



Special Variation Application Form Part B

Name of Council

Application Form

2023-2024

Local Government »



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

Edward Jenkins (02) 9113 7774

Sheridan Rapmund (02) 9290 8430

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	Strathfield Council
Date submitted to IPART	3 March 2023

About this application form

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

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

The SV Application Form Part B consists of:

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

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

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

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

Preparing your application

How much information should a council provide?

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

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

Attaching supporting material

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

Confidential content in supporting material

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

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

Submitting the application online

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

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

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

Publishing the council's application

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

Description and Context

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

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

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

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

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

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

Special variation type	<input type="checkbox"/> Section 508(2)	<input checked="" type="checkbox"/> Section 508A
Permanent or Temporary	<input checked="" type="checkbox"/> Permanent	<input type="checkbox"/> Temporary

Table 1 The council's proposed special variation

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Is this year in the SV period?	yes	yes	yes	yes	no	no	no
Percentage increase (including the rate peg)	35.1%	13.0%	17.5%	7.5%			
Cumulative percentage increase over the SV period for s 508A (including the rate peg)	92.80%						

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

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

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

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

- improving financial sustainability
- maintaining existing services and service levels generally
- providing new or enhanced services or service levels for specific council operations

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- implementing new projects or activities, e.g. environmental works
 - reducing infrastructure backlogs for asset maintenance and/or renewals
 - investing in new assets
 - contributing to projects of regional significance
 - meeting special cost pressures faced by the council
 - meeting the shortfall where contributions for local infrastructure are capped.

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

The key purpose of Council's proposed SV is to improve financial sustainability, maintain existing services and service levels and reduce infrastructure backlogs through funding appropriate levels of asset renewals. Council's Revised 2022-2033 Long Term Financial Plan November 2022 (attachment 5) forecasts for base case General fund operating deficits to 2033. The average operating deficit for the ten-year forecast period is estimated at \$13.0 million per annum. The annual operating deficits for Council's General Funds are forecast to exceed \$15 million by 2033 and there is a cash deficit forecast over the next 10 years in excess of \$75 million. Unless current levels of income are increased, Council will be unable to sustainably resource renewal of assets nor maintain current services. Under this scenario Council is expected to run out of unrestricted cash by 2026 and total cash in 2029.

The decision to apply for a special variation (SV) was taken following a complete review of Council's long-term financial sustainability and an organisational service review in March and April 2022 (see attachment 15 – Organisational Service Review and Improvement Plan Report). The financial sustainability review identified a significant residual funding gap that places Council's financial sustainability at risk unless significant intervention and action is taken. One of the key findings of the review was the desire by Council to address the inequity in Council's current rating structure. The rate structure objectives of Council are to:

- have a more equitable rating structure
- create a sustainable rating structure for the future
- maximise the rates income from future rate assessment growth
- rebalance the income generated for provision for general fund services.

As part of the rate review Council identified an estimated \$4 million of annual revenue currently being levied through domestic waste charges that are required to be levied through general rates. This would reduce the revenue collected from residents through the domestic waste management charge by around \$4 million annually, reducing the annual charge by \$245 per residential ratepayer. This represents a 20.3% SV increase in general rates.

Another key outcome of the financial and organisational sustainability reviews was the need for a special variation to address the long-term funding shortfall for General Fund operations.

Council resolved to undertake community engagement, on the potential special variation and the introduction of a minimum rate structure, on 6 December 2022 (attachment 8). The Revised 2022-33 Long Term Financial Plan November 2022 (attachment 5) and Revised Delivery Program 2022-2026 (attachment 2) were displayed as part of the engagement process, the Revised 2022-33 Long Term Financial Plan November 2022 (attachment 5) outlines the originally proposed SV and minimum rate introduction and increase as scenario two. Following and in response to community feedback, Council resolved to introduce a two-year minimum structure and a slightly revised SV over four years and to proceed with the application for a special variation, on 28 February 2023 (attachment 3). A Final 2022-33 Long Term Financial Plan February 2023 (attachment 6) was also adopted, on 28 February 2023 (attachment 3), to incorporate the revised four-year SV and two-year minimum rate introduction and increase.

The variation in rates will work in parallel with an ongoing improvement program of savings, additional resources and productivity improvements, which has already achieved \$2 million in annual savings, with a further \$1.3 million in ongoing savings embedded into the exhibited Revised 2022-33 Long Term Financial Plan November 2022 (attachment 5).

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

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

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

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

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

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

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

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

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

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

Does the council have an ordinary rate(s) subject to a minimum amount?	No
Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time?	Yes
Which rates will the increases apply to?	Residential and business
If the increase will apply to only some subcategories, specify	N/A
Does the council propose to increase the minimum amount of its ordinary rate(s)? if so, by what percentage?	a different percentage 93% over two years – with the introduction of the minimum rate in the first year, using the average rate in 2022/23 for those ratepayers, who will be on a minimum, using the current base rate structure.
What will the minimum amount of the ordinary rate(s) be after the proposed increase?	\$1,200
Has the council submitted an application for a minimum rate increase?	Yes

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?	No
What will the minimum amount of the ordinary rate(s) be after the proposed increase?	\$Click to enter amount

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

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

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

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

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

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

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

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

Provide the information as requested in the question boxes.

Does the council have an SV which is due to expire on 30 June 2023? 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? Choose an item.

If Yes to either question: Click or tap here to enter text.

a. When does the SV expire?

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:

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

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

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

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

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

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

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

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

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

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

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

- Specify the percentage increase(s) and duration of the SV.

- Outline the council's actions in complying with conditions in the instrument approving the original SV.
- Describe any significant changes relevant to the conditions in the instrument since it was issued.

[Click here to enter text.](#)

Attachments required:

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

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

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

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

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

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

Does the council have a section 508(2) or 508A SV which IPART has approved in the past five years?	No
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If yes to the above question, in the text box, for each SV approved in the past five years, briefly:

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

[Click here to enter text.](#)

Attachments required:

- A copy of the relevant instrument(s) approving SVs issued by IPART in the past five years.
- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s).
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s).

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

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

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

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

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

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

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

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

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

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

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

[Click here to enter text.](#)

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

[Click here to enter text.](#)

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

[Click here to enter text.](#)

Criterion 1 – Need for the Special Variation

Criterion 1 in the SV Guidelines is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 2 Criterion 1 components

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<p>The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the SV) is clearly articulated and identified in the council's IP&R documents</p>	<p>Council identified in its Revised Delivery Program 2022-2026 (attachment 2) that "in December 2021 the new Council was elected and immediately identified long term financial sustainability as a priority of Strathfield Council for this term. In addressing this priority, a thorough review of Council's operations and finances was conducted. During this process, a range of funding gaps were identified." It also highlighted that one of the councillors' key priorities is "ensuring Council is financially sustainable and provides value for money and deliver high quality customer focussed services across all Council areas".</p> <p>This is further detailed within Council's Revised Long Term Financial Plan 2022-2033 November 2022 (attachment 5), exhibited during the community consultation period, which reinforces that "Council can no longer keep expenditure contained within the levels forecasted in the LTFP without significant impact on service delivery to the community" and that "Council is not collecting enough money each year to adequately cover the increasing cost of normal operations and maintain community infrastructure." It also outlines that for Council "to achieve long term sustainability requires a combination of improvement savings identified in Council's Improvement Program, transfer of a portion of Domestic Waste Management (DWM) income to the General Fund, increased renewal spend and a Special Rate Variation".</p> <p>This is supported by Council's Asset Management Strategy and Plans for each asset class, which were recently reviewed and updated. Council's Transport Asset Management Plan (attachment 18) outlines that Council has a \$17.3 million transport asset backlog, which, without increase funding, would increase to \$25 million by 2033. It also highlights that with "budget levels detailed in the current LTFP (Option 1) will result in Council delivering reduced levels of service into the future". Council's Buildings Asset Management Plan (attachment 19) also identifies that "funding the current budget levels detailed in the current LTFP (option 1) will result in Council delivering slightly lower than current levels of service into the future." It highlights a backlog of \$2.767 million and condition of 2.22, which will only be slightly reduced by year ten with no additional spend. The Bridges Asset Management Plan (attachment 20) identifies a \$952,000 backlog which will not improve by year ten without additional spending.</p>	<p>Attachment 2, Revised Delivery Program 2022-2026, section Mayor's Message, p. 2, and section Councillor 2022-2026 Priorities, p.10.</p> <p>Attachment 5, Revised Long Term Financial Plan 2022-2033, section 1.2, p3, and section 1.3, p.4, and section 1.4, p. 5.</p> <p>Attachment 18, Strathfield Transport Asset Management Plan, section 6.3, p. 39.</p> <p>Attachment 19, Strathfield Buildings Asset Management Plan, section 6.3, p. 41.</p> <p>Attachment 20, Strathfield Bridges Asset Management Plan, section 6.3 p. 35.</p>
<p>In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.</p>	<p>Council's Revised Long Term Financial Plan 2022-2033 November 2022 (attachment 5) outlines two scenarios in order to establish alternative options to the proposed SV and highlight the extent of the financial sustainability problem faced by Council. It also states that "without</p>	<p>Attachment 5, Revised Long Term Financial Plan 2022-2033</p> <p>Attachment 6, Final Long Term Financial Plan 2022-2033.</p>

	<p>the rate increase, there will be a need to generate savings through service rationalisation to create a fully funded operating position, enabling an appropriate level of fully funded asset renewal expenditure". In addition to this, it highlights that the cost and productivity improvements that Council is already making and will be implementing on an ongoing basis, "will reduce the size of the funding shortfall with the initial net benefit of some \$1.3 million in 2023/24 increasing to an estimated \$2.5 million by 2033." It also advises the community that "in order to fast-track its asset renewal program, Council plans to supplement the SRV by borrowing up to \$42 million." These alternatives have contributed to reducing the financial gap and proposed SV, however, they are not enough to improve Council's financial sustainability to the extent required to meet Council's obligations in the Local Government Act.</p> <p>Councillors were canvassed, over multiple workshops and Council meetings, on the options in relation to Council's proposed improvement plan and alternative to an SV, as well as alternative minimum options and six SV options from one to five years, with an additional four-year option added following community feedback. The scenario on which Council resolved to apply can be seen in the Final Long Term Financial Plan 2022-2033 February 2023 (attachment 6), which outlines the revised four-year SRV and two-year minimum rate introduction.</p>	
<p>In demonstrating this need councils must indicate the financial impact in their LTFF</p>	<p>Council's Revised Long Term Financial Plan 2022-2033 November 2022 (attachment 5) indicates that it has "an average operating general fund deficit for a 10 year forecast period of \$13.0 million pa", "the current General Fund Base Case has insufficient money to maintain current service levels and asset renewals", that Council will be in "a negative cash position by 2029" and will be "under funding for expected growth and expanded services." The document outlines the extent of the financial sustainability challenge facing Council through the base case scenario and highlights how much the SV and introduction of minimum rate will improve Council's financial position and ability to reduce the asset backlog through the second (SV and minimum) scenario.</p> <p>This is clarified further in Council's Final Long Term Financial Plan 2022-33 February 2023 (attachment 6), which outlines the proposed SV and minimum rate introduction, following the update due to community feedback and councillor canvassing. The comparative operating performance ratios and cash balances of the two modelled scenarios are compared again within the Final Long Term Financial Plan 2022-33.</p>	<p>Attachment 5, Revised Long Term Financial Plan 2022-2033, section 1.3, p.4.</p> <p>Attachment 6, Final Long Term Financial Plan 2022-2033.</p>
<p>The IP&R documents and the council's application should provide evidence to establish this criterion. This could include evidence of community need/desire for service levels/projects and limited council resourcing alternatives.</p>	<p>The primary purpose of the SV is to ensure that Council meets its obligations under section 8B of the Local Government Act to employ sound financial management principles. The proposed SV and minimum rate introduction will ensure Council's financial sustainability into the future and ensure an equitable rating structure for all ratepayers.</p> <p>The Revised Delivery Program 2022-26 discusses that "ongoing core costs and externally imposed obligations on local governments are outpacing revenue growth and placing council budgets under increasing pressure. Unless current levels of income are increased Council will be unable to resource renewal of assets and maintain current services."</p>	<p>Attachment 1, Community Strategic Plan, pp. 28-29</p> <p>Attachment 2, Revised Delivery Program 2022-2026, p. 15, p. 23 and p.28</p> <p>Attachment 5, Revised Long Term Financial Plan 2022-2033, section 1.3, p. 4 and section 4.7, p. 15.</p>

Both the Community Strategic Plan and the Revised Delivery Program 2022-26 identify that community engagement feedback showed that "well-maintained transport services and infrastructure", "exemplary local governance" and "equitable access and availability of a wide range of local community, recreation and leisure facilities, programs and activities" are important to the Strathfield community. The documents also highlight that the community has "significant concerns about population and housing growth and their impact on the local area". This feeds into the need to introduce a minimum rate structure to ensure a fairer and more equitable rating structure for Council's ratepayers.

The Revised Long Term Financial Plan 2022-33 November 2022 confirms that while changes were implemented and planned, following the completion of Council's Organisational Service Review and Improvement Plan report, will "lead to an improvement in sustainability, alone they will not be sufficient for Council to be financially sustainable. In simple terms, Council is not collecting enough money each year to adequately cover the increasing cost of normal operations and maintain community infrastructure."

The proposed SV will also allow Council to reduce the revenue collected from residents through the domestic waste management charge by around \$4 million annually, representing a decrease of \$245 per residential ratepayer. This will not reduce Council's ability to provide waste services to the current level nor would it reduce the ability to fund the domestic waste capital expenditure program.

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

Council engaged Morrison Low to facilitate a complete review of Council's long-term financial sustainability and an organisational service review in March and April 2022 (see attachment 15 – Organisational Service Review and Improvement Plan Report). The financial sustainability review identified a significant residual funding gap that places Council's financial sustainability at risk unless significant intervention and action is taken. Morrison Low used their Long-Term Financial Plan forecasting tool to undertake the analysis and assessment of Council's financial sustainability, the details of which are included in both the Revised Long Term Financial Plan 2022-2033 November 2022 (attachment 5) and Final Long Term Financial Plan 2022-2033 February 2023 (attachment 6) documents.

Attachment 15, Organisational Service Review and Improvement Plan Report

Attachment 5, Revised Long Term Financial Plan 2022-2033

Attachment 6, Final Long Term Financial Plan 2022-2033

It is evident from the financial analysis that Council has an ongoing operating deficit for General Fund operations that needs to be addressed immediately. Despite the identification of operating savings Council requires a special variation to maintain current service levels and improve the asset backlog.

Morrison Low has an extensive track record in undertaking financial and operational sustainability assessments for Councils in NSW.

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

There are no rate increases that have been deferred under section 511 of the Local Government Act.

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

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

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

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

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

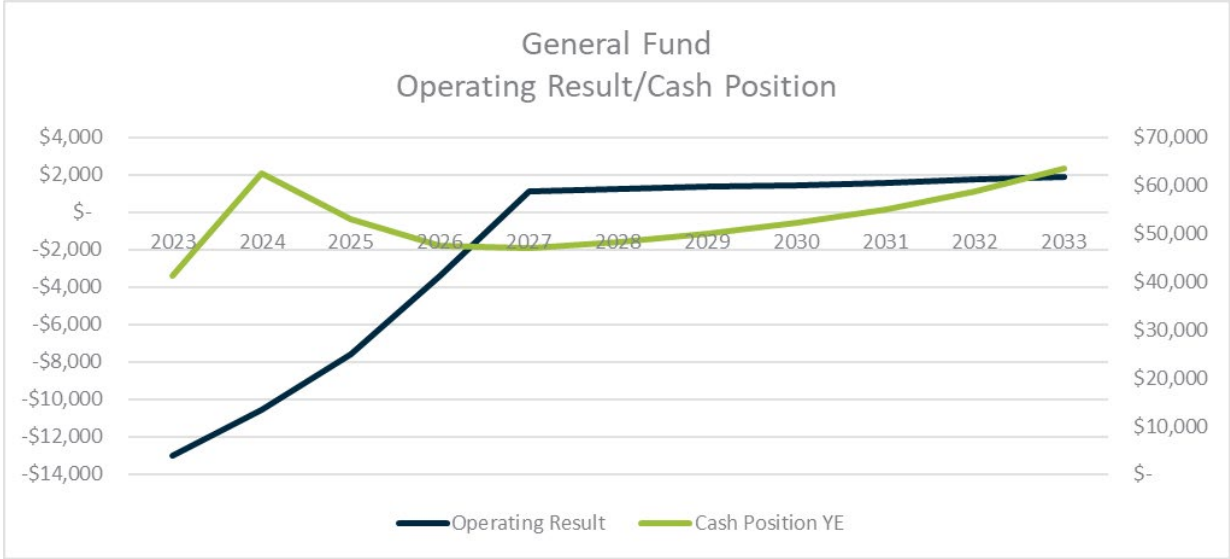
Table 3 Council's financial sustainability

Item	Description	Reference to IP&R documents
<p>Improve the councils underlying financial position for the general fund</p>	<p>Council's consolidated operating results for 2019/20, 2020/21 and 2021/22 have been deficits of \$1.3m, \$5.5m and \$5.9m respectively. For 2022/23 General Fund estimated operating deficit was \$6.286m.</p> <p>Council has made efforts to address the operating deficit position for General Fund with a comprehensive organisational review of services and operations. This work identified significant savings that have been implemented along with a further \$1.3m savings a year. Council also recognised the need to transfer a portion of Domestic Waste Management (DWM) income in the order of \$4.0m to the General Fund ordinary rates.</p> <p>As part of this review Council also undertook asset data collection and analysis to validate the current condition of assets. Unfortunately, the asset condition has worsened since 2019 with the backlog ratio increasing from 0.25% to 4.21%. The backlog ratio is the cost to bring all assets to a satisfactory condition as a proportion of the total asset value. The Office of Local Government has set a benchmark for this ratio at less than 2%. This means Council needs to spend more on renewing its assets. Council is planning to spend around \$12.1 m per year to reduce the backlog to 3.1% over the next 10 years and improve the safety and condition of assets.</p> <p>While these changes will lead to an improvement in General Fund sustainability, alone they will not be sufficient for Council to be financially sustainable. In simple terms, Council is not collecting enough money each year to adequately cover the increasing cost of normal operations and maintain community infrastructure.</p> <p>Council's revised business as usual (Base Case) 2022-2033 Long Term Financial Plan (LTFP) forecasts year on year operating deficits to 2033. The LTFP base case analysis forecasts:</p> <ul style="list-style-type: none"> • An average operating general fund deficit for a 10-year forecast period of \$13.0 million pa 	<p>Attachment 5, Revised Long Term Financial Plan 2022-2033</p> <p>Attachment 6, Final Long Term Financial Plan 2022-2033</p> <p>Attachment 21, Extraordinary Council Meeting 28 February 2023 SV Report</p>

- The current General Fund Base Case has insufficient money to maintain current service levels and asset renewals
- A negative cash position by 2029
- Under funding for expected growth and expanded services.

In conjunction with the above assumed improvements and renewal asset spend, the Final Long Term Financial Plan 2022-2033 details that Council intends to apply to the Independent Pricing and Regulatory Tribunal, in accordance with the Council report February 28, 2023 (attachment 21) for:

- a permanent continuing special rate increase, over four years with a total cumulative increase of 92.8%, of which includes the 20.3% increase resulting from the transfer of domestic waste income to residential rates.
- replacement of Council's Base Rate structure with a Minimum Rates structure. The minimum rate of \$1,200 would be introduced incrementally over a two-year period. The financial sustainability outcome as a result of improvement plan implementation and the proposed special rate is detailed in the following graph (page 25 attachment 6), demonstrating a sustainable Council.



And / Or

Fund specific programs of expenditure

Other (please overwrite cell to add other item)

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

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

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

The proposed SV will enable Council to deliver modest surpluses in the General Fund and as a result, a small positive Operating Performance Ratio, while achieving and maintaining an unrestricted current ratio greater than 100% from 2023/24. At the same time, Council will be able to invest in asset renewal to address the backlog ratio, which over the period improves to 3.1% by 2029/30. Council will continue to review and assess the level of asset maintenance to ensure assets remain fit for purpose for community use. This may require some rebalancing of asset spend over the 10-year forecast period.

In Table 5 please provide the councils key financial indicators.

Table 5 Council financial indicators

Ratio	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Operating performance ratio excluding capital items	-8.02%	-41.5%	-24.4%	-11.7%	-1.9%	11%	1.2%	1.3%	1.4%
Own source revenue ratio	79.17%	48.5%	64.0%	67.4%	88.6%	89.2%	89.5%	89.7%	89.9%
Building and asset renewal ratio	70.2%	92.0%	188.8%	107.6%	104.0%	101.9%	100.0%	98.5%	98.8%
Infrastructure backlog ratio	4.21%	4.0%	3.5%	3.3%	3.3%	3.2%	3.2%	3.2%	3.1%
Asset maintenance ratio	126.1%	109.5%	97.1%	97.8%	96.1%	94.7%	93.3%	92.1%	91.0%
Debt service ratio	0.0%	0.0%	139.0%	365.0%	575.0%	670.0%	701.0%	733.0%	763.0%
Unrestricted current ratio	3.0%	61.7%	138.6%	112.8%	104.9%	104.2%	105.4%	108.3%	114.7%
Rates and annual charges ratio	4.39%	4.39%	4.39%	4.39%	4.39%	4.39%	4.39%	4.39%	4.39%

Criterion 2 – Community awareness and engagement

Criterion 2 in the SV Guidelines is:

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

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

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

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

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

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

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

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

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

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

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

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
<p>Evidence that the community is aware of the need for and extent of a rate rise.</p>	<p>A strong and robust community engagement process was undertaken on the proposed SV and minimum rate increase, from 6 December 2022 – 31 January 2023. This reached a broad range of ratepayers by utilising a variety of engagement methods, as detailed in the Community Engagement Summary Report (attachment 12 and Community Engagement Plan (attachment 11). Council undertook extensive engagement with resident households, non-resident ratepayers and businesses, through utilising print, digital, social media and in-person discussions. To assist the community in understanding the proposals, Council provided information meetings, pop-up stalls or dealt directly with inquiries for further information.</p> <p>A total of 19,438 physical information packs were distributed to households and businesses. 6,607 letters including this pack were distributed to non-resident ratepayers. 2,229 emails were distributed to online ratepayers. Council established an online SRV community engagement website which provided a wide range of information and event information at https://haveyoursay.strathfield.nsw.gov.au/protectingourfuture. The site could be read in 10 languages, reflecting the most used within the Strathfield community, and it attracted 3,046 views, 1,941 visits and 1,340 visitors.</p> <p>Council proposed two options for the SV, either applying in one-year or over four years. The community survey asked which option was preferred. 56% of survey responses preferred the multi-year option over a one-year option. 81% of survey respondents stated that they were aware of the SV proposals and 70% of survey respondents stated they understood the information provided by Council. The community were advised that the SV proposals were intended to address the financial sustainability of Strathfield Council and address funding gaps, especially infrastructure backlogs. The SV survey asked if they supported Strathfield Council remaining financially sustainable, now and into the future. 84% of survey respondents agreed with this statement.</p>	<p>Attachment 12, SRV Community Engagement Summary Report</p> <p>Attachment 11, SRV Community Engagement Plan</p>

<p>The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category.</p>	<p>The Delivery Program and Long-Term Financial Plan were prepared in accordance with the Office of Local Government’s IP&R guidelines and requirements. The Long-Term Financial Plan references the impact of the SV on Council and community. The impact on average rates for all rating categories was clearly set out as part of the community consultation information, noting that the final proposed SV (with which Council resolved to proceed with an application for) is cumulatively slightly lower than was consulted on, due to community feedback received. The extent of the General Fund rate rise under the SV was provided on the Have Your Say Strathfield page (https://haveyoursay.strathfield.nsw.gov.au/protectingourfuture), in the physical information pack/booklet that was mailed out, the SRV background paper and in all presentations made throughout the engagement period.</p>	<p>Attachment 2, Revised Delivery Program 2022-2026.</p> <p>Attachment 6, Final Long Term Financial Plan 2022-2033.</p> <p>Attachment 16, SRV Booklet</p> <p>Attachment 10, SRV Community Engagement Background Paper</p> <p>Attachment 13, SRV Presentation for Community Engagement</p>
<p>The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.</p>	<p>The full cumulative increase of the proposed SV, in both dollar and percentage terms for the average ratepayer (including by category/sub-category), were communicated in the Revised Long Term Financial Plan 2022-33, engagement materials and Council's webpage https://haveyoursay.strathfield.nsw.gov.au/protectingourfuture. To ensure residents and businesses understood what it meant to them, in-person and virtual sessions were held for residents and businesses.</p>	<p>Attachment 5, Revised Long Term Financial Plan 2022-2033,</p> <p>Attachment 16, SRV Booklet</p> <p>Attachment 10, SRV Community Engagement Background Paper</p> <p>Attachment 13, SRV Presentation for Community Engagement</p>
<p>The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.</p>	<p>Council adopted an inform and consult approach, using the IAP2 Community Engagement Framework and developed a comprehensive engagement activity program to inform the community on Council's financial sustainability and the need for an SV.</p> <p>As per the Community Engagement Summary Report, to ensure that all stakeholders were aware of the proposals and had the opportunity to provide feedback, Council undertook extensive engagement with resident households, non-resident ratepayers and businesses, through utilising print, digital, social media and in-person discussions. A wide range of information, as well as surveys, were available on the online SRV community engagement website at https://haveyoursay.strathfield.nsw.gov.au/. Awareness of the proposal was promoted throughout the LGA with signage on banners in highly visible locations, Council buildings and bus shelters.</p>	<p>Attachment 12, SRV Community Engagement Summary Report</p> <p>Attachment 11, SRV Community Engagement Plan</p>
<p>Explain the action, if any, the council took in response to feedback from the community</p>	<p>Council staff and councillors responded to questions and feedback in the community meetings and drop-in sessions, as well as via email and online during the community engagement period. A summary of responses can be found in the Community Engagement Summary report.</p>	<p>Attachment 12, SRV Community Engagement Summary Report, section 4, pp. 19-23.</p> <p>Attachment 21, SRV Council Report – Council Meeting 28 February 2023, p. 13.</p>

Community feedback raised concerns about the inequity of the proposed rate increases between houses and units, with the majority of the increase being levied on owners of houses, not units. Considering the community concern on the inequity of the current rating structure between units and single house dwellings, Council undertook further analysis on an accelerated timetable to increase the minimum rate. After looking at the impacts of increasing minimum rates to \$1,200 over one, two and three years for both business and residential ratepayers, Council resolved to apply for an increase of minimum rates over two years, with minimum rates to rise in line with the rate peg after two years.

Given the acceleration of the minimum rate increase, the four-year SV amount has been reviewed to ensure that no more than 80% of residential rate payers are on the minimum rate during the two-year implementation phase. This has led to an increase in the SV amounts in the first two years, offset by lower increases in the last two years. This results in a reduction in the proposed overall cumulative amount of the rate increase from 99.8% to the recommended 92.8%.

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

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

N/A

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

N/A

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

Table 5 Other criterion 2 attachments

Attachment number	Name of document	Page references ^a

a. If document is only relevant in part.

Criterion 3 – Impact on ratepayers

Criterion 3 in the SV Guidelines is:

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

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

In assessing the impact, IPART may also consider:

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

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

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

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

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

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

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

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

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

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

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

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

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

For the average residential and business ratepayers, the percentage impact from the proposed SV will be as follows:

	2023-24	2024-25	2025-26	2026-27	COMPOUNDED
Forecast rate peg	3.7%	3.0%	2.5%	2.5%	12.2%
Domestic waste transfer	20.3%	n/a	n/a	n/a	20.3%
Option 2: Multi-year SRV (excluding domestic waste transfer & rate peg)	11.1%	10%	15.0%	5.0%	47.6%
Option 2: Multi-year SRV (total including domestic waste transfer & rate peg)	35.1%	13.0%	17.5%	7.5%	92.8%

In the first year of the proposed SRV's, Council intends to allocate all the DWM transfers, 20.3% to the residential rate category, and for Council's preferred four year option, around 90% of 11.1% SRV to the business subcategories of Business North and Business South in year 1 with the balance evenly distributed to other business categories and subcategories. For years two to four, the proposed SRV will be distributed evenly across the rating categories, with Council considering any further transfer to the business subcategories.

The dollar impact on average residential rates would be as follows:

Residential		Current 2022/ 23	2023/24	2024/25	2025/26	2026/ 27
Average rates	Annual Rates	845.50	1,129.65	1,276.50	1,499.89	1,612.38
	Annual increase		284.15	146.85	223.39	112.49
	Add DWM charge	795	550	550	550	550
	Annual Rates (with DWM)		1,679.65	1,826.50	2,049.89	2,162.38
	Annual increase (with DWM)		38.65	146.85	223.39	112.49

For business the impact on average rates would be as follows:

Business - Ordinary	Current 2022/23	Proposed 2023/24	Proposed 2024/ 25	Proposed 2025/26	Proposed 2026/ 27
Annual rates	4,137.26	4,845.75	5,475.70	6,433.94	6,916.49
Annual increase		708.49	629.95	958.25	482.55

Business – North (new sub-category)	Current 2022/ 23	Proposed 2023/24	Proposed 2024/ 25	Proposed 2025/26	Proposed 2026/ 27
Annual	2,587.86	4,160.46	4,701.32	5,524.05	5,938.36
Annual increase		1,572.60	540.86	822.73	414.30

Business –South (new sub-category)	Current 2022/23	Proposed 2023/24	Proposed 2024/ 25	Proposed 2025/26	Proposed 2026/ 27
Annual	5,160.21	8,476.40	9,578.33	11,254.54	12,098.63
Annual increase		3,316.19	1,101.93	1,676.21	844.09

Business – Strathfield CBD (new sub-category)	Current 2022/23	Proposed 2023/24	Proposed 2024/ 25	Proposed 2025/26	Proposed 2026/ 27
Annual	5,309.76	6,178.71	6,981.95	8,203.79	8,819.07
Annual increase		868.95	803.23	1,221.84	615.28

It should also be noted that Council will need to apply updated land revaluations provided by the Valuer General for the 2023-24 financial year. This will not impact the total amount of rates that the Council can raise, but it may impact how the rates burden is distributed across properties, and therefore may impact some individual properties' rates amounts.

In addition to the proposed SV, Council has reviewed its rating structure and is proposing to introduce a minimum structure and include business subcategories for north and south industrial/business areas and Strathfield town centre (as identified above). The purpose of the revised structure is to ensure over the shorter and longer term that all rate categories pay a fair and equitable share of rates. The minimum rate will be the same for all rating categories starting at \$1,040 in 2023/24 and increasing to \$1,200 by 2024/2025. The rate peg increase will not be applied during this transition period.

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

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

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

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

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

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

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

Please provide the councils response in the text box below.

Council engaged Morrison Low to undertake an independent analysis and evaluation of the community's capacity to meet the financial impacts of the proposed SV (Capacity to Pay report, attachment 13). The analysis observed that there are significant levels of advantage within the Strathfield LGA, along with pockets of significant disadvantage.

The Strathfield area has significant levels of advantage, as demonstrated by high levels of equivalised income, high socioeconomic scores and high levels of home ownership. At the end of the four-year period, residential ratepayers in this area will be paying an average of only \$18 per week more than they would have under the normal rate increases, therefore it is considered that there is capacity to pay.

The majority of residents within Homebush are renters (56%) and are not expected to be directly impacted by the SV as rents are generally market determined. This area has the largest proportion of population within the middle quartiles of equivalised income and has above average SEIFA scores (scoring very high when including indicators of advantage). Residential ratepayers in this area will be paying an average of just \$12 per week more than they would have under the normal rate increases, largely due to the introduction of minimum rates. Again, it is considered that there is capacity to pay.

Strathfield South has suburbs with significant advantage and those with significant disadvantage (Belfield, Greenacre). It is important for Council to acknowledge that there are areas of significant disadvantage within the community, and that it does not significantly marginalise particularly vulnerable individuals and households. Both Belfield and Greenacre, whilst relatively small (total 887 properties), have significant disadvantage as demonstrated by the very low socio-economic rankings, high levels of mortgage repayments relative to equivalised income (and corresponding relatively high levels of mortgage stress). It is noted that these suburbs have significant levels of social housing (Belfield 17%, Greenacre 27%), these residents are not expected to be directly impacted by the SV. Similarly, these suburbs have significant levels of private renters (Belfield 21%, Greenacre 27%), which are unlikely to be impacted by the SV. Finally, the suburbs of Belfield and Greenacre area will experience the smallest rates rises (Belfield average estimated increase by 2026/27 will be \$7 per week, Greenacre \$8 per week). Therefore, given an appropriate hardship policy, it is considered there is capacity to pay.

Council also benchmarked its proposed special variation increase to rates with several other Sydney metropolitan councils to consider affordability and equitability. If the full proposed increase to minimum rates is implemented, Council will remain comparable to other councils – see page 10 of attachment 10.

Council is also applying to introduce a minimum rate alongside its proposal for an SV. This is to ensure a more equitable and fair rating structure as it continues to grow as a community with increasing numbers of multi-unit dwellings. The minimum rate will be the same for all rating categories starting at \$1,040 in 2023/24 and increasing to \$1,200 by 2024/2025. The rate peg increase will not be applied during this transition period.

How does the council intend to address hardship?

Does the council have a hardship policy? Yes

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

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

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

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

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

Council offers a \$250 pensioner concession on rates if a ratepayer holds a pensioner concession card or Seniors Health Care Card and the property is a sole or principal residence. Council will also continue its financial Hardship Policy, which sets out how Council can assist ratepayers who are experiencing difficulty in paying rates on time. Dependent on certain circumstances, the policy allows Council to write-off interest charges accrued.

Council has also resolved to undertake a further review of its Hardship Policy as an outcome of the community engagement process.

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).

Council's approach to pensioner concessions is outlined within its Revised Delivery Program 2022-26 and Operational Plan 2022-23 as follows:

Council provides for rate reductions to eligible pensioners who are holders of a Pensioner Concession Card, up to a maximum of \$250.00. In 2013 with the establishment of the Stormwater Management Service Charge (minute 132/13) that eligible pensioners and Commonwealth Seniors Health Care Card Holders be exempted from the charge. This policy has continued since it was first resolved.

Council's current Hardship Policy is available online within its policy register and was highlighted within the community engagement material, including the 'Protecting our Future' information pack/booklet (attachment 16) that was sent via mail to all ratepayers.

Table 6 Criterion 3 attachments

Council- assigned number	Name of document	Page references ^a
9	Capacity to Pay Report	
7	Hardship Policy	
10	SRV Community Engagement Background Paper	10
16	Special Rate Variation Booklet	3

a. If document only relevant in part.

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

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

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

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
The Delivery program and LTFP should:		
Clearly show the impact of any rises upon the community	The Delivery Program and LTFP have been prepared in accordance with the Office of Local Government's Integrated Planning and Reporting Guidelines and Handbook. As a result, they provide commentary on the impacts of the SV on Council and the community. The formulation of the LTFP documents relied on the more detailed breakdown of information that was provided throughout the community engagement process. They also explain the extent of the proposed rate increase for the individual (and business) so that the community is fully aware of the effect of an approved and implemented SV. This information was also included within Council's community engagement documentation and is available to the community at https://haveyoursay.strathfield.nsw.gov.au/protectingourfuture .	Attachment 2, Revised Delivery Program 2022-2026. Attachment 5, Revised Long Term Financial Plan, 2022-2033. Attachment 6, Final Long Term Financial Plan 2022-2033.
Include the council's consideration of the community's capacity and willingness to pay rates	As above. Additionally, Council considered the independent analysis undertaken by Morrison Low on the community's capacity to pay as well as the results of the community engagement in determining whether to adopt the updated LTFP and apply for the SV.	Attachment 9, Capacity to Pay Report
Establish that the proposed rate increases are affordable, having regard to the community's capacity to pay	Council, as part of the SV community engagement process, ensured extensive information was available to the community to show the scope of the proposed increase options and how these compared with other nearby councils and the rates paid within those communities. This, combined with the capacity to pay analysis, established the affordability of the rates, particularly when combined with Council's Hardship Policy.	Attachment 10, SRV Community Engagement Background Paper Attachment 9, Capacity to Pay Report Attachment 7, Hardship Policy

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

Criterion 4 – Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

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

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

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

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

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

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

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

Council identified in its Revised Delivery Program 2022-2026 (attachment 2) that "in December 2021 the new Council was elected and immediately identified long term financial sustainability as a priority of Strathfield Council for this term. In addressing this priority, a thorough review of Council's operations and finances was conducted. Unfortunately, during this process, a range of funding gaps were identified." Following an independent review of Council's financial sustainability, consultation with councillors was undertaken, and a Revised Long Term Financial Plan 2022-2033 November 2022 (attachment 5) was developed, which highlighted the need for an SV to assist in addressing Council's substantial financial sustainability issues.

Council undertook community engagement on the Revised Long Term Financial Plan and proposed SV during December 2022 and January 2023. Additional minimum rate and SV options were modelled and canvassed with councillors, following feedback from the community on the need for a fairer and more equitable rating structure to be reached more quickly. A final decision, to apply for an SV and introduction of a minimum rate, was made by Council resolution on 28 February 2023 (attachment 3) following consideration of the community feedback and engagement process as part of the agenda pack.

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

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

Table 8 IP&R documents

Document	Exhibition dates	Adoption date	Placed on council's website	Web link
Community strategic plan	5 May 2022 – 2 June 2022	7 June 2022	Yes	https://www.strathfield.nsw.gov.au/council/policies-plans-and-regulations/community-strategic-plan/#:~:text=The%20Strathfield%202030%20Community%20Strategic,Community%20Strategic%20Plan%20%E2%80%93%20Strathfield%202030
Original Delivery Program	5 May 2022 – 2 June 2022	7 June 2022	Yes	This version has now been replaced by the Revised Delivery Program.
Revised Delivery Program	6 December 2022 – 31 January 2023	28 February 2023	Yes	https://hdp-au-prod-app-strfld-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/8916/7031/7859/2022_Draft_Delivery_Program_and_Operational_Plan.pdf
Revised Long Term Financial Plan	6 December 2022 – 31 January 2023	28 February 2023	Yes	https://hdp-au-prod-app-strfld-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/7316/7031/7819/Strathfield_Council_Long_Term_Financial_Plan_-_Revised.pdf
Asset Management Strategy / Plan(s)			Yes	https://www.strathfield.nsw.gov.au/council/policies-plans-and-regulations/asset-management/
Operational Plan	5 May 2022 – 2 June 2022	7 February 2022	Yes	https://hdp-au-prod-app-strfld-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/8916/7031/7859/2022_Draft_Delivery_Program_and_Operational_Plan.pdf

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

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

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

No items of significance, in relation to the proposed SV, arose from the public exhibition of Council's Community Strategic Plan and Original Delivery Program 2022-26 in May and June 2022.

Criterion 5 – Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

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

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

This Application Form asks four questions relating to:

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

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

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

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

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

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

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

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

Council's approach to improving productivity involves comprehensive strategic-level review of council operations including service priorities, levels of service, labour and capital inputs. Council has been on an improvement journey and remains committed to continuing with saving initiatives as part of a whole-of-organisation improvement plan. This includes the following main elements (page 2 attachment 15):

- planned strategic direction
- clear direction for services
- Council assets are maintained and renewed appropriately
- financial sustainability
- financial capacity
- integrated resourcing strategy
- review/develop/align policies, strategies, systems and processes to support and improve sustainability
- consistency of decision-making.

Council is ensuring that this improvement journey will support Council's strategic direction on the long-term goals of its service planning to enhance its organisational sustainability.

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

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

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

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

- introducing environmental and energy efficiency initiatives
- adopting more efficient information and communications technology for a range of activities such as communications, document processing, financial transactions, outdoor staff operations, e-recruitment
- shared purchasing through joint organisations of councils
- improved management of workers compensation insurance claims and safety audit

- seeking private contract works for road maintenance
- contracting to provide services to other councils
- reviewing community venue management to increase the utilisation of venues and associated revenues
- reviewing charges to ensure greater cost-recovery for council-provided services
- review of and refinancing loan borrowings
- adopting waste management strategies to reduce landfill waste and associated costs.

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

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

Council has undertaken a variety of improvement initiatives over recent years to contain costs and implement additional efficiency and productivity savings. Some of these include (Appendix A attachment 15):

- The closure of High Street Library and installation of a book locker for access to book collections
- Installation of LED street lighting
- Reduction in staffing numbers at the library and over weekends
- Solar panels installed on the library building
- Reduction in diesel consumption through plant and fleet decision making
- Closure of Hudson Park Golf Course which was continually operating at deficit and offsetting the surplus realised from the Golf Driving Range
- Upgrade of the Golf Driving Range to create an improved revenue stream
- Changing from ECM to Content Manager for record management
- Revenue from bus shelter advertising
- Stopping cash handling within the customer service centre, library and golf range
- Implementing the DA tracker
- Integration of the Planning Portal with Council's current systems
- Reviewing and changing contract with LightHouse whereby the tenant incurs cost of repairs and maintenance to the property
- Removing arborist function and using contractors as required
- Closure of aged care centre
- Scout system implemented for recruitment processes
- Introduction/implementation of a facilities and sportsfield booking system
- Waste clean-up booking system introduced
- Reduction in ranger services for amenities
- VAULT implemented as Council's WHS system
- Improved tree management processes removed administrative bottlenecks and expedited application processing
- Reviewing Council's Investment Strategy which is providing for better trending yields
- Implementation of VendorPanel to increase value and reduce risk
- Seeking sponsorship of events to offset costs
- Actions implemented to curtail water and energy costs through Council's water and energy efficiency plans. Billing is monitored on a quarterly basis and investigations are initiated for unexpected peaks in billing.

- Introduction of charges to offset merchant charges on credit cards
 - Introduction and integration with Authority of a new electronic document management system Content Manager
 - Introduction of new phone system including MiCollab which enables seamless communication (and connection) across multiple platforms and has a desktop and app solution
 - Refinement of many customer processes including bonds which streamlined function and decreased refund times
 - Introduction of organisation's first customer relationship management system
 - Refinement of booking invoicing and introduction of electronic invoicing - invoices for bookings now completed by 1 officer (previously involved 5 officers and lengthy approval process)
 - Introduction of electronic delegations and legislative compliance system to manage delegations and legislative compliance
 - Learning management system to manage training
 - Introduction of Infocouncil business paper system
 - Introduction of Ivvy bookings system to manage bookings
 - Introduction of registers for leasing and licensing which moves the management away from spreadsheets
 - Introduction of Code of Conduct e-learning module to streamline code of conduct induction
 - Introduction of timesheet system to capture attendance
 - Introduction of electronic planning certificates including online payments.
-

b. Outline the outcomes which have been achieved.

The outcomes achieved included:

- financial savings that were reinvested in services and infrastructure
 - substantial productivity savings
 - increased efficiencies for staff
 - improved sustainability and energy and water efficiencies
 - smoother and faster customer service processes
 - improved revenue from investments
 - asset rationalisation
 - reduction in contractors and casual employment needs.
-

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

The past improvements total \$2.213 million per year in financial benefits, plus include additional efficiency and productivity savings, as outlined above. A full breakdown of the gains achieved is included in Appendix A of the Organisational Review Summary Report (attachment 15).

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

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

The response should, wherever possible:

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

In the text boxes below:

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

Council's improvement plan includes 40 high and medium priority future improvements, which Council intends to implement. The following improvements were the highest priority for Council:

- review of community bus service - potentially stop service
- domestic waste management charge review - how much is it contributing to financial sustainability of organisation
- driving range business plan to improve return
- reduce ICT infrastructure hosting costs by rationalising resources and decommissioning unused and old systems
- review of rates structure (base amount to minimums) and industrial subcategories
- undertake off-street parking review to increase income generation
- maximise revenue from property portfolio.

A full list of future improvements is included within Appendix A of the Organisational Review Summary Report (attachment 15).

In addition to the future improvements incorporated within the improvement plan, Council will also undertake the mandatory yearly service review process, as defined by the Office of Local Government, along with further four-yearly whole of Council service reviews. There will likely be further long-term benefits from these reviews, although these will most likely be productivity improvements rather than cost savings.

b. Estimate their financial impact.

The value of the future improvements is estimated to be in the range of \$1,404,172 in yearly financial benefit (this excludes one-off implementation costs which total \$1.271 million).

During the improvement plan creation process, as part of the financial sustainability review facilitated by Morrison Low, staff identified whether improvements were likely to be easy, moderate or hard to implement and a breakdown of this ranking with the potential yearly net benefit is included below.

Future improvement implementation difficulty	Estimated potential yearly net benefit
Easy	\$1,220,172
Moderate	\$156,000
Hard	\$340,000
Total	\$1,404,172

Of the high and medium prioritised improvements, table three (within Appendix A) outlines the eight that would reduce expenses and provide a total net benefit of \$1.595 million per year. Table four provides the ten present improvements that would increase income and provide a total net benefit of \$1.667 million per year. Finally, the 13 improvements within table five will provide either efficiency gains or improved services and would have a total one-off cost of \$1.06 million and total ongoing costs of \$1.908 million per year.

The full breakdown of estimated benefits, from the improvements being implemented by Council, are included within Appendix A of the Organisational Review Summary Report (attachment 15).

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

Yes, these initiatives have been built into and accounted for within Council's Final Long Term Financial Plan.

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

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

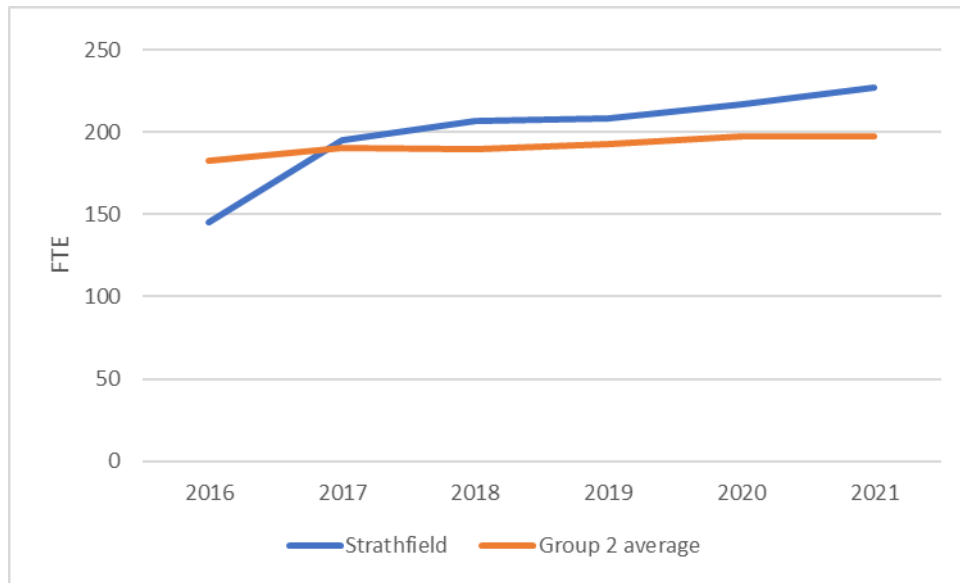
- number of full-time employees (FTE)
- ratio of FTE to population
- average cost per FTE
- employee and on-costs as percentage of ordinary expenditure
- consultancy/contractor expenses over time.

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

Strathfield Council can demonstrate productivity and efficiency in comparison with other similar councils. Strathfield is part of the Office of Local Government's grouping of the Sydney Metropolitan Group of Councils, Group 2.

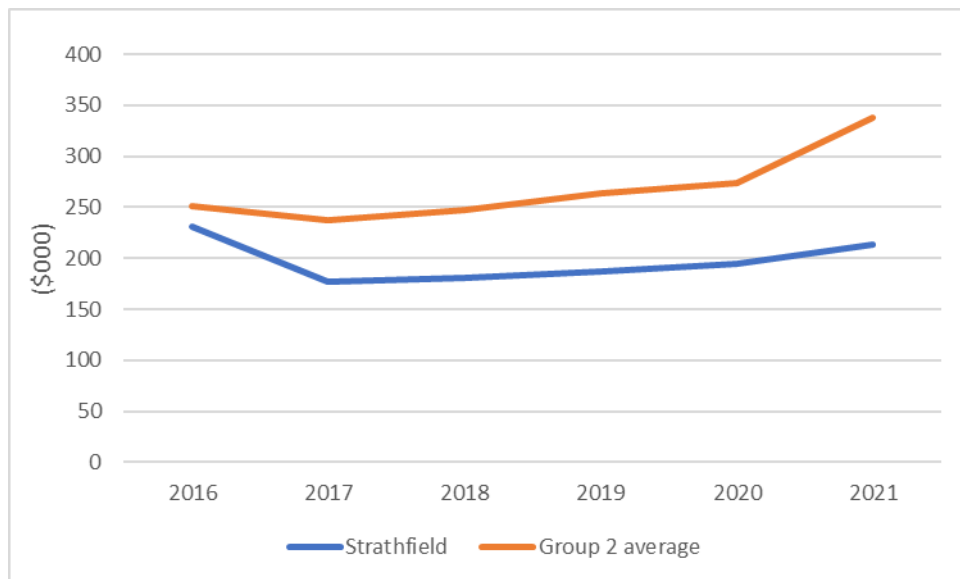
The time series data published by OLG shows that Strathfield has, since 2017, had slightly higher staffing numbers than the Group 2 average.

Total Full Time Equivalent staff (FTE)



However, Strathfield has consistently had operating costs per FTE below the Group 2 average, as the graph below demonstrates.

Total Operating Expenses per FTE



Efficiency of staff is also demonstrated by Strathfield being in line with the Group 2 median, for the number of residents for every full-time equivalent staff member.

Population per Full Time Equivalent staff (FTE)

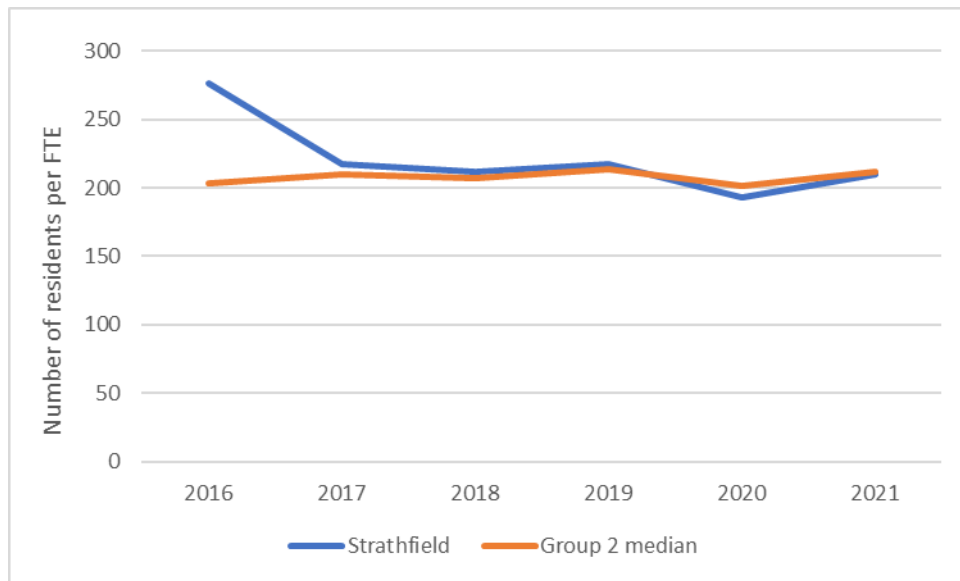


Table 9 Criterion 5 attachments

Council- assigned number	Name of document	Page references ^a

a. If document only relevant in part.

Criterion 6 – Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

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

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

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

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

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

N/A

Reporting requirements SV compliance

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

N/A

Table 10 Criterion 6 attachments

Council- assigned number	Name of document	Page references ^a

a. If document is only relevant in part.

Council certification and contact information

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

Certification of application

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

Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

Name of council:

Strathfield Council

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

General Manager (name):

Michael Mamo

Signature and Date:

x

Responsible Accounting Officer (name):

Signature and Date:

x

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

Council contact information

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

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

General Manager

General Manager contact phone	0473 [REDACTED]
General Manager contact email	[REDACTED]@strathfield.nsw.gov.au

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

Primary council contact

Council contact phone	0422 [REDACTED]
Council contact email	[REDACTED]@strathfield.nsw.gov.au
Council email for inquiries about the SV application	[REDACTED]@strathfield.nsw.gov.au

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

Secondary council contact

Council contact phone	+612 9748 [REDACTED]
Council contact email	[REDACTED]@strathfield.nsw.gov.au
Council email for inquiries about the SV application	[REDACTED]@strathfield.nsw.gov.au

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

List of attachments

To complete (adding rows as necessary):

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

List of attachments to the council's application

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
OA	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
OB	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
3	Council resolution to apply for the for the minimum rate increase variation	<input checked="" type="checkbox"/>
4	Certification	<input checked="" type="checkbox"/>
If applicable for Description and Context Question 4		
n/a	Instrument for expiring special variation	<input type="checkbox"/>
n/a	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		
n/a	Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
n/a	Relevant instrument(s) for past special variations (if applicable)	<input type="checkbox"/>
n/a	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)		
1	Strathfield 2035 – Community Strategic Plan	
2	Revised Delivery Program 2022-26 – Relevant extracts	<input checked="" type="checkbox"/>
14	Long Term Financial Plan in Excel format (Final Long Term Financial Plan 2022-2032)	<input checked="" type="checkbox"/>
10	Special Rate Variation Community Engagement Background Paper	<input checked="" type="checkbox"/>
12	Special Rate Variation Community Engagement Summary Report (including feedback, survey results and examples of consultation material)	<input checked="" type="checkbox"/>
13	Special Rate Variation Presentation for Community Engagement	<input checked="" type="checkbox"/>
16	Special Rate Variation Booklet (multiple translated versions made available)	<input checked="" type="checkbox"/>
n/a	Willingness to pay study (if applicable)	<input type="checkbox"/>
7	Hardship Policy	<input checked="" type="checkbox"/>
Other public supporting material		
17	Strathfield Asset Management Strategy and Policy	<input checked="" type="checkbox"/>
n/a	Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)	<input type="checkbox"/>
n/a	NSW Treasury Corporation report on financial sustainability (if applicable)	<input type="checkbox"/>

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
18	Strathfield Transport Asset Management Plan	<input checked="" type="checkbox"/>
19	Strathfield Building Asset Management Plan	<input checked="" type="checkbox"/>
20	Strathfield Bridges Asset Management Plan	<input checked="" type="checkbox"/>
5	Strathfield Council - Revised Long Term Financial Plan 2022-2032	<input checked="" type="checkbox"/>
6	Strathfield Council - Final Long Term Financial Plan 2022-2032	
8	Council Meeting Minutes – 6 December 2022	<input checked="" type="checkbox"/>
9	Capacity to Pay Report	<input checked="" type="checkbox"/>
11	Special Rate Variation Community Engagement Plan	<input checked="" type="checkbox"/>
Confidential supporting material (i.e. not to be published on IPART's website)		
15	Organisational Service Review Summary Report	<input checked="" type="checkbox"/>
21	SRV Council Report – Council Meeting 28 February 2023	<input checked="" type="checkbox"/>

Important information

Submitting online

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

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

Confidential content

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

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

Publishing the council's application

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