



Independent Pricing and Regulatory Tribunal

Special Variation Application Form – Part B

JUNEE SHIRE COUNCIL

Date Submitted to IPART: 11 March 2013

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1 Introduction

This form must be completed by councils when applying for a special variation to general income under either section 508A or section 508(2) of the *Local Government Act 1993*.

Councils should refer to the Division of Local Government (DLG), Department of Premier and Cabinet *Guidelines for the preparation of an application for a special variation to general income* (the Guidelines) in completing this application form. The Guidelines are available on the Division's website at www.dlg.nsw.gov.au.

In November, IPART will also publish Fact Sheets on our role in local government rate setting and special variations, and community engagement for special variation applications. The Fact Sheets will be available on our website at www.ipart.nsw.gov.au.

This part of the application (Part B) must be completed in conjunction with the relevant Part A form– either:

- ▼ *Section 508(2) Special Variation Application Form 2013/14 – Part A* for single year applications under section 508(2) or
- ▼ *Section 508A Special Variation Application Form 2013/14 – Part A* for multi-year applications under section 508A.

This part of the application consists of:

- ▼ Section 2 - Focus on Integrated Planning and Reporting
- ▼ Section 3 – Criterion 1: Need for the variation
- ▼ Section 4 – Criterion 2: Community engagement
- ▼ Section 5 – Criterion 3: Rating structure and impact on ratepayers
- ▼ Section 6 – Criterion 4: Delivery Program and Long Term Financial Plan assumptions
- ▼ Section 7 – Criterion 5: Productivity improvements and cost containment strategies
- ▼ Section 8 - Other information (past Instruments of Approval (if applicable), reporting arrangements and the council's resolutions)
- ▼ Section 9 – Checklist of application contents
- ▼ Section 10 - Certification by the General Manager and the Responsible Accounting Officer.

1.1 Information requirements

The spaces provided in each section of this application form may be extended as required to fit information. Each section must be completed before we can assess the application.

Please note that the amount of information to be provided under each criterion is a matter of judgment for the council.

In general, the level of information to be provided should be proportional to the size or complexity of the council's request. Therefore, for relatively small requested increases in general income, less information is necessary than for larger increases. However, you still need to provide enough information and evidence to enable the Tribunal to assess each criterion.

The council may also submit supporting documents, including confidential documents, as part of the application. Supporting information should be relevant extracts of existing publications, if any, rather than the full publication.

If necessary, we may seek further information from you.

1.2 Submitting your application

Both Part A and Part B of the application should be completed and submitted online via the Council Portal on IPART's website at www.ipart.nsw.gov.au. A signed copy of the certification should be attached to the Part B form. We suggest that you access the User Guide for the Portal, also available on our website, to assist you in the online submission process.

Please note that file size limits apply to each part of the application in the online submission process. The limit for Part B forms is 10MB and the limit for all supporting documents together is 120MB (70MB for public documents and 50MB for confidential documents). This should generally be sufficient for the majority of council applications.

Please also submit your application to us in hard copy with a table of contents and appropriate cross referencing of attached plans and reports to:

Local Government Team
The Independent Pricing and Regulatory Tribunal
Level 17, 1 Market Street, Sydney NSW 2000 or
PO Box Q290, QVB Post Office NSW 1230

We will post all applications on our website. You should also make your application available to your community through your website.

You are required to submit your application online via the Council Portal on our website and in hard copy by **cob Monday 11 March 2013**. We encourage you to submit your application as early as possible.

Councils intending to submit an application under section 508A are also required to notify IPART of this intention by **cob Friday 14 December 2012**.

Notification is not a requirement for councils intending to submit an application for a single-year increase under section 508(2), but it would help us in our planning if you did notify us of your intentions by this date.

2 Focus on Integrated Planning and Reporting (IP&R)

How a council has considered and consulted on a special variation in its Integrated Planning and Reporting (IP&R) process is fundamental to our assessment of a special variation application. This is consistent with DLG's October 2012 Guidelines.

As part of our assessment, we will examine whether the council's planning and consultation, as evidenced in its IP&R documents, meets the criteria for a special variation. For example, we will look closely at how the community's service priorities and feedback regarding various revenue options are reflected in the council's application for the special variation.

- ▼ Has the council completed its' IP&R documents and relevant annual reviews of plans?

Yes ☒ No ☐

If the answer is *No* and your council still wishes to proceed with a special variation application, we advise you to discuss your IP&R progress and options with us.

The Guidelines provide for transitional arrangements in 2013/14 regarding IPART's assessment of criteria related to the IP&R process (see Box 2.1).

Box 2.1 Transitional arrangements for assessment in 2013/14

Guidelines provide for transitional arrangements as follows:

In light of the 2012 local government elections and the requirement for councils to review the Community Strategic Plan and Delivery Program and develop an Operation Plan by 30 June 2013, it is recognised that the revised guidelines and application timing may create a difficulty for councils who wish to apply but have not yet completed the necessary IP&R review.

Therefore, for the 2013/14 rating year only, IPART will have the discretion to award a single year variation where it assesses that the general principles of need, community awareness, reasonable ratepayer impact, realistic financial planning assumptions and cost containment and productivity achievement related to the assessment criteria are met by a council, even though the evidence is not necessarily reflected within the council's IP&R documentation.

2.1 Summary of relevant IP&R documentation

Expand the space below to briefly explain the council's IP&R process in the context of the special variation. Include when plans (eg, Asset Management Plan (AMP) or Long Term Financial Plan (LTFP)) first identified the need for a special variation, and when all relevant IP&R documents were reviewed and finalised. If the council has not yet finalised all of the relevant reviews of plans, explain when this is likely to occur.

Purpose

Junee Shire Council is proposing a one-off (single year) percentage increase of 10% in 2013/2014 to remain in its general rate base permanently. The increase is comprised of:

- 3.4% announce rate peg limit
- 6.6% to be applied to the road network resealing and renewal program.

The successful 6.6% SRV 508(2) application will generate in the order of \$184k per annum which will be used solely for road maintenance, resealing and renewal works.

Background

For a number of years now the Council has chosen to make significant cuts in its service levels in order to maintain a barely satisfactory financial position. These cuts have been across the board but principally in the area of roads maintenance, road resealing and road renewal works.

A regular program of renewing and resealing roads is important as it extends the useful life of a road and keeps it in a safe condition. Conversely, an infrequent program will expose the organisation to potential financial and public safety liability issues into the future.

If the Council's application is rejected in full or in part, the Council would need to reduce services not only in the roads area but in other areas of its budget in order to remain financially sustainable. This is an unpalatable difficult task but a necessary one. Community input will be sought and information provided if this option needs to be taken.

Junee Shire Council finalised the adoption of its IP&R documents in 2011/12. The Long Term Financial Plan (LTFP) 2008 and Asset Management Plan (AMP) 2012 documented the need to apply for Special Rate Variations (SRVs) which has led to this application being submitted. The current Community Strategic Plan (CSP) and Delivery Program (DP) have been prepared on the presumption of successful SRVs application outcomes. This approach is inconsistent with current SRV guidelines and Junee Shire Council will be correcting its approach in preparing the 2013/14 Integrated Planning and Reporting framework (IP&R) documentation, which will include financial scenario planning.

Junee Shire Council – IP&R adoption progression		
Plan	First Adopted	Current adoption
Long Term Financial Plan	20 May 2008	28 June 2012
Community Strategic Plan	9 June 2009	28 June 2012
Asset Management Plan	3 April 2012	28 June 2012
Delivery Program	28 June 2012	28 June 2012
Operation Plan	28 June 2012	28 June 2012
Workforce Plan	28 June 2012	28 June 2012

The timing sequence of adopting each of Junee Shire Council's IP&R documents dictates this application be a single year SRV s.508(2). As such, Junee Shire Council is seeking to avail itself of the concessions in Box 2.1. Transitional arrangements for assessment in 2013/14.

Junee Shire Council will continue to seek increased revenue alternatives and efficiency gains in expenditure to secure financial sustainability. That approach includes a SRV s.508(A) application in March 2014 for a period of three years 2014/15, 2015/16 and 2016/17. While this is not a consideration for this s.508(2) application details of the proposal are included in one of the financial scenario planning models for the purpose of transparency.

Community Consultation

Community surveys, in 2006 and 2011 were conducted by IRIS research, an independent organisation that specialises in economic, community and industry research for government, business and academia.

The level of satisfaction amongst the community with Council's performance is impressive. 76% indicated Council's performance was high, 18% suggested it was medium and 6% provided a low rating. An overall mean score of 3.96 out of 5 was achieved; statistically, this remained unchanged from the 2006 score of 4.0.

The community's highest levels of dissatisfaction were in the provision of services and facilities for maintaining sealed rural roads, maintaining town roads, maintaining unsealed rural roads, youth, consulting with the community, informing the community of Council decisions, promoting economic development, and provision of services and facilities for older people.

A further newsletter and survey was mailed to every household and post office box in the Local Government Area in 2013 for the purpose of explaining this SRV s.508(2) application and notifying residents where to attend public meetings. Two hundred and two surveys were returned, the results of which are consistent with the IRIS research surveys of 2006 and 2011. Details of this and other forms of community consultation used can be found in item 4 of this document.

Long Term Financial Plan

As mentioned previously, Junee Shire Council has recognised for several years that it is in a tight financial position and, without taking steps to improve its predicted cash position and operating result, is financially unsustainable in the long term. This statement is predicated on the community's preference to maintain existing levels of service. The Council can, of course, choose to reduce its levels of service to the community but the community has expressed a preference for retaining existing levels of service.

The Council has had a LTFP for a number of years now to assist it with its strategic financial planning. The first version of the plan was presented to the Ordinary Meeting of Council held on 20 March 2007. It showed sizeable deficits across all 15 years of the LTFP and gave a strong signal to the Council that it needed to consider significant reductions in expenditure and/or increases in operating revenue in order to achieve long term financial sustainability.

In broad terms, the Council needed to make adjustments in the order of \$550,000 to \$700,000 per year in its operating revenue and operating expenditure to achieve this sustainability. This led to the introduction of revenue from future SRV applications.

The current adopted LTFP 2012-22 includes the following proposed SRV approvals:

- 2013-2014 10.0%
- 2014-2015 9.5%
- 2015-2016 9.0%

The proposed increases in each of these three years are inclusive of rate pegging limits set each year.

The LTFP model also assumes that the SRV granted in 2009-2010 for a five year period (ending 2013-2014) to enable resealing of roads, would continue.

The LTFP 2012-22 having included revenue from proposed SRV applications clearly demonstrates a need for revenue in the nett operating results before capital grants and contribution. What is absent is a baseline scenario without the proposed revenues from these SRV applications. In order to present more accurate financial information with this application, additional financial modelling with different scenarios has been prepared in a draft LTFP 2013-23.

In order to get a better view of the Council's financial future three scenarios have been modelled and presented in the draft LTFP later in this application. The primary difference in each scenario is in the amount of general rates to be levied. Other modelling assumptions have been kept consistent across all scenarios as they are seen to be realistic and if altered, would distort the effect of the general rate modelling.

The following graph illustrates the strategic financial position for Junee Shire Council's cash levels after internal and external restricted funds with three different financial scenarios.

Series 1: Scenario 1 - The Base Case - No SRV

The Base Case shows the result of maintaining existing service levels with no SRV approved in 2013-14 – or any of the years beyond. This includes the cessation of rating revenue at the expiry of the 5 year 2009 SRV. Cash levels soon deplete and operating results remain in deficit.

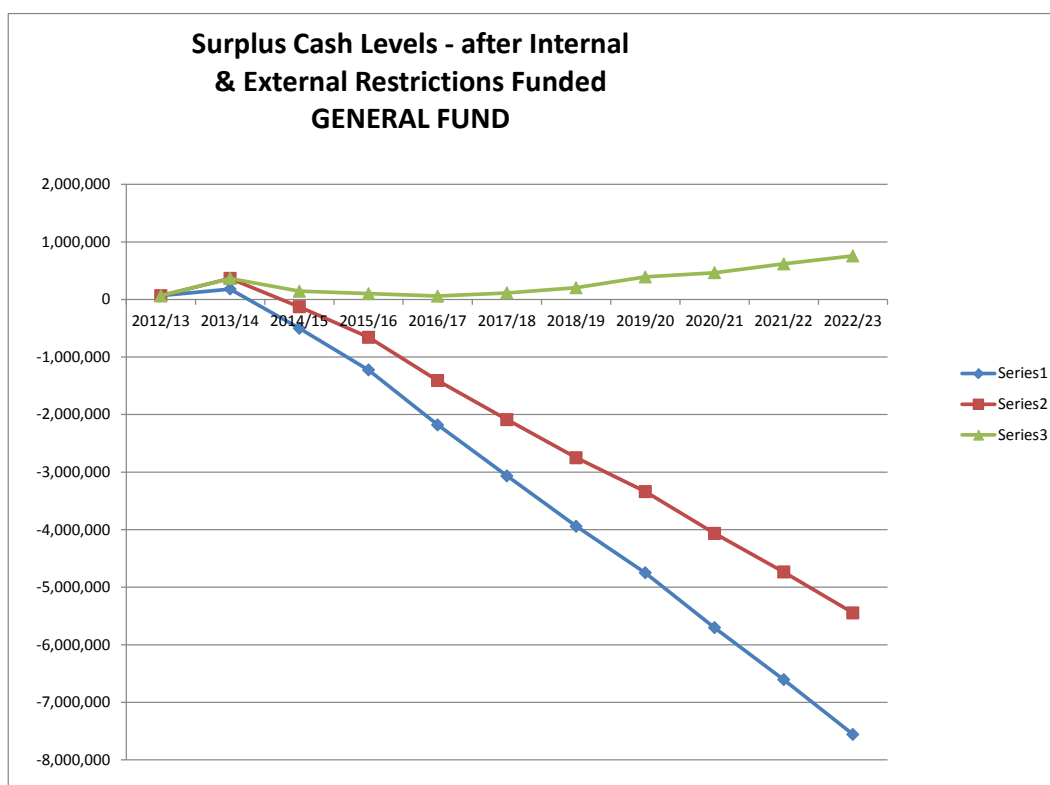
Series 2: Scenario 2 - 10% SRV in 2013-14

Scenario 2 shows the projected result if the 2013-14 SRV application for a 10% increase in general rates is successful. In the remaining nine years covered by the LTFP no further SRV's are factored in. This includes the expiration of the 2009 SRV on 30 June 2014. This scenario shows an improved position compared to Scenario 1, but in the long term cash levels decline significantly and operating results remain in deficit.

Series 3: Scenario 3 - The Preferred Scenario – SRV in 2013-14, 2014-15, 2015-16 & 2016-17

This scenario is based on a successful SRV applications in 2013-14, and further successful SRV applications in 2013-14 (10.0%), 2014-15 (12.6%), 2015-16 (9.5%) and 2016-17 (9.0%). This includes the expiration of the 2009 SRV on 30 June 2014.

This scenario shows that cash levels are maintained at their positive but low existing levels and a steady improvement in the Council's operating result making a surplus in 2016-17 and the years beyond.



Detailed information underpinning the financial data in this graph is contained in other sections of this application.

Asset Management Plan

The AMP and the LTFP are complimentary documents that place a strategic focus on adequate long-term replacement of major assets.

The AMP is prepared to assist the Council in improving the way it delivers services for infrastructure including roads, bridges, footpaths, kerb & guttering, stormwater systems associated with road systems; parks, recreation areas and cemeteries; buildings and structures; and the sewerage network. These infrastructure assets have a replacement value of \$136M.

The AMP enables Council to:

- show how its asset portfolio will meet the service delivery needs of its community into the future,

- achieve its asset management policies, and
- ensure the integration of Council's asset management with its long term strategic plan.

Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.

The executive summary of the AMP (p.1) summarises the key findings of Council's assets as:

1. Council is unable to maintain current service levels over the next ten years at current funding levels.
2. Council is not able to fund current infrastructure life cycle cost at current levels of service and available revenue.
3. Council's current asset management maturity is below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.

The AMP contains eleven asset management strategies to ensure a consistent approach with the IP&R process. The organisation has either completed or is progressively implementing these recommendations since the Plan's adoption April 2012.

No	Strategy	Desired Outcome	Completion/progress
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations	✓
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs	✓
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome	Sustainable funding model to provide Council services	✓
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets	Long term financial planning drives budget deliberations	✓
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any	Council and the community are aware of changes to service levels and costs arising from budget decisions	Planned for June 2013

No	Strategy	Desired Outcome	Completion/ progress
	consequence of funding decisions on service levels and service risks		
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports	Financial sustainability information is available for Council and the community	✓
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs	Improved decision making and greater value for money	✓
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report	Services delivery is matched to available resources and operational capabilities	To be included in 2012/13 annual report
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions	Responsibility for asset management is defined	Nov 2013
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years	Improved financial and asset management capacity within Council	Review upon determination of SRV applications
11	Report six monthly to Council by Audit Committee/CEO on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans	Oversight of resource allocation and performance	✓

Council has completed AMP for four asset classes: Roads, Public Buildings, Sewerage Services and Parks, Gardens and Cemeteries. As the proposed revenue from the SRV 508(2) application will be used solely for road network maintenance reseals and renewals, the following information is provided from the Junee Shire Council Road Assets Management Plan 2012.

The purpose of the Roads Asset Management Plan is to outline a path for the Council to follow in setting budgetary requirements for its maintenance, renewal and capital upgrade program over the next 15 years. The plan needs to strike balance between the competing demands of the level of service the community expects and the level of expenditure the community is willing to provide towards the maintenance, renewal and capital upgrade program.

The revenue from a successful SRV 508(2) will be devoted to the local rural and urban road network of 800km listed in point No.3. The following lists the extent of road related assets in the LGA.

1. Junee Shire has two State Roads amounting to 80 km which are funded through the Roads Maritime Service (RMS) RMCC Contract,
2. 48 km of Regional Road is funded through the RMS Block Grant program,
3. Council is responsible for a further 752 km of Rural Local roads and 52 km of Urban Local Roads,
4. Council also has 19 km of footpath and bike path, 51 km of kerb and gutter,
5. 33 bridges and a stormwater system supporting the urban road network.

Council has endeavoured to increase its level of service for roads in recent years through the use of grant funds from the Repair Program, Blackspot Program and Roads to Recovery Program.

Despite some improvement to the road network, the rate of deterioration is still higher than the rate of renewal needed to meet long term service levels.

There is no long term commitment from either the Federal or State Governments to ensure continued or increased allocation of funds.

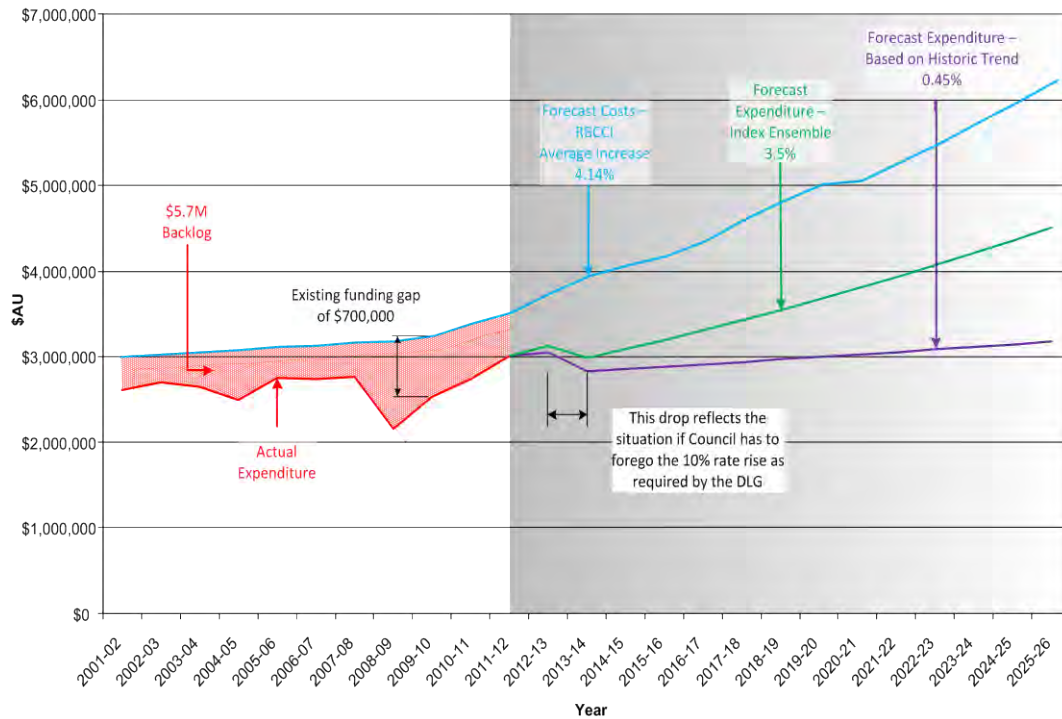
The community has an expectation that the level of service provided will be improved in coming years, however Council has concerns that its financial ability will be stretched just maintaining the present level of service. There is a gap between the community's expectation and the Council's ability to provide that level of service.

The following graph was prepared for the Road Assets Management Plan 2012 (p32) in May 2011. It portrays actual historic expenditure and then plots three expenditure trend lines:

- The purple line represents future expenditure on the local road network based on the 10 year historic trend expenditure – representing an annual increase of 0.45% - without successful SRV approvals.
- The green line represents future expenditure on the local road network based on raising the annual increase in expenditure to 3.5% without successful SRV approvals. This trend cannot be achieved without cuts to other service areas of the Council.
- The blue line represents the estimated construction cost index of 4.14% increase per annum which has been taken from the NSW Local Road Constructed Cost Indices published by Institute of Public Works Engineering Australia (IPWEA).

The figures underpinning this graph do not accurately render into figures contained in Part A or B of this application because of its age. The graph clearly demonstrates the underspend or gap in road infrastructure expenditure; a fact acknowledged by accepted industry standards. The NSW local government infrastructure back log is universally accepted. Without increasing expenditure levels in this area the asset condition of roading infrastructure will continue to deteriorate.

Figure 15
Forecast Expenditure & Costs - Rate Variation Rescinded
Local Road Network



3 Criterion 1: Need for the variation

In this section, you should present a case for the proposed revenue increases by showing why the special variation is needed. The need must be identified and articulated in the council's IP&R documents, including the Delivery Program and LTFP, and AMP where relevant.

3.1 Variations for capital expenditure

Does the purpose of the proposed special variation require the council to undertake a capital expenditure review in accordance with Council Circular 10-34?

Yes ☐ No ☒

If Yes, has a review been undertaken?

Yes ☐ No ☒

If Yes, has this been submitted to DLG?

Yes ☐ No ☒

3.2 Strategic planning information

In the section below, provide commentary on how the need for the special variation is reflected in the council's strategic planning documents (ie, Community Strategic Plan and Delivery Program). Provide extracts from or references to the council's IP&R documents as relevant.

Explain the likely benefits of the project, works or other activity the council is proposing to undertake with the additional special variation funds, as outlined in the IP&R documents.

If you are seeking funding for contributions plan costs above the development contributions cap, see Box 3.1.¹

Box 2.2 Special variations for development contributions plan costs above the developer cap

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

- ▼ a copy of the council's s94 contributions plan
 - ▼ a copy of the Minister for Planning and Infrastructure's response to IPART's review and details of how the council has subsequently amended the contributions plan
 - ▼ details of any other funding sources that the council is proposing to seek to use
 - ▼ any reference to the proposed contributions (which were previously to be funded by developers) in the council's planning documents (eg, LTFP and AMP)
 - ▼ any necessary revisions to financial projections contained in the LTFP and AMP to reflect the special variation.
-

Community Strategic Plan

In preparation for implementing the IP&R requirements Junee Shire Council commenced the development of a 10 year Community Strategic Plan in 2008. While ahead of the IP&R legislative requirements, the Council was committed to best business practice principles and also wanted to respond to the results contained in its community survey conducted in 2006 by IRIS research. IRIS is an independent organisation that specialises in economic, community and industry research for government, business and academic institutions.

¹ See Planning Circular 10-025 at www.planning.nsw.gov.au for the most recent Direction issued under section 94E of the *Environmental Planning and Assessment Act 1979*. See also Planning Circular PS10-022.

Community visioning (7) and stakeholder (11) workshops were held from December 2008 through to March 2009 across the Local Government Area (LGA) by Blackadder Associates Pty Ltd, a specialist local government consultancy. This work led to the adoption of the CSP on 9 June 2009.

The CSP was readopted with minor amendments in June 2012. The readoption was supported by:

- the results of repeating the community survey in 2011 which revealed the community's views and expectations for the LGA hadn't altered substantially from the 2006 survey. The survey was again conducted by IRIS research.
- a moderated community engagement strategy informing the process.
- the requirement for a substantial CSP review in 2013 in line with the commencement of a new local government electoral term.

The following CSP 2012 extracts are provided to support this SRV s.508(2) application.

The forward from page 3 of the CSP identifies one of the community's key themes as 'A liveable community'. The highlighted sections below are relevant in support of the development of this SRV application:

A liveable community – participants outlined strategies to preserve our heritage, to provide a mix of housing in the town, villages and rural district, to provide improved recreation and sporting facilities, to ensure the safety of our community, to ensure appropriate services and facilities are available to the community, to fund and provide appropriate infrastructure, and to preserve our natural environment. (CSP p.3)

Key strategies falling under the theme 'A Liveable Community' include:

Theme No 2:
“making tracks” – A Liveable Community



This theme recognises the need to ensure our services and facilities are the best they can be using the resources available.

Key strategies proposed by the community to bring to life this theme are:

- **Maintain current access to health and medical services**
- to ensure access to services in Junee and Wagga Wagga is not diminished in the future.
 - **Improve advocacy regarding health services**
– to improve decision making, financial management and fund raising.
 - **Attract professional service specialists to live and work in Junee**
- with housing and other support.
 - **Review and revise the road hierarchy**
– with a priority assessment of upgrading road conditions in the next 12 years, and undertake priority works every year.
 - **Develop an asset management and renewal programme**
– identify the condition of all asset categories and ensure appropriate future provisions for roads, drainage and buildings maintenance
 - **Develop greater pride in our town by working with business owners to paint, decorate and light up their shop fronts in a co-ordinated theme**
– to highlight heritage and other architectural features.
- Ensure all existing and future building owners provide easy access**
– in accordance with the Disability Discrimination Act.

Insert 1 CSP 2012 Extract Theme and Strategies 'A Liveable Community'

Both of these strategies are repeated in the DP 2012-16, Operational Plan 2012/13 (OP) and Financial Estimates 2012-16 which provide for additional actions and information to bring into effect the CSP strategies.

Delivery Program

The DP aims to draw Junee Shire Council's various IP&R information together to plan for operational activity for the organisation over a four year period. The DP is separated into three parts; Delivery Plan 2012-16, Operation Plan 2012-13 and Financial Estimate 2012-16

The DP clearly articulates the elements of the IP&R framework and how they relate to one another:

The Delivery Program provides a summary of the principal activities that the Council intends to undertake for the next four years. It deals with the issues raised in the *Junee Shire Community Strategic Plan, 2022*, adopted on 29 May 2012. This Community Strategic Plan was primarily based on the plan prepared and adopted in 2009. It is the Council's aim to consult again with the Junee community in the second half of 2012 and the beginning of 2013 – after the new Council is elected in September 2012 – and then to prepare a new Community Strategic Plan prior to the 2013/14 financial year commencing.

These actions are in line with the IPR framework provides that each new Council will prepare a new Delivery Plan for a 4 year cycle, to align with the Council electoral cycle. This alignment will ensure that the Council of the day is accountable for its own plan.

The Delivery Program is only part of the planning process and should specifically be read in conjunction with the Operational Plan, which provides details of the activities in the current year. The Long Term Financial Plan has a 10 year timeframe and is prepared to ensure the Council and community understand what is required to achieve long term financial sustainability.

Insert 2 Extract from Introduction DP 2012/16 p.1



Insert 3 Extract from DP 2012/16 p.4

Community involvement and engagement forms a central part of the IP&R framework and the DP reinforces that principle and the methods by which communication with the community can occur at both operational and strategic levels. In addition to the following extract, section four of this application provides the organisation's SRV communication strategy and its results:

Community Involvement

Junee Shire Council provides a number of mechanisms by which the community may be involved in terms of information sharing, active participation in committees, attendance at meetings, or other mechanisms. The following is a list of mechanisms by which residents can be involved.

Councillor Interaction

The Councillors of Junee Shire Council are there to represent your views. They welcome the opportunity to discuss any matters of concern of residents. For current contact information please visit the Council's website, www.junee.nsw.gov.au.

Council Meetings

Council and Committee meetings held at the Junee Shire Council Chambers, 29 Belmore Street, Junee.

Council meetings are held on the third Tuesday of each month commencing at 4:00pm. Additional meetings or variations to regular meeting dates and times are advertised in the Junee Southern Cross newspaper and displayed on Council's website.

Residents are advised that there is opportunity at the commencement of the meeting to address Council at the public forum. If the resident wishes to speak at the public forum, an application must be lodged with Council at least 48 hours prior to the meeting. Speakers will be limited to a time of 5 minutes. This can be extended at the discretion of the Mayor.

Business Papers

Council business papers are available for inspection from the Monday preceding the Council meeting at the Junee Shire Council offices and on the Council's website:

www.junee.nsw.gov.au Copies of the business paper are provided for members of the public who attend the council meeting.

Committees

The Council has a number of Committees that meet when needed. They are:-

- Australia Day Committee
- Consultative Committee
- Heritage Committee
- Youth Council
- Occupational Health & Safety Committee
- Tourism & Promotion Working Party
- Museum Working Party
- Athenium Working Party
- Junee Flood Study Management Committee
- Illabo Flood Study Management Committee
- Junee Junction Recreation & Aquatic Centre Committee

Community Committees / Delegates to other organisations

Council has a number of community committees or provides a delegate to other organisations. These bodies meet variably from regular monthly meetings on an as needs basis. They are:-

- Community Transport Committee
- District Emergency Management Committee
- Goldenfields Water County Council
- Inter-Agency Forum
- Junee Aged Hostel Committee

- Junee Shire Arts Council
- Junee Sports Committee
- Local Emergency Management Committee
- North East Riverina Rural Counselling Service
- REROC
- Riverina Regional Library
- Riverina Regional Tourism
- Riverina Zone, Rural Fire Service Liaison Committee
- Riverina Zone, Rural Fire Service Bushfire Management Committee
- Senior Citizens Week Committee
- Traffic Committee
- Murray Darling Association Inc.

Council Information Dissemination

Council utilises a number of mechanisms to inform our community. These include:-

- Local newspaper – The *Junee Southern Cross* provides coverage for the entire local government area and is used by Council to provide time sensitive information or to advertise or give notice of activities.
- Newsletter – The Junee Shire Council Newsletter is printed quarterly and is distributed to all residents of Junee Shire.
- Website – The Council website www.junee.nsw.gov.au provides Council specific information for interested parties.
- Tourism Website – The website www.visitjunee.com.au provides information for visitors to Junee Shire.

Operational Plan

The OP outlines the annual details of specific projects and activities that will achieve the commitments outlined in the DP. Of particular relevance to this SRV application is the service areas of:

- 4.9 Urban Sealed Roads
- 4.10 Rural Sealed Roads
- 4.11 Rural unsealed Roads

The revenue associated with this SRV application will support achieving the objectives and actions specified in these three service level areas.

3.3 Financial planning information

The justification for the special variation and its timing must be based on the council's Long Term Financial Plan (LTFP). The LTFP needs to include various budget scenarios, including scenarios with and without the special variation, that are based on clear and reasonable assumptions (see Section 6).

In the section below, explain the need for the variation in the context of the LTFP and the various budget scenarios. Provide extracts from or references to the LTFP as necessary.

It may also be useful to comment on external assessments of the council's financial sustainability (eg, by Treasury Corporation), or the council's recent revenue and expenditure history and how this relates to the need for the additional funding from the special variation.

The Junee Shire Council's Long Term Financial Plan (LTFP) clearly demonstrates the need for a SRV. The draft LTFP has three scenarios. The extract below from that LTFP outlines these scenarios.

Scenario 1- The Base Case - No SRV scenario

The Base Case shows the result of maintaining existing service levels with no SRV approved in 2013-14 – or any of the years beyond. This includes the cessation of rating revenue at the expiry of the 5 year 2009 SRV. Cash levels soon deplete and operating results remain in deficit.

The following table shows the nett increase in general income in the LTFP in Scenario 1.

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
3.6%	3.4%	-5.63%	3.0%	3.0%	3.0%*	3.0%	3.0%	3.0%	3.0%	3.0%

Scenario 2 - 10% SRV in 2013-14 scenario

Scenario 2 shows the projected result if the 2013-14 SRV application for a 10% increase in general rates is successful. In the remaining nine years covered by the LTFP no further SRV's are factored in. This includes the expiration of the 2009 SRV on 30 June 2014. This scenario shows an improved position compared to Scenario 1, but in the long term cash levels decline significantly and operating results remain in deficit.

The following table shows the nett increase in general income in the LTFP in Scenario 2.

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
3.6%	10.0%	-5.11%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Scenario 3 - The Preferred Scenario - SRV in 2013-14, 2014-15, 2015-16 & 2016-17 scenario

This scenario is based on a successful SRV applications in 2013-14, and further successful SRV applications in 2013-14 (10.0%), 2014-15 (12.6%), 2015-16 (9.5%) and 2016-17 (9.0%).

This scenario shows that cash levels are maintained at their positive but low existing levels and a steady improvement in the Council's operating result making a surplus in 2016-17 and the years beyond.

The following table shows the nett increase in general income in the LTFP in Scenario 3.

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
3.6%	10.0%	3.73%	9.5%	9.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

The primary difference in each scenario is in the amount of General Rates to be levied. Other modelling assumptions have been kept the same as they are seen to be realistic and if altered, would distort the effect of the general rate modelling.

The LTFP has been designed to provide sufficient operational and capital expenditure to sustain existing levels of service to the community and to gradually remove the infrastructure backlog that currently exists.

The Operating Result and the Cash Levels of the Council are clearly set out both in numerical terms and in graphical depiction for each scenario (Attachment Draft LTFP). Clearly under Scenario 1 Junee Shire Council is financially unsustainable. The Council could cut services and staff numbers but these cuts would be drastic and is not what the community wants (ref. IRIS and SRV application survey item 4.0).

Under Scenario 2 the position is much the same as Scenario 1 but the cuts wouldn't need to be so deep.

Scenario 3 shows the effect of four years of reasonable rate increases that place the Council's rate base at a level that will support its services.

Finally it should be noted that in order to soften the impact of an increase in general rates the Council has agreed to keep Sewerage Charges and Waste Management Charges flat over the next four years in each Scenario.

Junee Shire Council has recently had a review of its finances by TCorp under the direction of the Division of Local Government, Department of Premier & Cabinet. The purpose of this review is to provide the Council with an independent assessment of its financial capacity, sustainability and performance measured against a peer group of councils.

The key areas focused on are:

- the financial capacity of the Council;
- the long term Sustainability of the Council; and
- the financial performance of the Council in comparison to a range of similar councils and measured against prudent benchmarks.

The draft Financial Assessment, Sustainability and Benchmarking Report is an attachment to this submission. The report will be finalised by TCorp shortly when it adds the Council benchmarking data component.

This report effectively agrees and confirms with the picture that Junee Shire Council has seen in terms of its financial future for a number of years now.

The following excerpts are from the TCorp report Executive Summary. In terms of the key observations from its review of the Council's 10 year forecasts for its General Fund it says:

- *If the SRVs are not approved as sought, Council's ability to achieve a break even position will be impacted, resulting in Council having to amend the LTFP, review service levels, and/ or revise scheduled capital programs.*
- *Council will be able to spend sufficiently on capital expenditure throughout the review period only if the SRVs are approved.*

When summing up the long term sustainability of the Council, TCorp's key observations in full are:

- *Council's long term Sustainability can be better assessed once the LTFP is calculated on a consistent nominal dollar basis.*
- *The outcome of the proposed SRV applications is key to the future financial Sustainability of Council as without the increase in rates revenue, expense growth is likely to outpace revenue growth with Council's position deteriorating in each year.*
- *Council is currently operating close to its efficiency limit and therefore there are limited opportunities to reduce the expense base.*
- *Council is heavily reliant on the provision of operating and capital grants from other areas of government and would not be sustainable without the continued provision of these grants.*
- *Council's LTFP includes sufficient levels of capital expenditure to maintain its assets but the funding for this investment is dependent on the approval of the SRV's. In the event that the SRV's are not approved, Council will need to amend its LTFP which may adversely impact its Sustainability.*

Please note that Junee Shire Council LTFP adopted in June 2012 and upon which TCorp carried out its assessment originally sought to increase rates over a three year period. In Scenario 3, the increase in rates has now been extended to four years to soften the impact of this increase to its ratepayers. Also the Council has updated the LTFP adopted in June 2012 in line with TCorps recommendations. Only minor changes were required and the projected key financial results were effectively the same as that shown in June 2012.

In terms of the timing of this SRV application, it needs to be noted that the Council had identified its difficult financial position many years ago.

The first LTFP was presented to Council at its meeting held 2008. Subsequent LTFP's have consistently identified that the Council needs to improve its financial position by \$500,000 to \$700,000 per year in order to be financially sustainable in the long term. This is effectively the situation confronting the Council in 2013.

In the intervening years Junee Shire Council has taken a number of steps in order to maintain its financial position and not worsen it. They include:

- Selling a number of Council properties including:
 - the Family Day Care office in Belmore Street; now renting back
 - former Library building in Denison Street,
 - residence at 2 John Potts Drive,
 - residence at 24 John Potts Drive,
 - residence at 22 John Potts Drive
- Removing its roads resealing program; this has partially been reinstated with the approval of a Special Rate Variation in 2009.
- A range of other budget cuts across Council operations but especially in the roads renewal area. Staff numbers have reduced in the outdoor workforce through natural attrition and through staff redundancies.

These measures can't continue indefinitely. Junee Shire Council needs to increase its rates base in order to deliver the current levels of service its community has expressed a liking for and a desire to retain; even if it means an increase in general rates.

No action was taken in making an application for a SRV before 2009 as Junee Shire and the Riverina region was in the grip of an eight year drought through the early 2000s. The hardship being experienced by the community was recognised and so an application for a future SRV was deferred.

The 2009 SRV approved by the Minister for Local Government also provided funds for road resealing. But in this area of Council's operations approximately \$450,000 per annum is required to maintain the road network. The 2009 SRV provided \$214,023. Also it needs to be noted that Council's 2009 application was for an ongoing increase in its rates base. The DLG only approved a 5 year increase; as it did with all other SRV applications that year. Scenario 3 of the LTFP allows for the continuance of the 2009 SRV when it expires at 30 June 2014. That is not the subject of this s.508(2) application but is flagged as part of a Section 508A application being considered for 2014-15.

3.3.1 Prioritization of proposed spending

If possible, also explain how the council has prioritized the proposed spending in its program of expenditure (incorporated into its LTFP and as indicated in Worksheet 6 of Part A of the application form). If a special variation application is approved for a lesser amount than requested, it is useful for the council to be able to indicate which projects would be funded first.

The SRV is being put forward to partially address a shortfall in the Council's road resealing program. This program was completely removed in 2008 from Council's budget and reinstated in 2010. That removal led to a further deterioration of the Council's sealed road network.

Worksheet 6, in Part A of this application, Proposed Program of Expenditure, sets out the reseal works that are proposed to take place if this SRV application is successful. The list of roads shown all have current seal lives of in excess of 20 years and additionally their condition assessment warrants a reseal in the next ten year period. They are based on the works program in the Council's Roads Asset Management Plan adopted in June 2012.

If the SRV is approved for a lesser figure, the list of roads provided, in year order, simply indicate the priority of works (see Worksheet 6 Attachment in Part A).

3.3.2 Alternative options

In explaining why the special variation is needed, you should indicate how the council has considered a range of alternative financing options (eg, borrowing, private public partnerships, joint ventures, user pays) and why the special variation is the most appropriate option. It is important that you explain how the decision to apply for the variation has been made after all other options (ie, alternative revenue sources, changing expenditure priorities, alternative modes of service delivery) have been considered. Once again, provide extracts from, or references to, the LTFP which shows the council's consideration of alternative revenue options.

In terms of alternative financing options for this proposed resealing expenditure, the following comments are provided. Junee Shire Council is unlike many other NSW councils in that it has borrowed significantly over the last ten years. Its debt service ratios are at acceptable levels at present but the main limiter it has to borrowing more is its capacity to repay additional debt.

With a relatively small budget and small works program Junee Shire Council believes it doesn't have the cash to put toward loan repayments. More cash to loan repayments means less for operating and capital expenditure including asset renewal.

Having painted this background picture, the Council doesn't believe it is appropriate to borrow for road reseals in any case. This type of expenditure is recurrent and by its nature should come from the rate base.

There are no other financing options appropriate for road reseals.

What are Council's other options if this SRV application is not approved? It will need to adjust its operational and capital expenditure effectively lowering levels of service to the community. The kinds of actions available to it are set out in the LTFP on page 7; see the extract below.

It will be forced to take the following kinds of action at some stage in the next few years:

- Reduce expenditure on maintaining and renewing roads infrastructure.
- Reduce its efforts in maintaining sporting fields and parks and gardens.

- Reduce its promotion of the shire.
- Reduce opening hours for its recreation centre and library.
- Sell some of its long term assets.
- Hold onto plant and equipment for longer periods of time.
- Reduce its heavy plant numbers.
- Reduce its staff numbers through redundancies across different areas of operation.
- Negotiate to make some positions part-time rather than full-time.

3.3.3 Impact of special variation on key financial indicators

Outline below how the special variation impacts the council's key financial indicators over the 10 year planning period, as identified in the LTFP. This should include the impact on key indicators under the various budget scenarios (with and without the special variation).

Key indicators may include:

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

If the variation is to fund asset or infrastructure expenditure, the application should include an explanation of relevant asset replacement, renewal or repair expenses, and how the expenditure addresses backlogs over time.

The following observations are made in relation to the Key Performance Indicators in the LTFP.

Operating Balance Ratio

Because Scenarios 1 and 2 result in Operating Deficits each year the Operating Balance Ratio remains negative for all year of the LTFP. Scenario 3 shows a gradual improvement over the years moving to a positive result in 2016-17 and the years beyond.

Unrestricted Current Ratio

Scenarios 1 and 2 show a decline in this ratio. It dips below 1 in 2013-14 and becomes negative in 2016-17 and continues to be so. Scenario 3 shows a modest result for this ratio. It dips below 1 in 2013-14 and goes above 1 again in 2019-20.

Rates & Annual Charges Ratio

Scenarios 1 and 2 show a steady ratio of around 32% for the years of the LTFP. Scenario 3 shows a growth in this ratio from 32% in 2012-13 increasing slowly to 38% in 2022-23. This reflects the growth in rates revenue that is factored in to Scenario 3.

Debt Service Ratio

All three scenarios show a relatively steady result for all years of the LTFP. The ratio ranges between 4.57% and 6.60%. It reflects the main 30 year loan that the Council currently has that matures in 2037.

Broad Liabilities Ratio

All three scenarios show a lowering of this ratio over time. It is somewhat artificial however as revenues in Scenarios 1 and 2 cannot support the expenditure in their respective LTFP's and therefore would be cut back substantially if the revenue streams in these two scenarios eventuate. Scenario 3 does paint a true picture of the Broad Liabilities Ratio as expenditure to reduce infrastructure backlogs is properly funded.

In addressing infrastructure backlogs over time, Junee Shire Council needs to spend approximately \$450K in 2012-13 on reseals in order to maintain the current condition of its urban and rural sealed roads. It has been indexed at 3% for future years. Reseal expenditure of less than this creates a greater backlog (as recorded in Special Schedule 7). Expenditure of more than this lowers the backlog.

For other Infrastructure Assets and based on the renewal expenditure in the LTFP, the backlog is decreased by \$200k in 2012-13 and then indexed at 3%. The starting point for the Infrastructure backlog figure is Special Schedule 7 at 30 June 2012. It is also indexed by 3%.

Asset Renewal Ratio

All three scenarios show a strong Asset Renewal Ratio with the Council spending more on renewal works than the depreciation of these assets. This also shows a path to reducing the infrastructure backlog.

4 Criterion 2: Community engagement

To meet this criterion, you must provide evidence from the council's IP&R documentation that the council has consulted on the proposed special variation and that the community is aware of the need for, and the extent of, the rate increases. You should also show that the council has sought to obtain community input on both the proposed spending area, the revenue path in the council's LTFP incorporating the council's proposal, and the community's willingness to pay the rate increases.

In assessing the evidence, we will consider how transparent the council's engagement with the community has been, and that the information provided to the community shows:

- ▼ the proposed rate increases including the rate peg;
- ▼ the alternative rate levels without the special variation;
- ▼ if the requested special variation includes an expiring special variation (see Box 4.1 below);
- ▼ rates on an annual increase basis (and not just on a weekly basis); and
- ▼ if the council is proposing increases for any of its other charges, for example, waste management, when these are likely to exceed CPI increases.

Box 4.1 Does the council seek to renew or replace an expiring special variation?

If so, this needs to be clearly explained to the community. Councils should explain:

- ▼ that there is a special variation due to expire during the time period covered by the current special variation application, or the time period immediately before
 - ▼ that, if the special variation were not approved (ie, only the rate peg were applied), the year-on-year increase in rates would not be as high, or there would be a rates decrease (whichever is applicable)
 - ▼ if applicable, that the expiring special variation is being replaced with a permanent increase to the rate base.
-

Refer to DLG's Guidelines, the IP&R manual, and IPART's fact sheet on community engagement for more information about how community engagement might best be approached.

4.1 The consultation strategy

In the section below, provide details of the consultation strategy undertaken, including the range of methods used to inform the community about the special variation proposal and to obtain community input on this option (eg, media release, mail out to ratepayers, focus group, survey, online discussion, town hall meeting, newspaper advertisement or public exhibition of documents). Provide relevant extracts from the IP&R documentation to explain the strategy, where possible.

The information should clearly identify:

- ▼ key stakeholders in the consultation process
- ▼ the information that was presented to the community regarding the special variation proposal
- ▼ methods of consultation and why these were selected

- ▼ timing of the consultations (including exhibition of Draft Community Strategic Plan, Draft Delivery Program and Draft Operational Plan as applicable).

Attach relevant samples of the council's consultation material to the application.

Community Consultation Elements

The following major consultation elements have been used to support the development of this SRV application.

Junee Shire Council used the Division of Local Government's Guidelines and IPART's fact sheet: 'Community awareness and engagement for special variation applications' to prepare a Community Engagement Strategy in support of the community consultation process for this SRV application.

The feedback received from the community visioning workshops through the "making tracks" CSP 2012-22 highlighted the community's desire to maintain service levels, in particular ensuring appropriate future provisions for roads, drainage and building maintenance.

The community's preparedness to pay for this service is evidenced in the 2011 IRIS survey where 75% of residents gave a rating equal to or higher than 3 out of 5 in support of paying more to maintain levels of service and infrastructure at an acceptable level. Results from the 2006 survey revealed similar community expectations.

Recent Consultation for this SRV application

Community newsletter

In January 2013, Council began work to put together a community newsletter and survey which was distributed to every household and post office box in the Junee LGA (Distribution total 2250). The newsletter was used to explain the SRV application process to the community. It included an overview of Council's finances, information on the SRV proposal, the average additional amount ratepayers would have to pay under the proposal, what the additional revenue would be used for, alternatives to SRV, support for people who face financial hardship, dates for community forums, where to send submissions and comments, and how and where to find more information. (See Attachments to this Application)

Survey


A survey was distributed with the community newsletter, made available online via Survey Monkey on the Council website and provided at 5 community and/or business venues across the Junee LGA. Messages were also placed on the organisation's social media pages directing web traffic to the survey form.

To ensure the rural constituents in the northern area of the LGA were provided with a reminder of the impending community consultation meeting at the village of Illabo, the community newsletter and survey were hand delivered to residents in both Illabo and Bethungra.

Ballot boxes (5) for the survey collection were placed in various locations across the LGA providing greater access for participation.

Newspaper

In early February, running in two consecutive weeks, an advertisement was placed in the local newspaper informing the community of the dates, times and locations of the four community information sessions to be held:



**SPECIAL RATE VARIATION
COMMUNITY CONSULTATION WORKSHOPS**

Junee Shire Council is planning to make applications for Special Rate Variations over the next four years. It has scheduled the following community consultation workshops and invites you to attend. Workshops will be held at the following locations:

Wednesday, 20 February 2013

1. Junee Library - 5.30pm to 6.30pm
2. Junee Library - 7.00pm to 8.00pm

Monday, 25 February 2013

3. Illabo Uniting Church Hall – 7.00pm to 8.00pm

Wednesday, 27 February 2013

4. Junee Ex-Services Club – Function Room – 7.00pm to 8.00pm

A newsletter to all Junee Shire residents and businesses will be sent out in mid February outlining the details of the Special Rate Variations being sought, the process involved and why it needs to seek these variations. Further information is available online at: www.junee.nsw.gov.au or Twitter at: [#ThinkJunee](https://twitter.com/ThinkJunee)

James Davis
General Manager

Junee Southern Cross Newspaper article.

Community Information Sessions

The community information sessions were dispersed across various time slots and venues to provide a range of opportunities for attendance.

The sessions were advertised in the local newspaper, in the Mayors regular radio roundup, in the community newsletter sent to all residents, Council's website and on social media.

In an effort to reach rural constituents, Council enlisted the help of Rural Fire Brigade Captains who sent SMS message to brigade members notifying them of the time, date and venue of the sessions nearest them.

Hardcopy surveys were made available at each session and an open invitation was extended for face to face meetings with council staff at the Council Chambers. In total, five people accepted this invitation, meeting with the General Manager and executive directors to express their concerns and/or seek clarification.

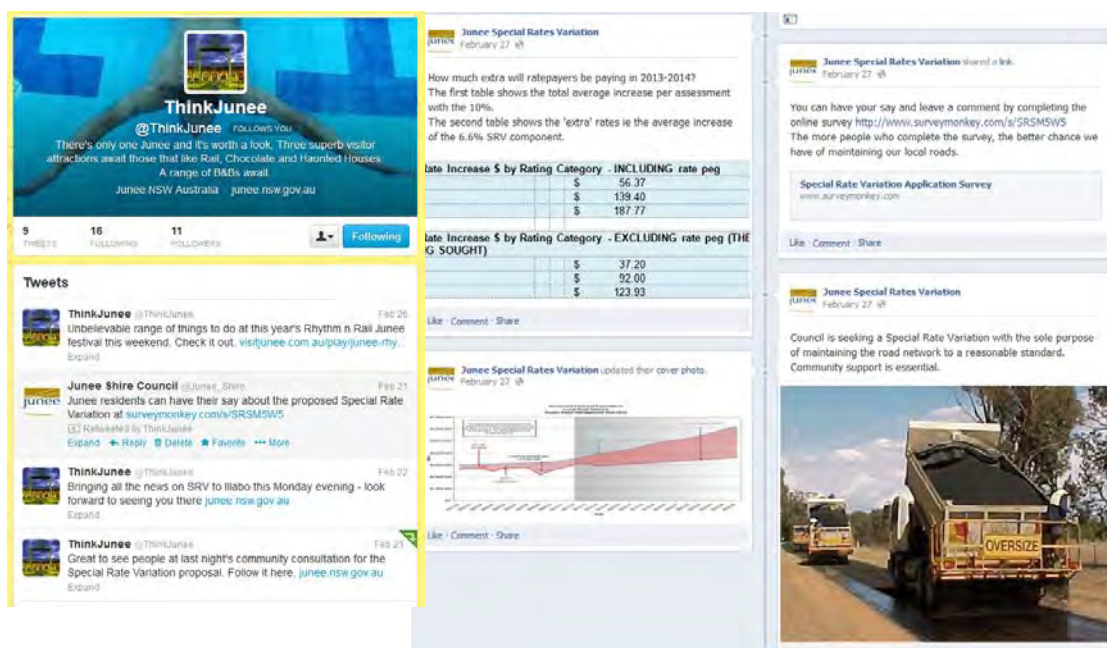
Website

Council's website was amended to highlight the SRV application process on the website home page, including, community information session times, dates and venues, links to the online survey and where to find more information.

Social media

A Facebook page and Twitter account were created. These were updated regularly with referrals to the online survey and information about the SRV application.

While social media wasn't an outstanding success in terms of traffic generated, it demonstrated, a level of diversity in the community engagement process that was deployed.



Summary

Following the implementation of the Community Engagement Strategy, and prior to any further SRV applications an evaluation exercise will be conducted to help improve future community consultation efforts.

Documents related to the information above are contained in the Attachments to this application.

Previous community Consultation

IRIS Research

In 2006 and again in 2011, Council enlisted the services of IRIS research to conduct a community survey of 500 randomly chosen residents. The survey sample represents s 9% of the Juneee LGA population or 26% of the occupied households (ABS 2012 census data). The aim of the survey was to measure people's satisfaction with various Council services and views on priorities for future spending.


4.2 Outcomes from community consultations

In this section provide a summary of the outcomes from the council's community engagement activities, as presented in the council's IP&R documentation (eg, number of attendees at events, percentage of responses indicating support for certain services/projects or rate increases, overall sentiment of representations, results of surveys).

Also provide a summary of submissions received in response to the exhibition of the Draft Operational Plan where they relate to the proposed special variation. Identify the nature of the feedback related to the proposal (including by relevant stakeholder group) and any action proposed by the council to address issues of common concern.

Attach copies of relevant documentation eg, survey reports to the council.

The SRV community survey generated 202 returns, representing a 9% collection rate from a circulation of 2250 surveys. When assessing this against occupied households (1,869, 2012 Census ABS) the collection rate improves to 11%.



June Shire Council

Survey - Proposed Rate Increase through a Special Rate Variation Application (SRV)

Introduction

In the newsletter accompanying this survey June Shire Council has provided information and outlined why it has proposed to apply for a Special Rate Variation. Your opinion and comments are important to us, so we would like to ask you a few questions about this proposal.

In summary, June Shire Council is proposing to apply for a 10% increase in General Rates (which includes the announced rate cap limit of 3.4%) in 2013-2014. So an additional 6.6% in rates is being sought. This additional revenue will be put to the Council's road resaling and road renewal program.

In order to soften the financial impact to ratepayers the Council will not increase its Waste Management Charges and Sewerage Charges in 2013-2014.

The results of the following survey will be considered by the Council when it looks at its available resources and the services it will provide to the June community.

Please turn over to complete the survey.

Returning the Survey

You can return this survey in a number of ways.

- Please place your completed survey in the collection boxes at:
 - June Junction Recreation & Aquatic Centre
 - June Post Office
 - Ilabo Store
 - Bethungra Old School Tea House
 - Wantabadgery Store
 - June Shire Council office
- Post to June Shire Council, PO Box 93, JUNE NSW 2663

Please return your survey by Thursday, 28 February 2013.
For more information visit www.june.nsw.gov.au

Thank you for your input. Your contribution is welcomed and valued.

Cr Lola Cummins
MAYOR

James Davis
GENERAL MANAGER

SURVEY FORM

Q1. How important do you believe it is for the road network to be appropriately maintained?

Very important	
Important	
Neutral	
Low importance	
Very low importance	

Q2. How important do you believe it is for June Shire Council to introduce this Special Rates Variation?

Very important	
Important	
Neutral	
Low importance	
Very low importance	

Q3. Would you support a lowering of service levels to community infrastructure and/or services in the event that the Special Rate Variation of 10% was not put in place?

Yes	
No	
Undecided	

Q4. Do you support the proposed rate increase for the purpose of providing funds to maintain the condition of the road network across the Shire?

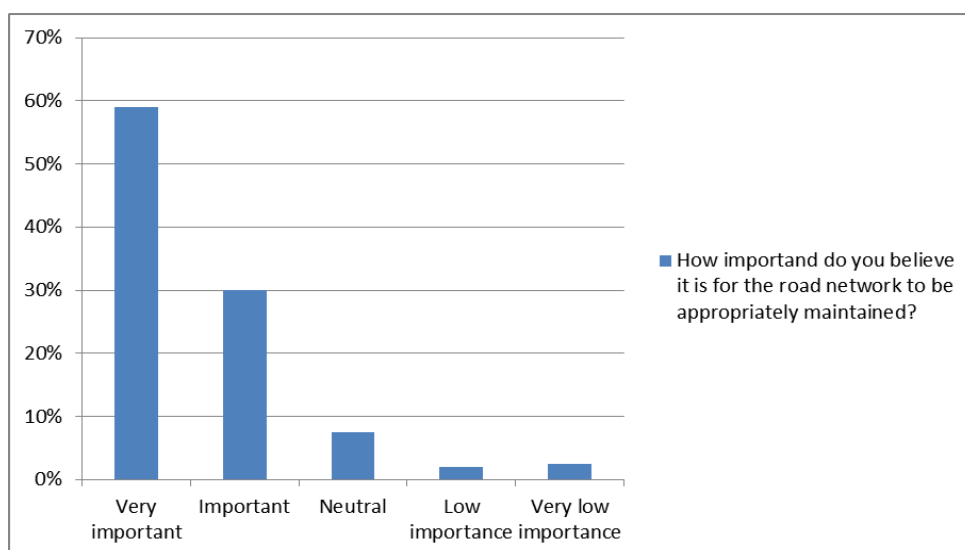
Yes	
No	
Undecided	

Other comments welcome!

Insert 4 SRV 2013 Community Survey Form

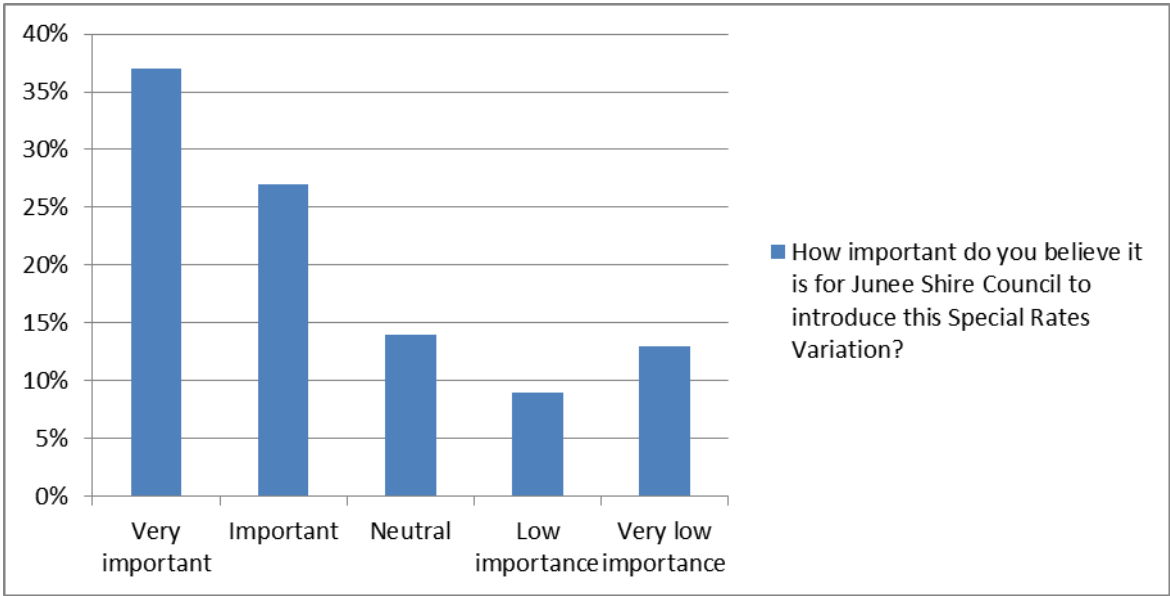
The results from the collected surveys are presented below:

Question 1 - How important do you believe it is for the road network to be appropriately maintained?



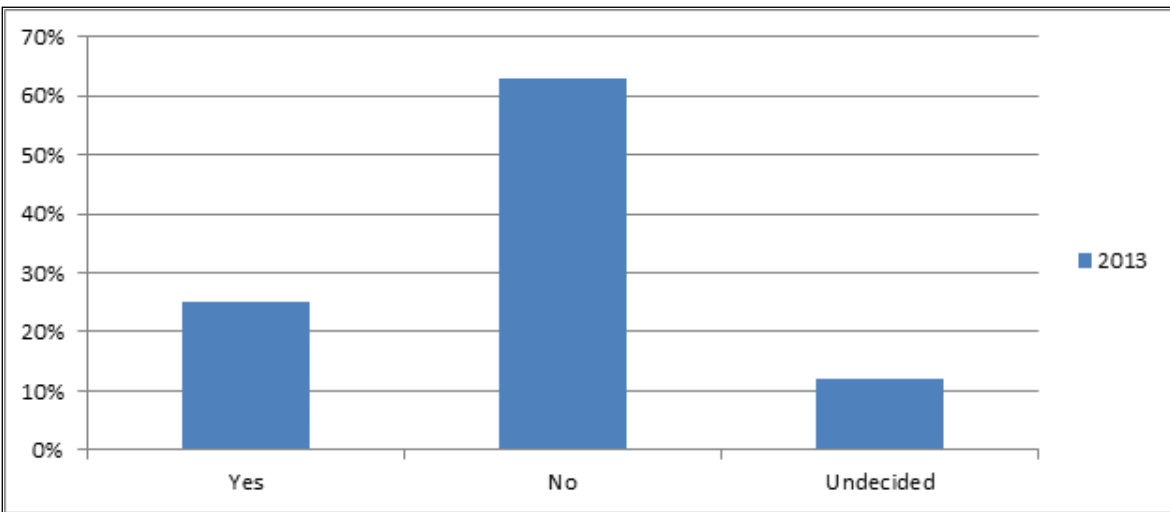
59% of respondents indicated that it was very important to maintain the road network, 30% said it was important, 6.5% were neutral to the idea, 2% stated it was of low importance and 2.5% stated it was of very low importance.

Question 2 - How important do you believe it is for Junee Shire Council to introduce this Special Rates Variation?



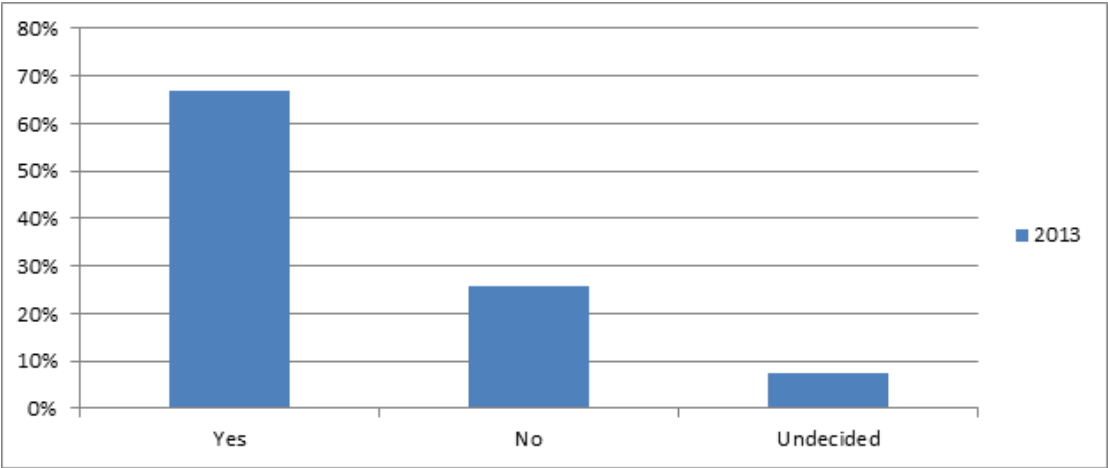
78% of respondents indicate they were not against the SRV being introduced. 37% of respondents indicated that it was very important, 27% said that it was important, 14% indicated a neutral stance, 9% stated it was of low importance and 13% of very low importance.

Question 3 - Would you support a lowering of service levels to community infrastructure and/or services in the event that the Special Rate Variation of 10% was not put in place.



25% of the respondents indicated they would support a lowering of services should the SRV not be put in place. Conversely, 63% said they would not support a lowering of services or community infrastructure. 12% were undecided.

Question 4 - Do you support the proposed rate increase for the purpose of providing funds to maintain the condition of the road network across the Shire?



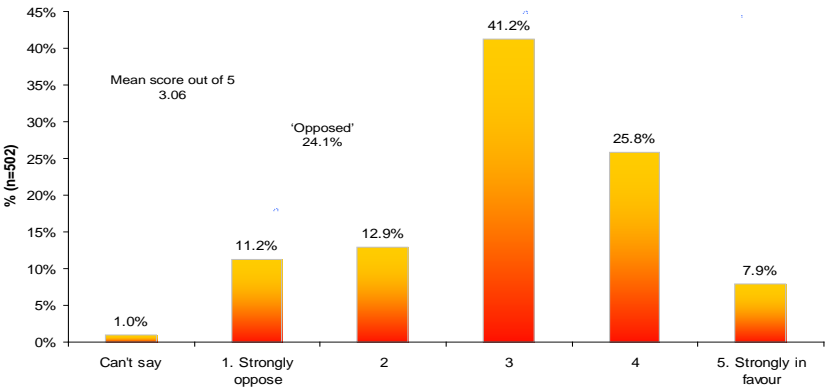
67% of respondents support the proposed rate increase, 26% were against it and 7% were undecided.

Previous Community Consultation

Community surveys, in 2006 and 2011 were conducted by IRIS research, an independent organisation that specialises in economic, community and industry research for government, business and academic institutions. The survey randomly selected 500 residents from across the LGA to ensure representative geographic sampling was achieved.

In 2011 the survey asked a question specifically about the community’s preparedness to accept a series of SRVs.

Support for a special rates variation?

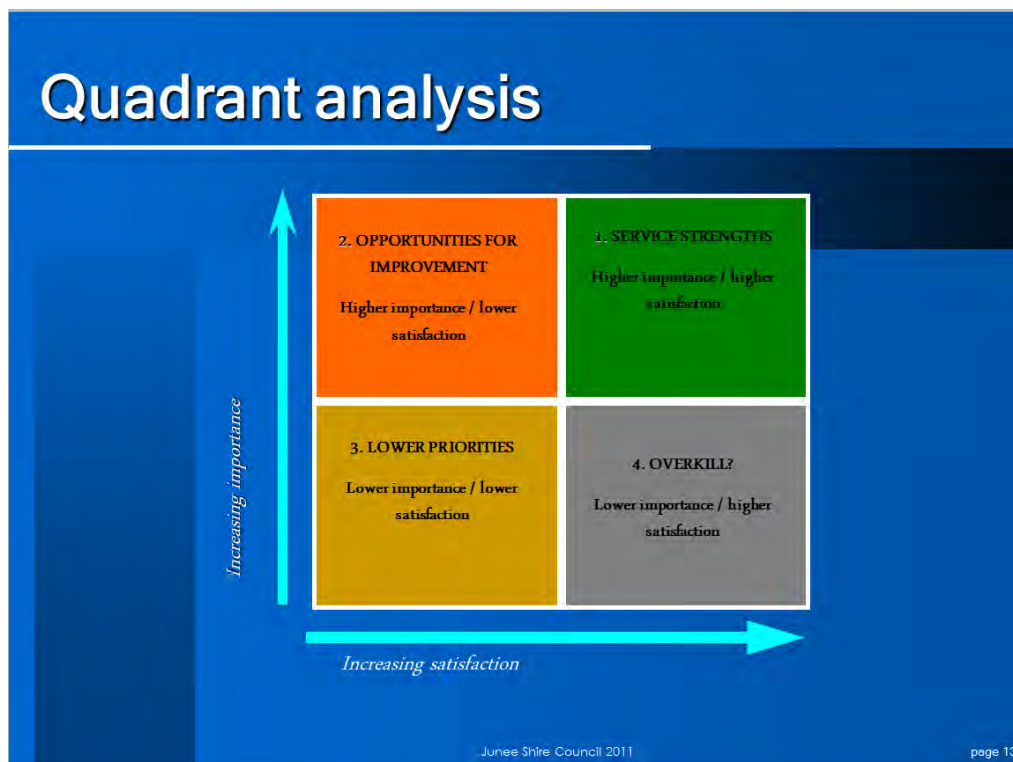


Key results:

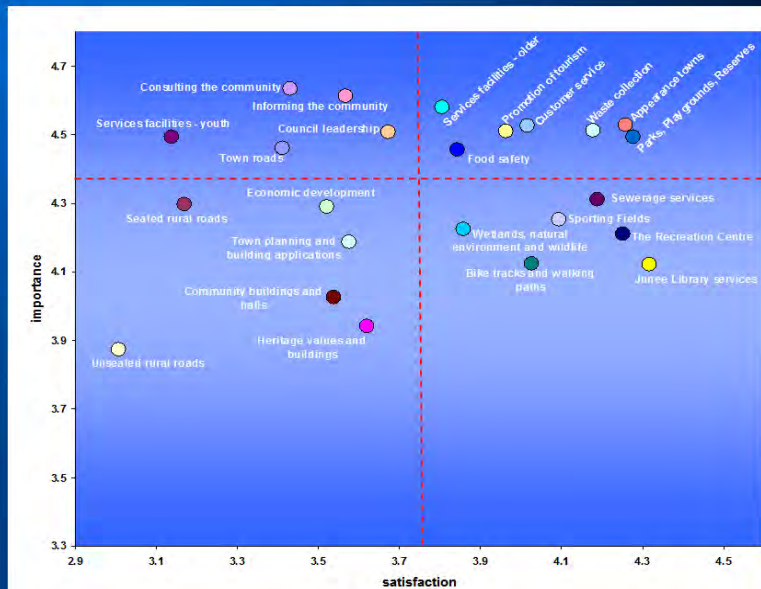
In all, three out of four (74.9%) Junee Shire residents are not opposed to the idea of moderately increasing rates to maintain services and facilities in the LGA.

Results showed that one in four Junee Shire residents (24.1%) is opposed to the idea of a special rates variation.

The 2011 IRIS survey provided a rigorous approach in identifying the community's perception on service delivery. The community were asked to rank the importance and satisfaction levels in 24 service areas. IRIS then applied quadrant, gap and regression analysis to map a series of community priorities that the Council could consider in the development of its 2012 IP&R documentation.



Quadrant analysis



page 14

Quadrant analysis... in summary

2. Candidates for immediate attention (Low Sat / High Imp)

- ✖ Maintaining town roads
- ✖ Provision of services and facilities for youth
- ✖ Informing the community of Council decisions
- ✖ Consulting with the community
- ✖ Council leadership and advocacy

1. Keep up the good work! (High Sat / High Imp)

- ✓ Waste collection
- ✓ Appearance of towns and villages
- ✓ Provision and maintenance of parks, playgrounds and reserves
- ✓ Provision of services and facilities for older people
- ✓ Food safety in local eateries and restaurants
- ✓ Promotion of tourism
- ✓ Customer service provided to residents by council staff

3. Candidates for longer-term action? (Low sat / Low Imp)

- Maintaining sealed rural roads
- Maintaining unsealed rural roads
- Protection of heritage values and buildings
- Provision of community buildings and halls
- Town planning and timely processing of building applications
- Promoting economic development

4. Overkill? (High Sat / Low Imp)

- Repairs and maintenance of sewerage services
- Provision and maintenance of sporting fields
- The Recreation Centre (Pool - Stadium - Gymnasium)
- June library services
- Provision of bike tracks and walking paths
- Running of community events and celebrations
- Protection of wetlands, natural environment and wildlife

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Gap analysis

Priority Level 1

(i.e. above average gap score)

Ave. gap
0.62

Council Services and facilities	Performance Gap	Priority Level
Provision of services and facilities for youth	1.40	1
Consulting with the community	1.22	1
Informing the community of Council decisions	1.05	1
Maintaining sealed rural roads	1.14	1
Maintaining town roads	1.06	1
Council leadership and advocacy	0.85	1
Maintaining unsealed rural roads	0.95	1
Promoting economic development	0.83	1
Provision of services and facilities for older people	0.81	1

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Insert 6 Series of images from IRIS Research presentation to June 2011

Of the items listed in quadrant 2 and 3, maintaining the road network represent the most significant issue to fund and requires a strategic financial framework to accommodate this. An increase in general rates is considered the most equitable way of raising revenue for this purpose.

The IRIS survey included over 40 questions, three of which have specific relevance to this SRV application. They relate to maintaining and /or improving services and whether the community is prepared to pay for them.

The 2011 surveys revealed 72% of residents reported that they would rather see rates rise than see cuts in local services. The 2006 survey results achieved a higher percentage level of agreement than 2011. This 2011 result is consistent with the results from the 2013 SRV community survey.

While outside the context of the SRV application a majority of respondents, over 79% revealed they would pay more for improved services.

Conversely, when asked if rates should be kept to a minimum even if services are cut 53% of residents were in agreement and 44% disagreed with the question.

IRIS Community Survey questions	2011 Percentage level of agreement with question			
	Can't Say	Low	Medium	High
I would be happy to pay a little more Council rates to fund essential improvements in services and facilities	0.6	19.8	27.2	52.4
I would rather see Council rates rise than see cuts in local services	1.8	25.4	34.6	38.2
Council rate rises should be kept to a minimum even if it means that local services are cut	1.9	44.8	28.0	25.3

IRIS research 2006 and 2011 form part of the attachment to this application.

5 Criterion 3: Rating structure and the impact on ratepayers

Councils must also fill in the worksheets in Part A of the application in order to provide the information and calculations underpinning the proposed rating structure, the impact of the special variation and rate increases.

5.1 Proposed rating structure

In the section below, provide an explanation of the proposed rating structure for the variation under two scenarios – the proposed rating structure if approved and the proposed structure should it not be approved.

In line with Worksheet 5 of Part A of Junee Shire Council's application the following rating structures are provided.

Rating Structure for 2013-14 if 10% SRV Approved

Rate	No. Asses	Land Value	Notional Income 2012-13	Base Amount %	Base Amount	Ad Valorem Rate	Income 2013-14
Farmland	750	519,145,300	1,407,385	11.45%	236.30	0.264068	1,548,122
Residential - Town	1,523	67,879,705	906,474	36.09%	236.30	0.938772	997,121
Residential - Rural & Village	443	24,825,870	196,711	48.38%	236.30	0.449938	216,382
Residential - Kinvara	29	4,268,000	22,506	27.68%	236.30	0.419494	24,757
Business - Town	125	7,626,115	221,603	12.12%	236.30	2.809097	243,763
Business	67	2,078,320	45,844	31.40%	236.30	1.664614	50,428
Total	2,937	625,823,310	2,800,523				3,080,573

Rating Structure for 2013-14 if 10% SRV Not Approved – ie. Based on 3.4% Rate Peg Limit

Rate	No. Asses	Land Value	Notional Income 2012-13	Base Amount %	Base Amount	Ad Valorem Rate	Income 2013-14
Farmland	750	519,145,300	1,407,385	11.45%	222.10	0.248227	1,455,234
Residential - Town	1,523	67,879,705	906,474	36.09%	222.10	0.882496	937,294
Residential - Rural & Village	443	24,825,870	196,711	48.37%	222.10	0.422982	203,399
Residential - Kinvara	29	4,268,000	22,506	27.68%	222.10	0.394330	23,271
Business - Town	125	7,626,115	221,603	12.12%	222.10	2.640597	229,138
Business	67	2,078,320	45,844	31.39%	222.10	1.564822	47,403
Total	2,937	625,823,310	2,800,523				2,895,739

The two alternative rating structures are shown above; one if the SRV application is approved and the second if Council is not successful and applies the 3.4% rate peg limit. In both cases there is no proposal to make any shift in the rate burden between categories or sub-categories of rating.

Please note that in 2013-14 the Council will be using Land Values with a base date of 1 July 2012 for the first time. Rates in 2012-13 were levied using Land Values with a base date of 1 July 2009

5.2 Impact on rates

Comment on the cumulative impact of the proposed increases on different rating types and categories, as detailed in Worksheet 5 of Part A of the application, and explain why the rate increases are reasonable.

Include an explanation of any differences between the requested percentage increases of different rating types or categories.

Also include commentary on average rates (defined as Notional Income Yield divided by the number of assessments for each rating category, sub-category or special rate) and the impact of the proposed rate increases across the rates distribution.

Provide references from the relevant pages in the council's IP&R documents to demonstrate reasonableness.

In terms of average rates impacts, the following information is provided. Table 1 provides the nett average additional impact of a 10% SRV across rating classifications. Table 2 provides the nett average additional impact of the 6.6% increase being the 10% SRV application minus the 3.4% rate peg limit:

**Table 1 - Nett Average Rate Increase of 10% - \$ by Rating Category
INCLUDES rate peg of 3.4%**

Residential	\$	56.37
Business	\$	139.40
Farmland	\$	187.77

**Table 2 - Nett Average Rate Increase of 6.6% - \$ by Rating Category
EXCLUDES rate peg of 3.4% (THIS IS THE EXTRA AMOUNT BEING SOUGHT)**

Residential	\$	37.20
Business	\$	92.00
Farmland	\$	123.93

In order to soften the impact for residential and business ratepayers in Junee, the Council's LTFP allows for Waste Management Charges and Sewer Charges to remain flat for the next four years. (Refer page 8 of the Long Term Financial Plan).

It is difficult to make direct comment on the proposed increases in Worksheet 5 in Part A of this application. As mentioned above in Section 5.1, Junee Shire Council has new Land Values (LV) with a Base Date of 1 July 2012 that come into play on 1 July 2013. These replace the 1 July 2009 Land values (LV) that the 2012-13 rates were based on. So you will see in Worksheet 5 in the Impact on Ordinary Rates Distribution table some unusual results coming through because of this revaluation. In this revaluation, Town Residential LV's went up nearly 14%, Town Business LV's went up over 21% and Farmland LV's remained flat.

These LV changes impact on the Ad Valorem component of the rate effectively lowering it for Town and Business rate categories. So when the rates calculated on a 2012/13 LV of \$50,000 is compared to the rates calculated on a 2013/13 LV of \$50,000 the 2013/14 figures will be lower. (Most likely the assessment of 50,000 LV is now about \$57,000).

5.2.1 Minimum Rates

Does the council have minimum rates? Yes ☐ No ☒

If Yes, provide details of the proposed increase in minimum rates and the proposed share of ratepayers on the minimum rate for the relevant category, with and without the special variation.

5.3 Community's capacity to pay proposed rate increases

Discuss the capacity of ratepayers (in each sub-category) to pay for the rate increases. Provide relevant supporting information from the council's IP&R documentation, in particular any reference to the "affordability" of the proposed increases. Examples of supporting evidence could include discussion of affordability measures such as SEIFA rankings, land values, average rates and disposable incomes, or the outstanding rates ratio. It could also include comparisons of socioeconomic indicators or rate levels with peer group councils.

Remember that the amount of information required is generally proportionate to the size and complexity of the proposed increase.

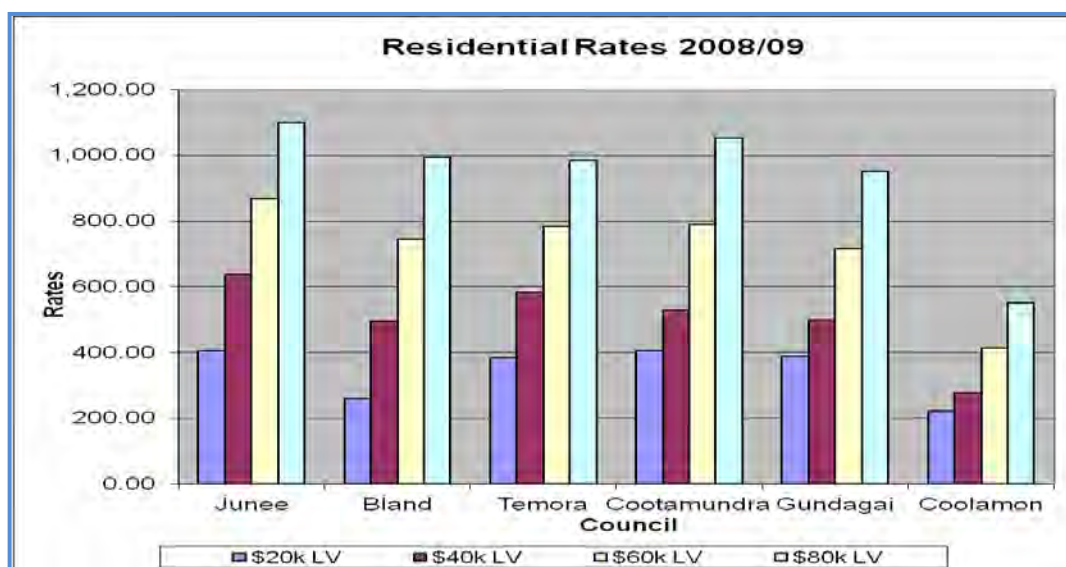
IPART may consider indicators such as the SEIFA index rankings and income levels, as well as the council's current average rate levels, as part of its assessment of capacity to pay in the LGA, even if the council does not provide this information in its application.

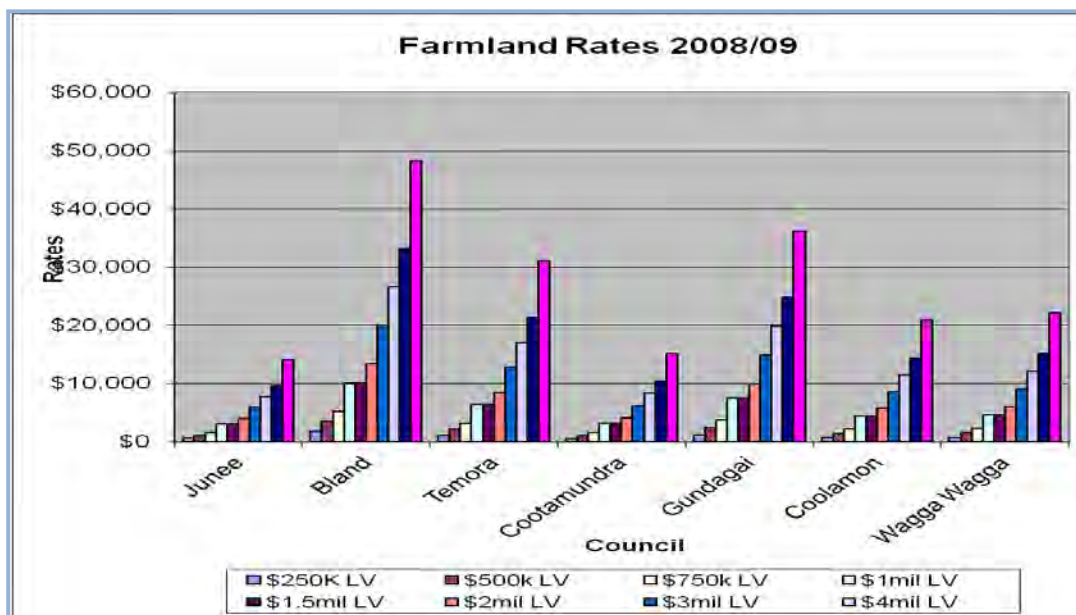
Junee Shire Council believes that an extra 6.6% on top of the 3.4% rate peg in 2013-14 is reasonable and affordable.

In order to soften the impact for residential and business ratepayers in Junee, the Council's LTFP allows for Waste Management Charges and Sewer Charges to remain flat for the next four years. (Refer page 8 of the Long Term Financial Plan).

In a comparison with neighbouring councils conducted using 2008-09 rating structures, it was found that Junee residential ratepayers pay around the same level of rates as most similar towns near Junee at an equivalent land value. Junee farmers however pay less than farmers with the same land value in neighbouring councils. Junee Shire Council has, in the last ten years, sought to shift some of the general rates burden to the farming sector in light of this information.

See the graphs below for the details:





The Council's outstanding rates ratio for 2011-12 for General Fund was 8.12% which is seen as an acceptable figure. Having said that, the Council is always looking for ways to improve its debt recovery operations.

SEIFA Index

In terms of the Socio-Economic Indexes for Areas (SEIFA) released by the ABS and based on the 2006 Census, Junee Shire Council has the following results for Decile Rankings in Australia:

- Relative Socio-Economic Advantage and Disadvantage – Decile 3

This Index summarises a range of variables only related to relative advantage and disadvantage, such as income and tertiary education.

Its neighbouring councils of Cootamundra and Gundagai are also Decile 3 while Temora and Coolamon are Decile 4.

- Relative Socio-Economic Disadvantage – Decile 3

This Index summarises a range of variables only related to relative disadvantage, such as low income, low educational attainment, unemployment and dwellings without motor vehicles.

Its neighbouring council of Cootamundra is also Decile 3, Gundagai is at Decile 4 and Temora and Coolamon are Decile 5.

The SEIFA data for 2011 is not yet available; this application relies upon the 2006 data.

SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics. It is a good starting point to get a general view of the relative level of disadvantage in one area compared to others and is used to advocate for an area based on its level of disadvantage.

The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations. A higher score on the index means a lower level of disadvantage. A lower score on the index means a higher level of disadvantage.

A reasonable approach is to compare the SEIFA index weighting to Junee neighbouring LGAs. The follow table illustrates Junee has the highest level of disadvantage amongst its neighbours. Wagga Wagga is NSW's largest inland Rural City of 60,000 people, comparing Junee to Wagga Wagga in SEIFA index isolation is considered inappropriate for the purposes of SRV application.

LGA	SEIFA Index 2006
Junee	906
Gundagai	915
Temora	919
Tumut	924
Wagga Wagga	981

Capacity to Pay

The community's capacity to pay the proposed rate increases can be supported in two ways:

1. Comparative Information with neighbouring local government authorities, and
2. Quantifying the direct financial impact upon residents

The 2010-11 NSW Local Government Councils Comparative Data report was released by the Division of Local Government in November 2012.

The Australian Classification of Local Governments (ACLG) classifies councils into 22 categories according to their socioeconomic characteristics and their capacity to deliver a range of services to the community. Councils are first classified as either urban or rural. Urban councils are then divided into four categories – capital city, metropolitan developed, regional town/city or fringe. Rural councils are divided into three categories – significant growth, agricultural or remote. The final classification steps for both urban and rural councils is based on population. In the DLG Comparative Information publication, NSW councils have been put into 11 groups or categories instead of 22. This is because several of the ACLG categories contained either no NSW councils or only one or two councils. This made it difficult to compare the performance of different councils in a meaningful way.

Junee Shire Council is a Group 10 Council; Rural Agricultural Large. The following information has been extracted from the 2010-11 Comparative Information Report.

Table	Description	Junee	Group 10 Average
1.1	Average rate per assessment – Residential	\$454.97	\$495.63
1.2	Average rate per assessment – Farmland	\$1730.31	\$2035.49
1.3	Average rate per assessment – Business	\$1319.37	\$1091.96

The table clearly shows Residential and Farmland rating categories below its peers. And it should be noted that while this table shows the Junee Business category above the average, there is only 125 assessments in this category. The low number of rateable businesses in this category in the Junee LGA is likely to affect the results.

The capacity for ratepayers to pay rate increases has the greatest impact on those with limited capacity to increase their household income. Typically, this group is represented by single income families, people who are unemployed and pensioners. Without diminishing or trivialising business and farmland proposed rate increases these groups have a greater capacity to absorb and offset rate increases through business related activity.

Rural Villages

The following table represents land values in the Illabo village area. There are four rural villages across the LGA, each with populations under 150 and similar rating valuations. The total increase including rate pegging on the average land valuation in Illabo is approximately 50c /week.

The total SRV increase of 10% upon the average weekly household income of \$888/week (ABS Census 2012) represents a 0.06% weekly increase.

The total SRV increase of 10% upon single pensioner income of \$356/week represents a 0.14% weekly increase.

The total SRV increase of 10% upon pensioner couple income of \$536/week represents a 0.09% weekly increase.

Illabo Village Land Value	2012/13 General Rates	SRV 6.6%	Rate peg 3.4%	\$ Increase if 10% granted	Proposed 2013/14 General Rate
\$ 5,000	\$ 505	\$ 16	\$ 8	\$ 24	\$ 528
\$ 6,000	\$ 509	\$ 16	\$ 8	\$ 24	\$ 533
\$ 7,000	\$ 513	\$ 16	\$ 8	\$ 24	\$ 538
\$ 8,000	\$ 517	\$ 16	\$ 8	\$ 25	\$ 542
\$ 9,000	\$ 522	\$ 17	\$ 9	\$ 25	\$ 547
\$ 10,000	\$ 526	\$ 17	\$ 9	\$ 26	\$ 551
\$ 15,000	\$ 547	\$ 18	\$ 9	\$ 28	\$ 575
\$ 20,000	\$ 568	\$ 20	\$ 10	\$ 30	\$ 598
\$ 30,000	\$ 609	\$ 22	\$ 12	\$ 34	\$ 644
\$ 40,000	\$ 651	\$ 25	\$ 13	\$ 38	\$ 690
\$ 50,000	\$ 693	\$ 28	\$ 14	\$ 42	\$ 736
*Land values around \$7000 per block					

There is discrepancy between rates levied in villages like Illabo and the town of Junee. This is due to the Ad Valorem rate in the dollar being less in Illabo (\$0.418305) compared to Junee (\$0.972132). Comparing a \$50,000 land valuation in both locations the land located in Junee will command a higher general rate total than the same valuation in rural villages.

Junee Township

The following table represent land values for Junee township. The total increase including rate pegging on the average land valuation in Junee is approximately \$1.40/week.

Junee town Residential Land Value	2012/13 General Rates	SRV 6.6%	Rate peg 3.4%	\$ Increase if 10% granted	2013/2014 General Rate
\$ 10,000	\$ 312	\$ 21	\$ 11	\$ 31	\$ 343
\$ 15,000	\$ 361	\$ 24	\$ 12	\$ 36	\$ 397
\$ 20,000	\$ 409	\$ 27	\$ 14	\$ 41	\$ 450
\$ 25,000	\$ 458	\$ 28	\$ 18	\$ 46	\$ 504
\$ 30,000	\$ 506	\$ 31	\$ 20	\$ 51	\$ 557
\$ 35,000	\$ 555	\$ 37	\$ 19	\$ 56	\$ 611
\$ 40,000	\$ 604	\$ 38	\$ 23	\$ 60	\$ 664
\$ 50,000	\$ 701	\$ 46	\$ 24	\$ 70	\$ 771
\$ 60,000	\$ 798	\$ 50	\$ 29	\$ 80	\$ 878
\$ 70,000	\$ 895	\$ 59	\$ 30	\$ 90	\$ 985
\$ 80,000	\$ 993	\$ 63	\$ 36	\$ 99	\$ 1,092
\$ 90,000	\$ 1,090	\$ 72	\$ 37	\$ 109	\$ 1,199
\$ 100,000	\$ 1,187	\$ 76	\$ 43	\$ 119	\$ 1,306
\$ 120,000	\$ 1,381	\$ 91	\$ 47	\$ 138	\$ 1,519
\$ 150,000	\$ 1,673	\$ 110	\$ 57	\$ 167	\$ 1,840
*average Residential Land Value land value \$44,550					

The total SRV increase of 10% upon the average weekly household income of \$888/week (ABS Census 2012) represents a 0.45% weekly increase.

The total SRV increase of 10% upon single pensioner income of \$356/week represents a 1.1% weekly increase.

The total SRV increase of 10% upon pensioner couple income of \$536/week represents a 0.75% weekly increase.

General Farm Land

The following table represent land values for farm land. The total increase including rate pegging on the average land valuation in this category is approximately \$4/week.

Farm Land Land Value	2012/13 General Rates	SRV 6.6%	Rate peg 3.4%	\$ Increase if 10% granted	Proposed 2013/14 General Rate
\$ 100,000	\$ 456	\$ 30	\$ 15	\$ 46	\$ 501
\$ 200,000	\$ 697	\$ 46	\$ 24	\$ 70	\$ 767
\$ 300,000	\$ 938	\$ 62	\$ 32	\$ 94	\$ 1,032
\$ 400,000	\$ 1,179	\$ 78	\$ 40	\$ 118	\$ 1,297
\$ 500,000	\$ 1,420	\$ 94	\$ 48	\$ 142	\$ 1,562
\$ 600,000	\$ 1,661	\$ 110	\$ 56	\$ 166	\$ 1,827
\$ 700,000	\$ 1,902	\$ 126	\$ 65	\$ 190	\$ 2,092
\$ 800,000	\$ 2,143	\$ 141	\$ 73	\$ 214	\$ 2,357
\$ 900,000	\$ 2,384	\$ 157	\$ 81	\$ 238	\$ 2,623
\$ 1,000,000	\$ 2,625	\$ 173	\$ 89	\$ 263	\$ 2,888
\$ 2,000,000	\$ 5,036	\$ 332	\$ 171	\$ 504	\$ 5,539
\$ 3,000,000	\$ 7,446	\$ 491	\$ 253	\$ 745	\$ 8,191
\$ 4,000,000	\$ 9,857	\$ 651	\$ 335	\$ 986	\$ 10,842
\$ 5,000,000	\$ 12,267	\$ 810	\$ 417	\$ 1,227	\$ 13,494
\$ 6,000,000	\$ 14,678	\$ 969	\$ 499	\$ 1,468	\$ 16,145
\$ 7,000,000	\$ 17,088	\$ 1,128	\$ 581	\$ 1,709	\$ 18,797
\$ 8,000,000	\$ 19,498	\$ 1,287	\$ 663	\$ 1,950	\$ 21,448
*average land value \$700,000					

Business Rate

The following table represents land values for business land categories. The total increase including rate pegging on the average business land in this category is approximately \$4/week.

June Business Land Value	2012/13 General Rates	SRV 6.6%	Rate peg 3.4%	\$ Increase if 10% granted	2013/14 proposed new general rate
\$ 10,000.00	\$ 525.59	\$ 34.69	\$ 17.87	\$ 52.56	\$ 578.15
\$ 15,000.00	\$ 680.99	\$ 44.95	\$ 23.15	\$ 68.10	\$ 749.08
\$ 20,000.00	\$ 836.38	\$ 55.20	\$ 28.44	\$ 83.64	\$ 920.02
\$ 25,000.00	\$ 991.78	\$ 65.46	\$ 33.72	\$ 99.18	\$ 1,090.95
\$ 30,000.00	\$ 1,147.17	\$ 73.41	\$ 39.00	\$ 114.72	\$ 1,261.89
\$ 35,000.00	\$ 1,302.57	\$ 85.97	\$ 44.29	\$ 130.26	\$ 1,432.82
\$ 40,000.00	\$ 1,457.96	\$ 96.23	\$ 49.57	\$ 145.80	\$ 1,603.76
\$ 50,000.00	\$ 1,768.75	\$ 116.74	\$ 60.14	\$ 176.88	\$ 1,945.63
\$ 60,000.00	\$ 2,079.54	\$ 137.25	\$ 70.70	\$ 207.95	\$ 2,287.50
\$ 70,000.00	\$ 2,390.33	\$ 157.76	\$ 81.27	\$ 239.03	\$ 2,629.37
\$ 80,000.00	\$ 2,701.12	\$ 178.27	\$ 91.84	\$ 270.11	\$ 2,971.24
\$ 90,000.00	\$ 3,011.92	\$ 196.47	\$ 102.41	\$ 301.19	\$ 3,313.11
\$ 100,000.00	\$ 3,322.71	\$ 219.30	\$ 112.97	\$ 332.27	\$ 3,654.98
\$ 120,000.00	\$ 3,944.29	\$ 260.32	\$ 134.11	\$ 394.43	\$ 4,338.72
\$ 150,000.00	\$ 4,876.66	\$ 321.86	\$ 165.81	\$ 487.67	\$ 5,364.32
*average Business Land Value land value \$61000					

5.4 Addressing hardship

Does the council have a Hardship Policy in place? Yes ☒ No ☐

If Yes, is the Policy identified in the council's IP&R documentation? Yes ☐ No ☒

Please attach a copy of the Policy to the application.

Does the council propose to introduce any measures to limit the impact of the proposed special variation on vulnerable groups such as pensioners? Yes ☒ No ☐

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

Junee Shire Council policy for Rates and charges hardship policy is contained in the attachments.

The policy has been accessed infrequently since its adoption. A review of the policy has been undertaken and the Council will consider amendments to the policy with the development of the 2013/14 IP&R documentation to provide improved access, including:

- Any ratepayer who incurs a rate increase resulting from the implementation of a special rates variation can apply to Council for rate relief if the increase in the amount of rates payable would cause them substantial hardship.

In order to soften the impact for residential and business ratepayers in Junee, the Council's LTFP allows for Waste Management Charges and Sewer Charges to remain flat for the next four years. This represents a reduction in potential charges of up to \$8/year or \$32 over the four year period.

6 Criterion 4: Delivery Program and Long Term Financial Plan assumptions

The council's planned service delivery and budgeting must be based on realistic assumptions in order for an application to be approved by IPART.

Given the importance of the Delivery Program and LTFP in providing the strategic and financial justification for a special variation, it is critical that the assumptions underpinning these plans, in particular, are realistic. Questions that we will consider in assessing this criterion include:

- ▼ Is the proposed scope and level of service delivery in the Delivery Program appropriate given the council's financial outlook and the community's priorities?
- ▼ Are the council's estimates of specific program or project costs which have been incorporated into the LTFP feasible and based on an efficient allocation of resources?
- ▼ Are the council's projected cost components (including labour costs) in the LTFP based on realistic assumptions?
- ▼ Has the council incorporated other realistic assumptions about the expected rate of growth in the LGA?

In explaining the council's assumptions, identify any industry benchmarks or independent cost assessments that have been utilised by the council in developing them. Also include details of any relevant research or feasibility work undertaken eg, related to new program or project costs.

6.1 Delivery Program assumptions

Explain the key assumptions underpinning the council's Delivery Program and why they are realistic. For example, assumptions will relate to:

- ▼ the community's priorities and expectations, in order of importance
- ▼ proposed level of service for assets
- ▼ speed at which asset backlogs are to be addressed
- ▼ speed at which other identified gaps in service provision are addressed.

The community's priorities and expectation are stated in items 2.2 and 4.1. The IRIS research 2011 survey provides the Council with its most comprehensive information regarding community expectations and ordering of important. By contracts, the IP&R community consultation process involves such voluminous documentation, that to the laymen it appears impenetrable and without the benefit of a profession eye many submissions focus in on single issues rather than how the organisation functions homogenously. Many councils now gather supplementary information to support their IP&R process. Junee Shire Council was an early adopter of such techniques (2006) within the NSW Local Government sector.

The IRIS research team presented a summary of results from their research which helped the Council identify where organisational effort is applied in future years.

Summary

- The recreation centre
- Sewerage services
- Waste collection

- Satisfaction with Council as an organisation
 - 76% of residents gave a 'high' satisfaction rating (4-5)
 - Mean satisfaction score was 3.96 out of 5
- Residents are generally satisfied with:

→ Junee library services	→ The recreation centre
→ Parks, playgrounds and reserves	→ Sewerage services
→ Appearance of towns and villages	→ Waste collection
- But are dissatisfied with:

→ Maintaining unsealed roads	→ Maintaining town roads
→ Services and facilities for youth	→ Consulting with the community
→ Maintaining sealed rural roads	→ Promoting economic development

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IRIS Research presentation to Council Nov 2011

The prioritising of projects forms part of the AMP. The AMP went through its own community exhibition phase which did not raise a public submissions.

The speed at which the asset backlog will be address will be \$184k/annum in accordance with the table presented in item 8.2 of this document. The speed at which the remaining infrastructure gap will be rectified will be illustrated in a subsequent SRV 508(A) application.

6.2 Long Term Financial Plan assumptions

Explain the key assumptions underpinning the LTFP and why they are realistic. For example, assumptions will relate to:

- ▼ the rate peg (if different from 3%)
- ▼ rate of growth in labour costs
- ▼ rate of growth in non-labour costs
- ▼ cost of service provision in the council's proposed program of expenditure (as per Part A)
- ▼ level of cost recovery for provision of services (eg, full or partial cost recovery)
- ▼ expenditure growth rate
- ▼ major asset disposals/investments/capital commitments
- ▼ population and rate assessment growth rate
- ▼ major borrowings/repayments
- ▼ grants and other revenue.

The key assumptions underpinning the LTFP are set out clearly in that document. The following responses to the areas covered in this section are:

The rate peg	3.6% for 2012-13 and 3.4% for 2013-14; known figures. It is at 3% for 2014-15 and beyond
Rate of growth in labour costs	3.2%
Rate of growth in non-labour costs	3.2%
Cost of service provision in the council's proposed program of expenditure	The cost of reseals for each road has been calculated based on the square metres to be sealed at a rate of \$3.50 per square metre from previous expenditure of such items.
Level of cost recovery for provision of services	Varies depending on the service being provided.
Expenditure growth rate	Nil – LTFP designed to maintain existing levels of service. Effectively minimal population growth in the LGA.
Major asset disposals/investments/capital commitments	No new assets or disposals or capital commitments apart from a small amount of land development allowed for in the LTFP accompanied by small (4 blocks per year) sales of land that was developed.
Population and rate assessment growth rate	Nil. No significant population growth in the LGA.
Major borrowings / repayments	Factored into LTFP are land development costs funded by borrowing and repaid upon the sale of each stage of development. Small scale operation with 12-20 blocks in each stage.
Grants and other revenue	Recurrent grants and other revenue allowed for in the LTFP. No new grants and other revenue factored in.

7 Criterion 5: Productivity improvements and cost containment strategies

In this section, provide details of any productivity improvements and cost containment strategies that the council has undertaken in the last 2 years (or longer), before considering an increase in rates.

Also provide details of plans for productivity improvements and cost containment strategies during the period of the special variation. These proposed initiatives, which may be capital or recurrent, must be to reduce costs.

Where possible, all productivity improvements and savings (including forward plans) should be quantified in dollar terms. The council may also wish to identify its current and/or projected financial position without the (savings) initiatives.

Productivity improvements should include consideration of:

- ▼ levels of service provision (eg, utilisation rates of community halls and number of service enquiries per FTE)
- ▼ measures of input (eg, FTE levels, contracting costs)
- ▼ reviews of organisational structures or service delivery.

Identify how and where the proposed initiatives have been factored into the council's resourcing strategy (eg, LTFP and AMP).

As additional supportive information, the council may wish to provide evidence of improvements in its performance on key indicators that measure productivity or efficiency. This information is not essential for this criterion to be met. However, we will be reviewing the council's labour costs against the DLG Group average, to help assess the council's costs.

Productivity improvements have formed part of Council operations for well over a decade and will need to continue into the future.

Junee Shire Council has introduced a number of cost saving initiatives to improve the efficiency of Council, including:

- Council has reduced its graders from 6, 20 years ago; to 3, 15 years ago and down to 2 graders 6 years ago. Both graders are high performance machines capable of work outputs equal to 4 older graders.
- Council has reduced our gravel haulage truck fleet from 7 trucks 20 years ago to 3 trucks today. With modern specifications 2 of our trucks can carry 30 tonne of material each and one truck 12 tonnes. With 440hp the productivity of the 3 trucks far outweighs the 7 trucks previously.
- Council has established several gravel pits which means all of Council's roads can be gravelled with a maximum haul of 8km. Hauls in the past were as high as 30kms. With more gravel delivered to a job, maximum efficiency from graders, rollers, water trucks is achieved.
- Council today does not own any heavy plant that does not have maximum utilisation – all surplus plant has been sold.
- Contractors and short term hire are used to fill the gaps with heavy plant requirements.
- Council now leases all of its major plant fleet to free up cash reserves to carry out essential work.
- Council cars are used to achieve best turnover result for Council. Some cars are handed down from one staff member to another to minimise cost of renewal. Several cars are 5 years old and travelled well over 100,000kms.

- Bitumen patching has been let out to competitive tender as a more efficient way of delivering road maintenance.
- Staff numbers have been reduced by 25% because of the initiatives listed above.
- With the reduced number of staff, Council has trained and multi-tasked its workforce so that they are able to carry out many of the functions required on a day to day basis.
- Engineering office has reduced its staff from 4 qualified engineers 15 years ago to 2 qualified engineers today.
- Council has set up trailer mounted pumps and a standpipe on a stormwater harvesting project to eliminate the use of potable water for roadwork. This has saved Council \$25,000 on one roadwork project alone.
- Council has eliminated the use of potable water for irrigating on sports fields, the Golf Course and the High School oval by utilising recycled effluent and harvesting stormwater. This has a major saving not only of potable water but also the cost of that water from reticulated utility provider.
- Council actively seeks out private works, profits from which are channelled into Councils roadworks program.
- Fuel purchase – Council has found significant savings on fuel costs by obtaining quotes per delivery rather than relying on Government contract pricing.
- Junee Shire Council cooperates with its neighbouring councils in many ways. These include noxious weeds control, bush fire management, information technology and Family Day Care services. Junee Shire Council is a member of REROC (Riverina Eastern Regional Organisation of Councils), one of the best performing ROC's in NSW. Savings have been generated through such activities as joint tenders for bitumen emulsion, asset management planning, waste services and street lighting to name a few activities.





In general terms, the increases in Council's costs over the years have out-stripped its revenue raising capacity and has driven the Council to become more efficient across all its operational areas.

8 Other information

8.1 Previous Instruments of Approval for expiring special variations

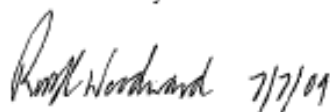
If your council has an existing special variation which is due to expire in the proposed special variation period, we request that you attach a copy of the Instrument of Approval for this variation, which has been signed by the Minister or IPART Chairman.

The Council sought and was successful in an application to the Division of Local Government for a SRV of 13.5% including rate pegging in 2009 (the rate pegging limit for that year of 3.5%). The Division of Local Government placed an expiry date of 5 years on all SRVs approvals in that year. This revenue will be removed from Council revenue base from July 2014 (excluding the rate peg limit). The revenue from the 2009 approval was dedicated to funding the road network maintenance and resealing program.

	<table border="1"><tr><td>FILE No.</td><td>RA.01</td></tr><tr><td>DATE REC.</td><td>13 JUL 2009</td></tr><tr><td>OFFICER</td><td>CM</td></tr><tr><td>ACKNOWL.</td><td>OUR REFERENCE</td></tr><tr><td>RESUBMIT</td><td>YOUR REFERENCE</td></tr><tr><td></td><td>CONTACT</td></tr></table>	FILE No.	RA.01	DATE REC.	13 JUL 2009	OFFICER	CM	ACKNOWL.	OUR REFERENCE	RESUBMIT	YOUR REFERENCE		CONTACT	A177333															
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	CONTACT																												
Department of Local Government 5 O'Keefe Avenue NOWRA NSW 2541 Locked Bag 3015 NOWRA NSW 2541		Mark Hely 02 4428 4176																											
Mr Greg Campbell Junee Shire Council PO Box 93 JUNEE NSW 2663																													
																													
Dear Mr Campbell																													
<p>I refer to Junee Shire Council's application of 11 April 2009 seeking Ministerial approval for an increase in general income of 13.50% for 2009/2010 to assist with funding costs associated with an annual resealing program as defined by Council.</p> <p>The Minister has approved of Council increasing its general income by 13.50% in 2009/2010, for a period of five years. The approved increase comprises:</p> <table border="1"><thead><tr><th></th><th>\$</th><th>%</th></tr></thead><tbody><tr><td>2008/2009 Notional General Income</td><td>2,229,107</td><td>-</td></tr><tr><td>Expiring Special Variation</td><td>-</td><td>-</td></tr><tr><td>2008/2009 Adjusted Notional General Income</td><td>2,229,107</td><td>-</td></tr><tr><td>2009/2010 General Variation</td><td>78,019</td><td>3.50</td></tr><tr><td>Catch up/(Excess)</td><td>8,887</td><td>0.40</td></tr><tr><td>Valuation Objections</td><td>-</td><td>-</td></tr><tr><td>Special Variation</td><td>214,023</td><td>9.60</td></tr><tr><td>Total</td><td>2,530,036</td><td>13.50</td></tr></tbody></table> <p>This approval is on the basis that Council will reduce its general income for the 2014/2015 rating year by \$214,023 plus the equivalent cumulative proportion of this increase from any general variation increases or any special variation increases approved for the 2010/2011 to 2013/2014 rating years inclusive.</p> <p>In addition, the approval is on the understanding that Council makes and levies its rates according to the provisions of the <i>Local Government Act 1993</i>. It should be noted that this approval is not an endorsement of Council's rating structure.</p> <p>Council should continue to review its operations to identify where further efficiencies and tangible savings can be achieved. By applying this special variation, any prior period shortfall or excess is eliminated.</p>				\$	%	2008/2009 Notional General Income	2,229,107	-	Expiring Special Variation	-	-	2008/2009 Adjusted Notional General Income	2,229,107	-	2009/2010 General Variation	78,019	3.50	Catch up/(Excess)	8,887	0.40	Valuation Objections	-	-	Special Variation	214,023	9.60	Total	2,530,036	13.50
	\$	%																											
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02 4428 4100 • 02 4428 4199 • 02 4428 4209 dlg@dlg.nsw.gov.au • www.dlg.nsw.gov.au • 99 567 863 195																													
																													

A copy of the instrument of approval is attached. It is important to appreciate that Council must comply with the conditions of approval set out in the instrument. Failure to comply with these conditions may impact on any future special variation applications made by Council.

Yours sincerely



Ross Woodward
Acting Director General

LOCAL GOVERNMENT ACT 1993

INSTRUMENT UNDER SECTION 508(2)

I, **BARBARA PERRY MP**, Minister for Local Government, in pursuance of section 508(2) of the *Local Government Act 1993* determine that the percentage by which Junee Shire Council may increase its general income for 2009/2010 is 13.50% above that for 2008/2009 subject to the following conditions:

- (i) Council will raise \$214,023 of the increase by additional rates for the costs associated with an annual resealing program, as defined by Council in its special variation five year works program, for a period of five years; and
- (ii) Council will reduce its general income for the 2014/2015 rating year by \$214,023 plus the equivalent cumulative proportion of this increase from any general variation increases or any special variation increases approved for the 2010/2011 to 2013/2014 rating years inclusive; and
- (iii) Council clearly reports in its annual report for the period 2009/2010 to 2013/2014 information on the total income received, expenditure per project/program and outcomes achieved.

This approval is on the understanding that Junee Shire Council makes and levies its rates according to the provisions of the *Local Government Act 1993*.

Dated this 3rd day of July, 2009.



The Hon Barbara Perry MP
Minister for Local Government

8.2 Reporting

Provide details of the mechanisms that the council will put in place to transparently report to the community on the special variation (being applied for).

Indicate how the council proposes to report this information to the community and what performance measures it will be putting in place to measure the success of the projects or activities funded from the variation.

As specified in the Guidelines, reporting information should clearly identify:

- ▼ the additional income obtained through the variation
- ▼ the productivity offsets outlined through the variation
- ▼ the projects or activities funded from the variation
- ▼ details of any changes to the projects or activities funded from the variation compared with the council's initial proposal (noting such changes must be consistent with the terms of the Instrument of Approval)
- ▼ the outcomes achieved as a result of the projects or activities.

The SRV 508(2) application proposes a percentage increase of 10% in 2013/2014 to remain the general rate base permanently. The increase is comprised of:

- 3.4% announce rate peg limit
- 6.6% to be applied to the road network resealing and renewal program.

A successful 6.6% SRV 508(2) application will generate approximately of \$184k per annum which will be used solely for road maintenance, resealing and renewal works.

Projects funded by the SRV will include:

Junee Shire Council													
Attachment to Worksheet 6													
Program of Works of Expenditure													
		Year 1 2013/14	Year 2 2014/15	Year 3 2015/16	Year 4 2016/17	Year 5 2017/18	Year 6 2018/19	Year 7 2019/20	Year 8 2020/21	Year 9 2021/22	Year 10 2022/23	Sum of years of SV period Ongoing	Sum of 10 years
PROPOSED EXPENDITURE	Treatment												
Road	Reseal	100,800											100,800
Dollanvale Rd	Reseal	123,200											123,200
Staryer Rd	Reseal		137,200										137,200
Bethungra Rd	Reseal		140,000										140,000
Blackgate Rd	Reseal			173,600									173,600
Strathmore Rd	Reseal			135,200									135,200
Pikedale Rd	Reseal				141,400								141,400
Allawah Rd	Reseal				75,100								75,100
Coursing Park Rd	Reseal					224,700							224,700
Eurongilly Rd	Reseal						103,600						103,600
Wantigool Rd	Reseal						134,700						134,700
Old Sydney Rd	Reseal							161,700					161,700
Old Cootamundra Rd	Reseal							96,900					96,900
Coffin Rock Rd	Reseal												
SRV Component for other roads requiring a reseal, ie. having existing seals with an age of at least 20 years and a condition rated as requiring resealing.	Reseal								227,323	234,143	241,167	241,167	702,633
Sum of total spending		224,000	277,200	308,800	216,500	224,700	238,300	258,600	227,323	234,143	241,167	241,167	2,450,733
Sum of total spending (SRV Component)		184,835	190,380	196,091	201,974	208,033	214,724	220,702	227,323	234,143	241,167	241,167	2,119,372
Difference between total spending & additional SRV income (Existing rate revenue component)		39,165	86,820	112,709	14,526	16,667	23,576	37,898	0	0	0	0	331,361
Sum of total spending		224,000	277,200	308,800	216,500	224,700	238,300	258,600	227,323	234,143	241,167	241,167	2,450,733

The Council will continue to seek productivity offsets in its operational areas including:

- Using contractors and short term hire to fill the gaps with heavy plant requirements.
- leasing major plant fleet to free up cash reserves to carry out essential work.
- Promoting the opportunity for alliances with neighbouring council to deliver shared services.
- Identify scenarios for reduced service levels in the development 2013/14 IP&R documentation to adapt to future SRV applications that may not be successful.

The outcome of implementing projects associated with a successful SRV 508(2) application will help hold a portion of the urban and rural network asset condition. It does not remedy the overall position of the network's asset condition.

The community has demonstrated its support for this and subsequent SRV applications, the increases proposed have been moderated over a four year period to ease the impact of dramatic rate rises. To offset these rises the Council will not be raising sewerage and waste rate charges over the period in which SRV approvals apply.

With the community's preparedness to accept rate rises to maintaining service levels it is crucial that this SRV 508(2) application is considered favourably to avoid either: subsequent 502(A) application with higher percentage requests than proposed, deficit budgeting or reluctant service level reductions.

8.3 Council resolution

Attach a copy of the council's resolution to apply to IPART for the special variation.

Note that IPART's assessment of the application cannot commence without a copy of this resolution.

Council resolution from the 19 February 2013 ordinary meeting.

1. *That the Council endorse an application to IPART for a 10% increase in General Rates under Section 508(2) of the Local Government Act 1993 for the 2013-2014 financial year.*
2. *That in the community consultation process, the intention to apply for increases under Section 508A of the Local Government Act 1993 be made known to the community through the exhibition of the Delivery Program 2013/2017 with those increases being:*

2014-2015 A continuation of a 9.6% Special Rate Variation that was granted to the Council in 2009 for a five year period. This makes the gross increase

in rate revenue 12.6% in that year assuming a 3% rate peg limit is announced. But because this existing SRV is part of the existing rate base the nett effect to ratepayers this year is a 3.73% increase noting that if the existing SRV isn't continued ratepayers will have a reduction in rates.

2015-2016 A rate increase of 9.5% which includes an assumed 3% rate peg limit.

2016-2017 A rate increase of 9% which includes an assumed 3% rate peg limit.

9 Checklist of application contents

Item	Included?
Community Engagement Strategy, Community Strategic Plan, Delivery Program & Draft Operational Plan extracts	<input checked="" type="checkbox"/>
Long Term Financial Plan extracts	<input checked="" type="checkbox"/>
Asset Management Plan extracts Embedded in Part B	<input checked="" type="checkbox"/>
Contributions Plan documents (if applicable) NA	<input checked="" type="checkbox"/>
Community feedback (including surveys and results if applicable) Electronically submitted.	<input checked="" type="checkbox"/>
Hardship Policy (if applicable)	<input checked="" type="checkbox"/>
Productivity/cost containment examples Embedded in Part B	<input checked="" type="checkbox"/>
Past Instruments of Approval (if applicable)	<input checked="" type="checkbox"/>
Reporting mechanisms	<input checked="" type="checkbox"/>
Resolution to apply for the special variation	<input checked="" type="checkbox"/>

It is the responsibility of the council to provide all relevant information as part of this application.

10 Certification by the General Manager and the Responsible Accounting Officer

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

General Manager (name):

Signature Date:

Responsible Accounting Officer (name):

Signature Date:

Once signed, this certification must be scanned and submitted with the council's application.

10 Certification by the General Manager and the Responsible Accounting Officer

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

General Manager (name): JAMES DAVIS

Signature Date:  11 March 2013

Responsible Accounting Officer (name): JOHN WHITFIELD.

Signature Date:  11 March 2013

Once signed, this certification must be scanned and submitted with the council's application.