

Special Variation Application Form – Part B

Kiama Municipal Council

Date Submitted to IPART: 7 March 2013

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Mr James Cox PSM, Chief Executive Officer and Full Time Member

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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 I&PR 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

The 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 councils 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.

IP&R process in context of special variation

Kiama Council has a long history of engaging with the community and strategic asset management. In 2002/2003 Council began collecting asset data and implemented an asset management system in 2005/2006 to ensure that community assets were properly maintained. Council has also adopted the NAMS Plus Asset Management Plan, which was endorsed by the Division of Local Government. This information informs Council when making decisions on the funding of the renewal and maintenance of its assets, based on their lifecycle. The 2011/2012 Annual Financial Statement indicated a \$9 million renewal gap to bring assets up to a satisfactory condition.

To implement the Integrated Planning and Reporting Framework and assist in the development of Council's Community Strategic Plan (2011-2021) and associated documents (Delivery Program 2011-2013), Operational Plan and Resourcing Strategy (including Asset Management Strategy and Asset Management Plans), Council undertook a wide-reaching engagement strategy to ensure that the Community's long-term aspirations were represented.

The required level of renewal in each asset category has been identified in the Asset Management Plan 2011-2021, based on their asset condition, and have been factored into the Long Term Financial Plan 2012-2022.

Since 2005/2006, Council has been financing these additional programs from income generating activities such as Land Development, Waste Business Unit and Blue Haven Independent Living Unit activities. Some of these sources of funds are not necessarily a secure long term source of income, particularly land development sales.

Council sought to raise additional funds from a special rate variation application in 2009/2010 and 2010/2011 for four (4) years in order to finance the ongoing asset renewal and maintenance program. The application in 2010/2011 sought to keep the increases in the rating base ongoing.

The Long Term Financial Plan 2012-2022 shows in each scenario Council funding the ten year requirements shown for asset renewal in the Asset Management Plan 2011-2021.

Council is currently reviewing its IP&R process in relation to all documents and plans required in the process. An Engagement Strategy for consulting with the community in the review of the Community Strategic Plan was adopted by Council in November 2012 and consultation with the community is well underway. Council's IP&R committee is currently meeting fortnightly to prepare a draft one year Operational Plan and the four year Delivery Program. The existing Asset Management Plan and the Workforce Plan are both being reviewed by relevant staff to enable information to flow into the Long Term Financial Plan.

The revised Long Term Financial Plan will show a scenario based on Council retaining the previously approved special variations and funding the ten year requirements shown for asset renewal in the Asset Management Plan. Other scenarios will be included should Council be unsuccessful.

This process will be completed and all draft documents will be presented to the Council meeting of 14 May 2013 to enable Council to resolve to put the Integrated Plan on public exhibition.

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 LTTP, 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

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.

How the application reflects the Community Strategic Plan

Council carried out comprehensive community engagement activities and utilised a range of community consultative outcomes to develop the Community Strategic Plan 2011-2021 (refer attachment 3.2). A key input was a Community Survey which was responded to by a statistically significant 563 residents.

Council's previous special rate variation applications in 2009/2010 and 2010/2011 sought the Special Rate Variation to provide adequate funding for ongoing asset maintenance and renewal. The Community Survey results confirm the importance to the Community of the provision, and therefore maintaining and renewal, of facilities and infrastructure (see table below).

How important to you is it that Council provides these services in the future?

Facility / Infrastructure	% Respondents Important or Very Important (in descending order)
Beaches and beach facilities	89
Traffic Flow and Safety	88
Road Maintenance	88
Footpaths	83
Library (and services)	81
Aged Care Facilities (and services)	81
Council Swimming Pools	77
Children's Facilities (and services)	76
Sporting Fields and Facilities	73
Youth Facilities (and services)	73
Cycleways	71
Kerb and Guttering	70
Entertainment Facilities	56
Arts and Cultural Facilities	54

The maintenance and renewal of assets relevant to the above service provision is contained in the Asset Management Plan.

How the community will benefit

A systematic approach taken by an asset management system, in conjunction with the Long Term Financial Plan, will ensure an improved asset maintenance and renewal outcome. This should ensure that the level of service for asset management is appropriate to the needs of the community. Future costs for maintenance will be controlled and future liability exposure against Council will be limited and funded by a structured revenue policy designed to plan for the future with long term goals and consultation and agreement with the community.

The Long Term Financial Plan 2012-2022 fully allocates the asset renewal requirements of the Asset Management Plan 2011-2021 across the ten years of the plan.

The Asset Management Plan 2011-2021 sets out the capital renewal program for the ten years showing totals for all asset categories ranging up to \$6.1m in 2020/2021.

The value of the works reconciles with the additional revenue sought by this application and provides clear project descriptions under each Asset Renewal Program grouping. The program is also reconciled with and reflected in the Long Term Financial Plan 2012-2022.

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

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

- ▼ a copy of the council's 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.
-

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.

Council's audited Annual Financial Report for 2011/2012 shows a Balance Sheet with a net equity of \$396.5 million.

Of this, Council's infrastructure, property, plant and equipment assets account for \$279.5 million after allowing for accumulated depreciation.

Council implemented an Asset Management System in 2005/2006 to ensure that community assets were properly maintained by developing a database covering all council's assets. The 2011/2012 Annual Financial Statement indicates a \$9million renewal gap to bring assets up to a satisfactory condition. This funding gap was identified when factored into the Long Term Financial Plan.

Council has for many years been financing the assets maintenance and renewal program from income producing activities such as Land Development, Waste Business Unit and Blue Haven Independent Living Units. Some of these sources of funds are not necessarily a secure long term source of revenue to maintain council's assets. There are also a number of costs, such as utility costs, in Council's operating budget that are ongoing and are not within council's control. These impact on the funds available for Council to deliver its services to the community and are being increased at a higher rate than that of the rate pegging increase. Increased operating costs in the budget have a direct impact on Council's ability to maintain its large infrastructure asset base. Council's Rates and Annual Charges only account for 30% of Total Revenue from Continuing Operations (2011/2012 Annual Financial Statement). In order to continue to maintain its assets base at a satisfactory condition, Council needs to raise additional revenue from rates as highlighted in the Long Term Financial Plan 2012-2022.

A continuation of previously approved special rate variations will provide council with the capacity to put in place a sustainable program to continue to implement its Asset Management Program for the communities substantial infrastructure.

Long Term Financial Plan linkages (current LTFP 2012-2022)

1. The special variation of 6.5% has been included in the Income Statement for years 2010/2011, 2011/2012 and 2012/2013. The following years include a 2.5% rate pegging amount plus a small percentage for growth in the rateable properties. The Engineering works program for asset renewal and maintenance has also been included in expenditure.
2. The special variation has then impacted on Cash & Cash Equivalents in the Balance Sheet. The Cash & Cash Equivalents also includes growth in externally

and internally restricted assets specifically Section 94 and the Blue Haven Retirement Village.

3. Council has had a long standing policy to only borrow funds for commercial activities that can support the required repayment schedule. Council has considered the use of borrowed funds to fund the infrastructure asset maintenance and renewal program but has limited funds to ensure Council's capacity to repay the loan without affecting major services. The exception to this is the recently approved Local Infrastructure Renewal Scheme in which Council borrowed \$2.5M in 2012/2013 and will receive a 4% interest subsidy to fund infrastructure works. Council has applied under Round 2 of this scheme for a 3% interest subsidy on borrowings of \$2M for the 2013/2014 year.

Council's Long Term Financial Plan 2012-2022 includes three scenarios that include Income Statement, Balance Sheet and Cashflow. The assumptions for revenue and capital are disclosed in the narration in the Long Term Financial Plan 2012-2022 (pages 3-7).

Scenario 1:

This scenario assumes Council will be successful in retaining the two previous special variations in its rating base. The rating base will continue to increase in line with the assumption in the plan, including rating growth. The Balance Sheet reveals Council is still very viable during the plan and in year 2021/22. This scenario fully discloses the requirements of the Asset Management Plan across all years of the plan.

Scenario 2:

This scenario shows the effect of the two expiring special variations in 2013/2014 and 2014/2015 to the rating revenue over the life of the plan. The flow on effect to the cash and investment position in the Balance Sheet shows a reduction by 2021/2022 of \$2.783 million. This scenario fully discloses the requirements of the Asset Management Plan 2011-2021 across all years of the plan.

Scenario 3:

This scenario shows the effect of applying for the two special variations not previously approved for 2013/2014 and 2014/2015. Council resolved in 2012 not to pursue this special variation application.

The TCorp Financial Assessment and Benchmarking Report in October 2012 made comment that:

The Council has been well managed over the review period based on the following observations:

- Council has incurred operating surpluses (excluding grants and contributions for capital purposes) in two of the last three years
- Approximately 60% of the Council's revenue base is derived from own sourced revenue (annual charges, and user charges and fees). They can rely upon these revenue streams on an ongoing basis for financial flexibility
- Employee costs have been well controlled over the past three years, in line with expected NSW wage indexation rates

TCorp also made the following comments:

'One area of concern is that Council have become dependent on property development as a source of revenue. While this has proved profitable in the past, Council will not be able to continue relying on profits from land sales indefinitely. An alternative source of income will be required to replace these profits as a source of revenue.

The key observations from our review of Council's 10 year forecasts are:

- The forecast shows deficit positions are expected in nine out of 10 years when capital grants and contributions are excluded. This is the weakest forecast ratio and highlights that over the longer term Council could face financial sustainability issues
- Overall, Council's level of fiscal flexibility is sound as own sourced revenue is maintained at levels above 60% for the majority of the forecast
- The future capital program is highly dependent on the receipt of funds from the sale of property over the lifetime of the forecast
- With the exception of the comments noted above in respect of the long term operating deficit position and on-going reliance on profits from land sales, the key assumptions that underpin the financial forecasts are considered to be reasonable

In our view, the Council has the capacity to undertake the combined additional borrowings of \$2.6m for the two LIRS projects. This is based on the following analysis:

- The DSCR remains above the benchmark of 2.00x in the 10 year forecast
- The Interest Cover Ratio is well above the benchmark of 4.00x in the 10 year forecast
- We also believe Council have the capacity to undertake a further \$9.0m in borrowings in 2016 as part of their LTFP strategy'

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.

Council's Long Term Financial Plan 2012-2022 incorporates the requirements for asset renewal and shows asset renewal as fully funded based on retaining the existing rating base.

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.

Council has for many years been financing the asset maintenance and renewal program from income producing activities such as Land Development, Waste Business Unit and Blue Haven Independent Living Units. These funds are not necessarily a secure long term source of revenue to maintain council's assets. In particular Council's land Development Program is nearing its end as a funding source. Rates revenue accounts for only 30% of Council's total revenue. This will need to increase over future years to replace the reliance on land development revenue.

Council has considered other revenue options that have included:-

User fees and charges increases in line with rate pegging increase to ensure maximum return can be achieved within the risk tolerance for local government.

Section 94 Recoupments will be a source of funds that Council can utilise in the future and put towards new or improved assets once the funds have been received. The receipt of this income is dependent on development activity increasing as a result of subdivision expansion, which may be some time away based on the current "economic climate" and physical limitations on urban expansion.

Council actively seeks grant funding for various projects and asset renewal. It has previously applied for funding of \$0.5 million for a \$3.3 million project for the Kiama Harbour area for asset renewal and improvements under the Regional Development Australia Fund. Council has also applied for funding of \$1.25 million for a \$2.625 million project for the Gerringong Library and Community Centre under the Regional Development Australia Fund.

However these grant funds don't fund asset infrastructure renewal work for roads, footpaths and drainage over the whole municipality.

Other grant funding sources, such as Roads and Maritime Services (RMS), for asset renewal is also limited.

Section 94 funding is limited and must be used on capital projects. The Section 94 plans rely on developer contributions that may not be realised for many years. Section 94 funding doesn't address the ongoing asset infrastructure renewal work over the whole municipality.

Council has adopted the following:-

- Voluntary Planning Agreement Policy
- Section 94 A Plan (Indirect Contributions)

In addition, Council has prepared a Section 94 Plan (Direct Contributions including recoupments).

These plans will enable Council to maximise the types of developer funded contributions to meet increases in use of and need for public facilities.

In 2012/2013 Council was successful in its application for funding under the Loan Infrastructure Renewal Scheme (LIRS) for a 4% loan interest subsidy from Division of Local Government on loan borrowings. Council borrowed \$2.5M over ten years to bring forward infrastructure renewal projects. Council has also applied under Round 2 for a 3% loan interest subsidy on borrowings of \$2M. Whilst these borrowings bring forward asset renewal works the loans have to be repaid over the ten years. With the removal of Land Development sales as a funding source rate revenue will become more important long term.

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 expenses)

- ▼ 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 Unrestricted Current Ratio in the Annual Financial Statement for 2011/2012 reports a 3.38:1 ratio which is an improvement over 2010/2011. The current LTFP shows the ratio for 2013/2014 being 2.94:1 with the ratio being 1.83:1 in 2021/2022 (see attachment 3.3.3)

The Rate Coverage Ratio in the Annual Financial Statement for 2011/2012 reports Council's reliance on Rates and Annual Charges as 29.82% of total income from continuing operations. This reliance increases over the plan to 38.76% in 2021/2022 as Council's ability to find additional funding sources decreases, in particular land development activities.

The Debt Service Ratio in the Annual Financial Statement for 2011/2012 reports 3.46% and remains in the range of 5 to 8% over the plan apart from a land development program in 2016/2017 that will take the ratio up to 19.83% for one year.

The Asset Renewal ratio is projected to improve over the life of the plan as the requirements under the Asset Management Plan 2011-2021 are factored into the Long Term Financial Plan 2012-2022 under the three scenarios. The inclusion of the expenditure requirements of the Asset Management Plan 2011-2021 in the Long Term Financial Plan 2012-2022 fully addresses the infrastructure backlog identified in the plan.

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 3.2 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.

Council produces a quarterly newsletter called 'Kimunico' which is distributed to all households within the Municipality. During the SRV advertising period articles have been included which set out our proposal to apply for a special rate variation. The December 2012 issue had an article on the Special Rate Variation (see attached). This article was a notification of Council's intention to apply to IPART. The next edition (end of March) will have further information informing the public about our application.

Council has placed half page newspaper advertisements in local newspapers. The first of these articles was placed in the Kiama Independent on Wednesday 20 February 2013 (see attached) and followed on 6 March 2013 with further information. Also, notices of intention to apply to retain the expiring SRVs were placed in the community news pages of the Kiama Independent on 5, 12 and 19 December 2012 (see attached)

The Mayor has also participated in radio, newspaper and television interviews during the advertising period.

Council's web page also has part of the front page dedicated to the Special Variation application.

The following is how the community has been informed on Council's intention regarding the special rate variation application:-

- Further articles in local newspapers
- Media releases
- Kimunico articles
- Addressing community groups
- Information kiosk at local shopping centre

In addition to Council conveying what the impact is on rates it has reported the additional income the special variation will raise and how it will be spent on the asset renewal program by asset category over the life of the Asset Management Plan and Long Term Financial Plan. This is part of the articles in local newspapers and on the web page.

Our aim in carrying out the above listed engagement methods is to ensure that all stake holders within the community will be made aware of Council's intention to apply to continue our expiring rate variations.

The Draft Community Strategic Plan, Draft Delivery Program and Draft Operational Plan will all have information on the special variation application.

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.

Please refer to the Twyford's Report on Community Consultation for Council's Application for a Special Rate Variation (attached).

Below is an extract from the Draft Management Plan for 2009/2012 submitted to Council on 26 May 2009 relating to the consultation process for the Special Variation application.

SPECIAL RATE VARIATION - CONSULTATION PROCESS AND OUTCOME

In March 2009 Council resolved to apply to the Department of Local Government for a Special Rate Variation (SRV). The SRV sought was for a 6.5% (inclusive of the annual rate cap) increase in each of the four years commencing in 2009/2010. The resolution was in response to the findings of a long term financial plan indicating that Council requires additional funding to ensure ongoing asset renewal.

Council has experienced increased charges such as street lighting, electricity, water, fire contributions, insurance and Environmental and Planning Act Section 88 levy charges. Council has also had increased election costs, superannuation costs and dam safety works for Jerrara and Fountaindale dams. A number of these costs are ongoing and out of Councils control. In addition to these direct cost increases Council has incurred additional costs due to cost shifting from other levels of government. The recent Independent Inquiry in to the Financial Sustainability of NSW Local Government found that:

"it is widely held that both State and Commonwealth Governments are offloading their responsibilities onto Local Government without adequate compensation...The finding of a survey commissioned by the Inquiry indicate that the total burden of cost shifting may be costing NSW Local Government \$430 million per annum.

Indicative figures from the LGSA cost shifting survey showed that cost shifting amounts to around 6% of NSW Council's total income before capital amounts- approx \$380 million in 2005/2006 and \$412 million in 2006/2007."

For Kiama this equates to an increased additional cost burden in the order of \$2.5 million per annum.

Coupled with these cost increases traditional grant funding to local government has also declined in real terms. At a national level the Productivity Commission has found that:

“The ratio of rates levied (nationally) by Local Government to gross domestic product has declined from 1.1% in 1990/91 to 0.9% in 2005/2006. If the ratio had been maintained at 1.1% Australian councils would receive an additional \$1.7 billion a year”.

Locally since 1987 if the Federal Assistance Grant had been aligned with the CPI, Kiama would have received an additional \$7.71 million.

These additional costs and reduced funding have impacted on the funds available for Council to deliver its services to the community and to fund the maintenance of its large infrastructure asset base.

A comprehensive SRV consultation process was undertaken including:

- 1) An on-line discussion forum
- 2) A residents’ and ratepayers’ forum
- 3) A resident research group
- 4) The establishment of a stakeholder steering group
- 5) Information presentations to key resident groups

Council advertised the proposed SRV and the consultation process widely encouraging a high level of community input. Submissions were also invited in writing.

The on-line discussion forum resulted in:

Total page views	7086
Number of unique visitors to the site	472
Number of visitors leaving comments	17
Number of comments posted	51

210 documents were downloaded by 159 people.

The relatively few comments left on the site tended to be unsupportive of the SRV proposal.

The residents’ and ratepayers’ forum was held over two weekends. A cross section of 42 residents attended the first forum and 36 residents attended the second forum. Those attending comprised of those representing groups, those randomly selected and those who self selected.

The key outcome of the second forum was the level of support for the SRV by the participants. In order to gauge the level of support from participants a chart was created. Participants were asked to place a piece of paper on the chart in the appropriate place to represent their level of support for the proposed SRV.

Participants were asked to write their comments on pieces of paper and then to place them on the chart.

In summary, there were three distinct 'single clusters' on the chart. The largest cluster was at the right hand end indicating strong support for the proposal.

The next largest cluster comprised those cards in the middle of the chart, indicating a level of acceptance, without being strongly supportive.

The smallest cluster representing approximately 19% of participants was arranged toward the left hand end of the chart, indicating opposition or strong opposition to the proposal.

Feedback on the consultation process was sought from participants at the forums. The result indicates a high level of support for the forums including the information provided by Council. The forums were considered by a large majority of participants to be useful to both Council and themselves. The on-line discussion forum was found to be less useful.

SRV information presentations were provided by Councillors and staff to the:

- South Precinct Group
- Jamberoo Residents and Ratepayers Association
- Minnamurra Progress Association
- Kiama Lions Club

The purpose of the presentations was to provide background information and advice on how people could make submissions.

The South Precinct made a resolution formally supporting Council's proposal. The Jamberoo Residents' and Ratepayers' Association's representative at the forum supported the Special Rate Variation.

Despite significant advertising and media (press, radio and TV) coverage of the proposed Special Rate Variation only twenty two written submissions were received by Council. Nineteen of these submissions were opposed to any increase, mainly based on the current economic climate. Three submissions were in favour of Councils application for a special rate variation.

Council received no submissions during the exhibition period of the 2010-2013 Draft Management Plan (see Council business paper 26 May 2009 – General Managers Report).

Since November 2012 when Council resolved to apply to IPART to retain the existing rating base Council has actively consulted with the community (see Section 8.2).

To date Council has not received any submissions or enquiries during the consultation process.

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.

Category	Sub-category	Current Average Rate 2012/13	Average rates in 2013/14 without SV	Annual \$ Increase	Annual % Increase	Average rates in 2013/14 with SV	Annual \$ Increase	Annual % Increase
Farmland		\$1,824.70	\$1,829.79	\$5.10	0.28%	\$1,886.84	\$62.15	3.41%
Residential		\$1,287.75	\$1,292.48	\$4.73	0.37%	\$1,331.49	\$43.74	3.40%
Residential	Rural	\$2,642.70	\$2,650.50	\$7.80	0.30%	\$2,732.64	\$89.94	3.40%
Business	Commercial/Industrial	\$2,044.70	\$2,052.41	\$7.71	0.38%	\$2,114.19	\$69.49	3.40%
Business	Ordinary	\$718.52	\$720.34	\$1.82	0.25%	\$743.01	\$24.49	3.41%

If Council's Special Variation application is unsuccessful

All Categories will see a minimal increase ranging from \$1.82 to \$7.80.

If Council's Special Variation is successful

Each Category has been modelled to ensure there will be a 3.4% increase over the current year. This will see average rate increases ranging from \$24.49 to \$89.94.

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.

The impact on the proposed increase on ratepayers across all categories is 3.4% over the 2012/2013 rates. The rating structure has been modelled to ensure there will be a 3.4% increase across all the rating categories so that there is no change in the distribution of the revenue. This will ensure no group will be unfairly affected.

If Council's Special Variation application is unsuccessful

All Categories will see a minimal increase ranging from \$1.82 to \$7.80.

If Council's Special Variation is successful

Each Category has been modelled to ensure there will be a 3.4% increase over the current year. This will see average rate increases ranging from \$24.49 to \$89.94.

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.

Only one Category has minimum rates, being Business Commercial/Industrial. If Council's Special Variation application is successful the minimum rate would be \$643 compared to \$635 if the Special Variation application is unsuccessful. This is only an increase of \$8 or 1.25%.

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.

Council is now applying to retain this revenue in its rating base ongoing. Council levied a special variation in 2009/2010 and 2010/2011 and to date there have not been any written objections from ratepayers relating to the ability to pay based on any extra burden on them.

The Index of Relative Socio-Economic Disadvantage has "...been constructed so that relatively disadvantaged areas (e.g. areas with many low income earners) have low index values.

The Index of Relative Socio-Economic Disadvantage is derived from attributes such as low income, low educational attainment, high unemployment, jobs in relatively unskilled occupations and variables that reflect disadvantage rather than measure specific aspects of disadvantage (e.g., Indigenous and Separated/Divorced).

High scores on the Index of Relative Socio-Economic Disadvantage occur when the area has few families of low income and few people with little training and in unskilled occupations. Low scores on the index occur when the area has many low income families and people with little training and in unskilled occupations. It is important to understand that a high score here reflects lack of disadvantage rather than high advantage, a subtly different concept.

To maintain consistency with the other indexes, the higher an area's index value for the Index of Relative Socio-Economic Disadvantage, the less disadvantaged that area is compared with other areas. For example, an area that has a Relative Socio Economic Disadvantage Index value of 1200 is less disadvantaged than an area with an index value of 900."

(Australian Bureau of Statistics, 2006, Socio-Economic Indexes for Areas (SEIFA 2006) cat. no. 2033.0.55.001)

SEIFA index of disadvantage Local Government Areas in the Illawarra Statistical Division (ranked from greatest to least disadvantaged)		2006 SEIFA index of disadvantage
Shoalhaven (C)		964.4
Shellharbour (C)		973.8
Wollongong (C)		983.8
Kiama (A)		1062.8

Source: Australian Bureau of Statistics, Socio-Economic Indexes for Areas (SEIFA), 2006.

With reference to the above index it is concluded that Kiama's ratepayers have a comparatively high capacity to meet the proposed increase. Kiama was ranked 136 out of the 152 local government areas in New South Wales. This would place Kiama residents in the top 12% in the State based on their ability to pay.

Other council's in Group 4 Regional Town/City used in the Comparative Information on NSW Local Government ranked below Kiama's index.

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.

Council currently has a Hardship policy in place. This 'Hardship Policy' (copy attached) has the objective of providing financial relief to customers experiencing difficulties in meeting their commitments for rates, debtors and fees and charges. Council has always allowed ratepayers to write to council to establish a repayment schedule to enable the debt to be repaid over the financial year. Council currently also has an 'Agreement to pay rates and charges by monthly payments' application on the back of the rate instalment notices. Council always looks favourably on these applications. Council also allows pensioners to pay their rates over the year to 31 May without any interest charge. Eligible Pensioner Concession Card holders, issued by the Commonwealth Government or the Department of Veteran Affairs, are able to apply for the pensioner concession subsidy of \$250 p.a.

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 LTTP 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.

Community's priorities and expectations, in order of importance

A working party was established within Council in early 2009 to coordinate the implementation of the new planning and reporting requirements.

The Overseeing Committee comprising community representatives and Councillors was convened to ensure that engagement processes attempted to reach all sectors of the community and that all information was given due consideration. The Committee met in October, November and December 2009 and February, March and April 2010.

To ensure previous information gained from the community was not overlooked, results of other consultation processes, such as that undertaken for the LEP were also reviewed.

A number of engagement strategies were undertaken in 2009 and early 2010, these being:

- Special Rates Variation Forum May 2009 (Twyford Report attached)
- Community Survey Sept-Dec 2009 (Survey and preliminary results attached)
- Community leader / advocate interviews Mar – Oct 2009
- Youth Survey July 2009 (contained in the preliminary results document above)
- Health Plan Review August – Sept 2009 ('Have We Got It Right? – A Community Engagement Project')
- Economic Development Committee Nov 2009
- Focus Group workshops covering specific topics primarily providing information for the delivery program – April 2010 (Workshop Program attached, report pending).

These engagement processes allowed information to be obtained from a wide cross section of the population, across age ranges and geographic areas. The information obtained was used to identify the key issues of importance to the community.

With reference to the output of the above consultations, elected Councillors and senior staff worked collaboratively to develop the strategic goals under the four theme areas of Community, Environment, Economy and Governance. A larger team with representation from across the organisation then contributed to the development of the strategies necessary to achieve Council's identified goals.

The community clearly supported Council's special variation application for a four year period at the conclusion of the SVA consultation period (refer to Section 6 of the Twyfords report). This support was given at the height of the Global Financial Crisis and as economic conditions have improved it is suggested support has strengthened.

Throughout the consultation, Council presented the need for a special variation over four years in the context of the Long Term Financial Plan to maintain the community's assets to a standard acceptable to the community. It is clear from that consultation that the community expectation is for the special variation to be applied over the four year period and that the assets will be well maintained as a result.

As earlier discussed, the table included at Section 3.2 demonstrates the importance to the community of the provision of well maintained infrastructure to support council service delivery and public amenity.

Proposed level of service for assets

Kiama Municipal Council has developed and is implementing asset management processes to ensure adequate provision is made for the long-term replacement of major assets by:

1. Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
2. Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
3. Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an asset management awareness throughout the Council.
4. Meeting legislative requirements for asset management.
5. Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
6. Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

7. Maintaining alignment of Councils Asset Management plans with the
 - a. Community Strategic Plan
 - b. Delivery Program
 - c. Operations Plan
 - d. Ten Year Financial Plan

Two of the key principals of Councils Asset Management Policy are:

1. Asset renewals required to meet agreed service levels and identified in infrastructure and asset management plans and long term financial plans will be fully funded in the annual budget estimates.
2. Service levels agreed through the Community Strategic Plan and defined in Asset Management Plans will be fully funded in the Ten Year Financial Plan, Delivery Program and Operational Plan.

The current Long Term Financial Plan and Strategic Asset Management Plan have been constructed on the basis of inclusion of this rate variation and will ensure that minimum service levels are implemented for infrastructure asset renewals.

Speed at which asset backlogs are to be addressed

The current Long Term Financial Plan and Strategic Asset Management Plan have been constructed on the basis of inclusion of this rate variation and will ensure that Councils Roads Infrastructure Backlog is eliminated throughout the life of the plan and that the appropriate renewal expenditure is incorporated into future plans.

Speed at which other identified gaps in service provision are addressed

The objective of the Council's strategic asset management plan (SAMP) is to define a structured set of actions aimed at enabling improved asset management by the organisation.

This strategy contains:

1. Current asset position
2. Current status of asset management practices
3. 10 year Capital Renewal Program
4. 10 year Capital Additions Program
5. Future vision of asset management
6. Asset management improvement program to facilitate the vision

The asset management improvement plan sets out the incremental improvements that will ensure that gaps in the current plans are addressed during the next 4 years and included in future Integrated Planning Resource Strategies including the Long Term Financial Plan and Asset Management Plans.

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.

Rate Peg

Council's existing Long Term Financial Plan shows a rate growth of 2.5% each year plus growth of 0.5% each year. In light of rate peg increases over the last three years the revised Long Term Financial Plan will show the rate peg as averaging 3% plus growth of 0.5% each year over the plan.

Labour Costs

Labour costs will increase in 2013/14 by 3.5% and a factor of 2.5% has been used in the current plan. The revised plan will allow for 3% for 2014/15 onwards which will include award increases and movement of staff through the salary structure.

Material Costs, contracts and other operating costs

The expenditure on these items has been generally based on CPI increases of 2.5% per year.

Cost of service provision in the council's proposed program of expenditure (as per Part A)

Council's Special Variation application does not include service provision as part of the application.

Cost Recovery

Council's Fees and Charges are structured based on Pricing Policy being cost recovery, market rate or statutory.

Council sets some fees based on market conditions (eg Holiday parks).

Full recovery is applied wherever possible but Council cannot justify high fees for some community facilities (eg Public Halls).

Expenditure Growth

The expenditure on non labour items has been generally based on CPI increases of 2.5% per year.

Major asset disposals/investments/capital commitments

Sales of motor vehicles and plant have been based on current trends and predicted replacement dates.

Council has factored land development sales into 2013/14 for the final stage of Elambra Estate in Gerringong and 2016/17 for the proposed development of Spring Creek in Kiama.

Population and rate assessment growth rate

Council's Long Term Financial Plan 2012-2022 sets out population forecasts for the Kiama Local Area. Population projections indicate that the population of Kiama in 2016 it will be 21,100, and the projections for 2021 are 22,100 persons (NSW Department of Planning).

Council's rate growth has been projected at 0.5% over the life of the Long Term Financial Plan 2012-2022 based on subdivisions and applications to subdivide existing properties. Council has a proportion of its rating base as non-resident ratepayers as Kiama is a holiday home destination only an hours' drive from Sydney.

Borrowings

A new borrowing in 2012/13 factored into the Long Term Financial Plan 2012-2022, is a \$2.5M loan to fund infrastructure works identified in the Asset Management Plan. Council was successful in an application for a 4% interest subsidy through the Division of Local Government (DLG) to assist with these works. The revised Long Term Financial Plan will also show new borrowings of \$2M relating to an application for Round 2 of the Local Infrastructure Renewal Scheme (LIRS) with a 3% interest subsidy payable by DLG. A new borrowing of \$9M is also factored into the Long Term Financial Plan 2012-2022 to construct the Spring Creek land subdivision in 2015/2016 with sales in the following year repaying the loan in full. Current borrowings consisting of various loans totalling \$4.6M as at 30 June 2012 are scheduled to be fully repaid by 30 June 2021.

Grants and other revenue

It is assumed all recurrent grant funds will be maintained at current levels with CPI adjustments.

Other revenues will continue to be provided on the same pricing structure. In areas where there is an opportunity to increase fees and charges a CPI or appropriate commercial rate will be applied.

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.

Council's 2010/2011 Special Variation application outlined achievements, efficiencies and productivity improvements implemented by Council over a number of years.

In 2011 the Management Executive Group reviewed the structure of the organisation.

The review was considered to be timely having regard to the following:-

- 1) The NSW Local Government Act requires a review of the structure of the organisation on a cyclical basis.
- 2) Amendments to the Local Government Act requiring Council to prepare a Community Strategic Plan that integrates with Council's Operation Plan, Delivery Program, Asset Management Plan, Long Term Financial Plan and Workforce Plan. There is merit in aligning the structure of the organisation with the principal goals of the Community Strategic Plan. The structure of the organisation should be consistent with the integrated plans and the planning for the future.

- 3) The opportunity to improve the co-ordination between sections of the organisation and to ensure like functions are matched. This would hopefully lead to greater efficiency and improved levels of service and greater opportunities and job satisfaction.
- 4) During the staff productivity workshops a number of suggestions were made in relation to the structure of the organisation including comment on the number of directorates.
- 5) There were to be a number of retirements of senior officers in the near future, providing the opportunity to review the structure of the organisation.
- 6) The review was to be undertaken with the aim of having no staff redundancies. However a re-structure could result in positions not being filled through natural attrition in the future. While financial savings may be an outcome of a restructure this had not been a principal reason for reviewing the structure.

The desired outcomes of a restructure were:-

- 1) Like with like – similar activities should be managed together
- 2) Improved efficiency – there would be better use of Council resources involving people, plant and finances.
- 3) Improved customer service – the changes would lead to better delivery of services to the community.
- 4) Specialisation, not duplication – the changes would lead to non duplication across the organisation, resulting in improved skills and more focused outcomes.

Some of productivity improvements include:

- The Engineering and Works Directorate was expanded to include Waste Services. This change is proposed to create a single plant unit and reserve. It enables the sharing of plant to meet the whole of Council needs. This will lead to savings in the purchase of plant. It also enables the separation of waste management regulatory requirements from Council's service delivery functions.
- Community Services and Blue Haven Aged Care Facility were combined into the Community Services Directorate. This will lead to efficiencies in recruitment of trained nurses and other aged care workers, reduced management costs and shared resources in professional development.
- A review of Council Insurances has led to Council joining Metro Pool with a significant reduction in Councils premiums. Metro Pool is owned, governed and administered by elected and appointed delegates from each of the member Councils, with the assistance of professional staff and service providers. Metro Pool members have a long term view of the advantages of pooling and seek to benefit through excellent risk management and prudent financial strategies.

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.

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.

Mechanisms to report to community

Council at its 20 November 2012 meeting resolved to apply to IPART to retain the previously approved special rate variations.

Following this decision the following articles (attachments) were in local newspapers:

- "Kiama's rate rise retreat" – Illawarra Mercury 22 November 2012
- "Rates are back to normal" – Kiama Independent 28 November 2012

The Mayor also was interviewed by Illawarra ABC radio in November 2012.

A television interview was also conducted by Win Television in November 2012.

Council articles:

1. Kimunico December 2012 (attachment), March 2013 – delivered to every household in the municipality
2. “Special Rate Variation Application” -Half page advertisement Kiama Independent 20 February 2013 (attachment) and 6 March 2013 (attachment)
3. Kiama Independent Community News Pages – 5, 12 and 19 December 2012
4. Council web page – link to “Special Rate Variation Application” articles
5. Fact sheet/ Poster
 - Web page
 - Information stall at Kiama View Shopping Centre
 - Displayed and available at libraries, community centres and administration building

Community groups:

Presentation by Mayor and General Manager at:-

- Gerroa Community Association – 26 February 2013
- Jamberoo Valley Ratepayers Association – 5 March 2013
- South Precinct Group (Gerringong) – March 2013

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 CR326 – 20 November 2012 (attachment).

9 Checklist of application contents

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

Signature Date: 6 March 2013

Responsible Accounting Officer (name): Phil Mison

Signature Date: 6 March 2013

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