

The Independent Pricing and Review Tribunal (IPART)
PO Box K35
Haymarket Post Shop NSW 1240

Att. Sheridan Rapmund, Director
Email: [REDACTED] [@ipart.nsw.gov.au](mailto:[REDACTED]@ipart.nsw.gov.au)

15 November 2022

Dear Ms Rapmund

REQUEST FOR EXTENSION AND INTENTION TO APPLY FOR A SPECIAL RATE VARIATION

I refer to our meeting held on 26 August 2022 where I indicated there may be the need for Strathfield Council to make an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) and Minimum Rate (MR) Application.

This would allow for the SRV and MR application to be implemented from 1 July 2023 in order for the Council to start transitioning towards achieving long term financial sustainability. This application, if submitted, would be in accordance with Section 508(A) of the Local Government Act 1993, to increase general rates revenue, to be retained permanently in the rate base.

Since our initial meeting, we have completed a significant body of work as follows

- Detailed review of asset conditions for roads, bridges, footpaths and building assets to determine the condition of each asset class and the current renewal backlog more accurately
- Identified operational improvements to be implemented as part of our service delivery model
- Reviewed our rating structures and rating categories with the intention to change from the current Base plus Ad-Valorem rating structure to a Minimum plus Ad-Valorem rating structure in addition to introducing new Business Sub-Categories for Industrial areas based on centre of activity from 1 July 2023
- Reviewed our Domestic Waste Management Charge to determine a new, lower charge from 1 July 2023 based on a reasonable cost for the service and in accordance with the legislation for determining the Domestic Waste Management Charge
- Updated our Delivery Program, Operational Plan and Resourcing Strategy including the Asset Management Plans and Policies, Long Term Financial Plan (LTFP) and Workforce Plan to be re-exhibited during December 2022 to January 2023 for community consultation

We have, since our last meeting updated our projections in our LTFP without any additional funding indicate that Council has an estimated funding shortfall of around \$120 million over the next 10 years. Our Council is considering a number of options to address this including the implementation of sustainable operational

improvements for revenue and expenditure, external loan funding as well as an SRV coupled with changes to our rating structure.

To achieve a financially sustainable outcome, Council requires an SRV of around 74% (inclusive of the 3.7% rate peg for 2023/24) if implemented over 1 year. We are also looking at the option of an SRV over multiple years, which results in a higher cumulative SRV inclusive of the rate peg over the multi-year timeframe.

Overall, the proposed SRV will allow Council to:

- maintain service levels as close as possible to current levels,
- fund ongoing maintenance,
- fund renewal of infrastructure assets,
- increase capacity to renew deteriorating assets,
- ensure and improve financial sustainability,
- reduce reliance on external grant funding for asset renewals.

As such, due to the scale of the funding shortfall and the size of the required SRV, I will be recommending to the Council at their meeting on 6 December 2022 that we commence community consultation for the purpose of submitting an IPART application for an SRV and MR variation to be implemented from 1 July 2023.

As you might recall, I commenced at Strathfield Council as the General Manager in August 2022. Prior to me commencing, the Councillors had not been made aware of the scale of the financial challenges it faced, nor had the issue of financial sustainability been previously contemplated as part of the Integrated Planning and Reporting documents adopted by the new Council earlier this year. This means to date there has not been any of the required community consultation with the community on the need for an SRV as is required to support any SRV or MR variation application with IPART.

As you would appreciate, since we commenced this review, we have been dealing with extremely tight time frames. This has meant that the earliest Council could resolve to commence community consultation is on 6 December 2022. On the assumption, Council provides approval for community consultation to commence, we intend to consult with the community from 7 December 2022 with the intention of finishing consultation by the end of January 2023. We recognise that this timeframe is not ideal as it is over the Christmas and summer holiday period, which is why we would like our consultation to be longer than the normal 28 days.

Consequently, it will be difficult for us to complete the required community consultation for our SRV and MR applications and be in a position to report the outcomes of the consultation to Council before the IPART application due date of 3 February 2023. In this regard, due to the extenuating circumstances set out above and the importance of giving Council the best chance to start transitioning to becoming financially sustainable, I would like to request the Tribunal consider providing Strathfield Council with an extension till 28 February 2023 for our application to be lodged with IPART.

Should you require further information or wish to discuss the matter, please contact me on [REDACTED] or via email at [REDACTED]@strathfield.nsw.gov.au.

Yours sincerely,

[REDACTED]
Michael Mamo
General Manager