V1.1	
5.1.2	SVC Financial Sustainability Plan V2	

a. If document only relevant in part.

Criterion 6 Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

6.1 Reporting requirements SV compliance

In the text box propose additional SV compliance community awareness in addition to the requirements in the IP&R documentation.

NIL

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

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

To complete the questions for Criterion 6, refer to the Application Guide for SV Application Form Part B.

In the text box the council may provide information in addition to that provided elsewhere in the Application Form which it would like us to consider when assessing its proposed SV.

NIL

Table 6.1 Criterion 6 attachments

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

a. If document only relevant in part.

Council certification and contact information

To prepare the Council certification and provide council information refer to the Application Guide for SV Application Form Part B.

Certification of application

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

Application for a Special Rate Variation

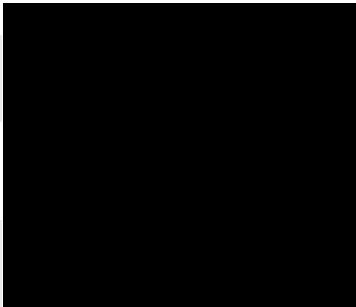
To be completed by General Manager and Responsible Accounting Office

Name of council:	Snowy Valleys Council
We certify that to the best of our knowledge the information provided in this application is correct and complete.	
General Manager (name):	Matthew Hyde (CEO)
Signature and Date:	<div><div>X</div><div></div></div>
Responsible Accounting Officer (name):	Susanne Andres (CFO)
Signature and Date:	<div><div>X</div><div></div></div>

Council contact information

General Manager

General Manager contact phone
General Manager contact email



Primary council contact

Council contact phone
Council contact email
Council email for inquiries about the SV application

info@svc.nsw.gov.au

List of attachments

To prepare the List of attachments, refer to the Application Guide for SV Increase Application Form Part B, List of attachments.

To complete (adding rows as necessary):

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

List of attachments to the council's application

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
Form Part A	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
Form Part B	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
	Council resolution to apply for the for the minimum rate increase variation	<input type="checkbox"/>
	Certification	<input checked="" type="checkbox"/>
	If applicable for Description and Context Question 4	<input type="checkbox"/>
	Instrument for expiring special variation	<input type="checkbox"/>
	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
	If applicable for Description and Context Questions 5 and 6	<input type="checkbox"/>
	Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
	Relevant instrument(s) for past special variations (if applicable)	<input type="checkbox"/>
	Evidence of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
	Mandatory public supporting material (i.e. to be published on IPART's website)	<input type="checkbox"/>
	Community Strategic Plan – Relevant extracts	<input checked="" type="checkbox"/>
	Delivery Program – Relevant extracts	<input checked="" type="checkbox"/>
1.2.1 1.2.2	Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	<input checked="" type="checkbox"/>
1.2.3 1.2.5 1.2.6 1.2.7 1.2.8 2.1.2 2.1.6	Consultation material, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation	<input checked="" type="checkbox"/>
2.1.1 2.1.3 2.1.4 2.1.5	Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
3.1.1	Willingness to pay study (if applicable)	<input checked="" type="checkbox"/>

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
3.1.2	Hardship Policy	<input checked="" type="checkbox"/>
Other public supporting material		
	Asset Management Strategy / Plan(s) (if applicable)	<input type="checkbox"/>
1.2.4	Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)	<input checked="" type="checkbox"/>
	NSW Treasury Corporation report on financial sustainability (if applicable)	<input type="checkbox"/>
5.1.1 5.1.2	Council Sustainability Plan	<input checked="" type="checkbox"/>
Confidential supporting material (i.e. not to be published on IPART's website)		

Important information

Submitting online

Applications must be submitted through the Council portal by Monday, 7 February 2022.

- A file size limit of 10MB applies to the Part B Application Form.
- For supporting documents (Attachments) a file size limit of 70MB applies to public documents, and another 50MB to confidential documents.

Confidential content

We will post all applications (excluding confidential content) on our website.

Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, a document such as a council working document that does not have formal status, or document which includes commercial-in-confidence content.

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

Publishing the council's application

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