

## Special Variation Application Form – Part B

### **Kogarah City 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](http://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](http://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](http://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 ☐

(See Annexure 1)

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).

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### 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.

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## 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.

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After extensive community consultation, at its meeting of 27 April 2010, Council adopted its first Community Strategic Plan – '*Bright Future, Better Lifestyle: Kogarah 2020*'.

Bright Future, Better Lifestyle: Kogarah 2020 is built around six key strategic directions (KSD):

- A clean, green and sustainable City;
- A liveable and connected City;
- A thriving and prosperous City;
- A vibrant, safe and inclusive City;
- An active and healthy City; and
- An innovative and efficient Council.

These key strategic directions are supported by key goals that will guide the City of Kogarah for the next 10 years.

During the development of Council's first Community Strategic Plan – '*Bright Future, Better Lifestyle: Kogarah 2020*', Council undertook extensive community consultation spanning an eighteen (18) month period.

Since the inception of the Community Strategic Plan in 2010, Kogarah City Council has remained focussed on fulfilling the vision for 'a viable and sustainable future in partnership with our community'. Council has implemented innovative projects, championed green initiatives, introduced new programs and activities and built modern infrastructure and facilities.

The review of '*Bright Future, Better Lifestyle*' and the subsequent development of the 2013 – 2017 Delivery Program and Operational Plans (See Annexure I) has been based on information and feedback gathered from a series of community consultations conducted over the past three years.

In addition, throughout September to December 2012 Council sought specific feedback from the whole community on its:

- Vision statement
- Strategic objectives that address social, environmental, economic and civic leadership issues identified by the community.



- Strategies for achieving each objective.

The review utilised the outcomes of these consultations, assessed them against current and future needs of the community identified in '*Bright Future, Better Lifestyle*' and incorporated them into actions in the draft Delivery Program (2013 – 2017).

Following an eight (8) week exhibition period of all draft Integrated Planning Documents Council resolved on 25 February 2013 to adopt the Community Strategic Plan – Bright Future, Better Lifestyle, the Resourcing Strategy (including the Long Term Financial Plan, the Asset Management Strategy and the Workforce Strategy) and the Delivery Program (2013-17) incorporating the 2013/14 Operational Plan and the Statement of Revenue Policy excluding the draft Schedule of Fees and Charges (2013/14). It should be noted that the draft Schedule of Fees and Charges (2013/14) is currently on public exhibition and is anticipated to be adopted at Council's meeting on 22 April 2013.

The Resourcing Strategy allows for the provision of resources required by Council to implement the strategies established by the Community Strategic Plan that Council is responsible for.

The Resourcing Strategy has been reviewed in accordance with the requirements of the NSW State Government integrated planning and reporting reform legislation and gives consideration to the capacity for Council to deliver on its responsibilities and commitments detailed within *Bright Future, Better Lifestyle*.

The Delivery Program (2013 - 2017) has been developed and outlines the principal activities to be undertaken by Council to implement the strategies established by the Community Strategic Plan, within the resources available under the Resourcing Strategy.

The Delivery Program addresses the full range of Council operations, financial estimates and allocated levels of responsibility for each action.

The Delivery Program includes a number of performance indicators that will be used to measure and determine the effectiveness of the activities detailed in the Delivery Program in achieving its objectives. These performance indicators will be measured every four (4) years in addition to the annual outputs from the Operational Plans.

Supporting the Delivery Program, Council developed and exhibited Operational Plans for 2013/14, 2014/15, 2015/16 and 2016/17 which outline the individual projects and activities that Council will undertake in each subject year to achieve the commitments made in the Delivery Program. The Operational Plans include allocated responsibilities for each project, program or activity; with each one assessed against corresponding performance measures.

The Integrated Planning and Reporting framework has streamlined Council's planning process to enable sound financial planning to be incorporated into long term operational planning.

Currently the rate charge for 2013/14 is set at 5.9% with 2013/14 being the final year of Council's current Special Rate Variation (SRV). The current environmental levy of 3% will be removed at the end of 2012/13, and Council is required to repay part of the carbon tax advance, removing an additional 0.1% from the increase. Consequently, the effective increase for ratepayers in 2013/14 will be 2.8%.

Council's Long Term Financial Plan has taken the average rate pegging limits over the past eight (8) years and projected rate increases at 3.25% for 2014/15 – 2016/17 of the Delivery Program. This would result in a forecast shortfall of \$1.2 million and would require a decrease in operational service levels over these years.

Council's planning and budgets for the following three (3) years shows that from 2014/15 – 2016/17 of Council's Delivery Program 2013 - 2017 Council requires an annual rate increase of 4.8% to maintain operational costs to the level detailed in the Delivery Program and subsequent Operational Plans.

As a reflection of Council's commitment to its residents and to support the extensive consultation process undertaken prior to the granting of the existing SRV, it is Council's intention that the rate variation for year one (1) of the proposed SRV be identical to that offered to be relinquished (ie 5.9% less 3% representing the removal of the environmental levy at the end of 2012/13 and a further 0.1% repayment of part of the carbon tax advance, resulting in an effective increase for ratepayers of 2.8%). For the remaining three years of the term of the Delivery Program (2014/2017), the application under Section 508(A) of the Local Government Act 1993 is proposed to be 4.8% (inclusive of rate pegging and after the impact of any remaining carbon tax advance repayment for 2014/15).

Accordingly, at its meeting on 25 February 2013 Council considered the feedback received from the community regarding the proposed Special Rate Variation and resolved to make application to the Independent Pricing and Regulatory Tribunal, under Section 508 (A) of the Local Government Act 1993, for a Special Rate Variation of 5.9% minus the 0.1% carbon tax advance repayment for 2013/14 and 4.8% per annum (inclusive of rate pegging and after the impact of any remaining carbon tax advance repayment for 2014/15) over the subsequent three years commencing 2014/15.

### 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.<sup>1</sup>

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### Box 3.1 Special variations for development contributions plan costs above the development 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.
- 

The review of *'Bright Future, Better Lifestyle'* and the subsequent development of the 2013 – 2017 Delivery Program and Operational Plans have been based on information and feedback gathered from a series of community consultations conducted over the past three years, as well as engagement with the community in the later part of 2012 specific to components of the CSP, including the vision, strategic objectives and strategies for achieving these objectives.

As part of this community engagement Council sought feedback from the community in conjunction with the review and exhibition of the draft Integrated Planning documents regarding the option to make a formal application to IPART, under Section 508(A) of the Local Government Act 1993, for a variation to general income of 5.9% minus 0.1% carbon tax advance repayment in 2013/14 and 4.8% (inclusive of rate pegging increases) in the subsequent three (3) years in line with Council's Delivery Program.

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<sup>1</sup> See Planning Circular 10-025 at [www.planning.nsw.gov.au](http://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.

The information presented in conjunction with the public exhibition demonstrated that this gradual increase over the four (4) year period would ensure Council can remain financially sustainable over the same period, enabling Council to deliver the priorities and expected levels of services expressed by the community and detailed in the Integrated Planning documents.

In developing the Delivery Program (2013 – 2017) incorporating the 2013/14 Operational Plan Council has considered the priorities and expected levels of service that have been expressed by the community during the engagement process and specific details relating to the financing to achieve these priorities and maintain expected levels are clearly stated on page 14-15 of the Delivery Plan (See Annexure 1).

Providing the specific information to our community on achieving its priorities and expected levels of service is one thing, but having the capacity to deliver on the community's needs is also important. Council's Resourcing Strategy, and specifically the Workforce Plan, Asset Management Plan and Council's Long Term Financial Plan identify how Council will achieve the priorities and deliver on the community's needs.

In this regard, the Workforce Planning Process is a continual process designed to match workforce requirements with organisational objectives, now and in the future. As an organisation, Council has to ensure that it can attract, retain and develop a capable workforce which can deliver the community's priorities in the most productive and cost-efficient way.

During the significant consultation undertaken with our community in the development of the first suite of Integrated Planning documents and the ongoing engagement and consultation undertaken since the development of Bright Future, Better Lifestyle: Kogarah 2020, it was identified strongly that our community supports additional funding for four (4) specific asset classes, being roads, footpaths, playgrounds and buildings.

Kogarah City Council's aim in managing its infrastructure assets is to maintain assets at a level from which they will not further deteriorate. Council's current level of funding is considered inadequate to meet the required service levels.

The Asset Management Plan identifies the significant gaps in the "Lifecycle Costs and Expenditure Summary". It is imperative that Council pursues strategies for the allocation of additional funds to asset maintenance. The past decade has seen extensive changes to Council's operations to achieve major efficiencies and cost reductions throughout the organisation. As a result, the most appropriate strategy to assist in closing this funding gap is to set the rate to ensure that these priorities can be achieved.

The Planned Scenario (See pages 126 – 142 of the Resourcing Strategy, Annexure I) of the Long Term Financial Plan provides a financial forecast aimed at delivering the strategic goals and outcomes set out in Council's Community Strategic Plan. It is based on thorough estimates of future income and expenditure under normal operating conditions.

The planned scenario includes the approved special rate variation of 5.9% in the 2013/14 financial year. The first year of the plan sees the cessation of Council's environmental levy of 3% and the first repayment of 0.1% carbon tax advance.

The planned scenario includes an application for a special rate variation of 4.8% per annum (inclusive of the rate-pegging limit) for years two (2), three (3) and four (4) of the 10 year plan.

The special rate variation will provide the resources required to fund the Delivery Program. This will ensure that service levels provided to the community continue to meet their on-going expectations and growing needs. It will also allow Council to maintain the condition of infrastructure to a satisfactory level and not unduly burden future generations.

### 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.

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Council has provided three scenarios in its 10 year long term financial plan (See pages 126 – 162 of the Resourcing Strategy, Annexure 1). The three scenarios are titled the Planned Scenario, the Conservative Scenario and the Optimistic Scenario.

#### Planned Scenario

The planned scenario model (pages 126 – 142 of the Resourcing Strategy, Annexure 1) is a financial forecast aimed at delivering the strategic goals and outcomes set out in Council's Community Strategic Plan. It is based on thorough estimates of future income and expenditure under normal operating conditions.

The planned scenario includes the approved special rate variation of 5.9% in the 2013/14 financial year. The first year of the plan sees the cessation of Council's environmental levy of 3% and the first repayment of 0.1% carbon tax advance. Therefore, ratepayers will see an effective rating increase of 2.8% in the first year of the plan.

The planned scenario includes an application for a special rate variation of 4.8% per annum (inclusive of the rate-pegging limit and after the carbon tax repayment for 2014/15) for years two (2), three (3) and four (4) of the 10 year plan. The special rate variation will provide the resources required to fund the 4-year delivery program. This will ensure that service levels provided to the community continue to meet their on-going expectations and growing needs. It will also allow Council to maintain the condition of infrastructure to a satisfactory level and not unduly burden future generations.

Increases from year five (5) to year ten (10) revert to an estimate of allowable increases to be approved by IPART of 3.25%. This estimate was calculated having regard to the average rate pegging increases over the last eight (8) years.

The Delivery Program (2013 - 2017) has been developed and outlines the principal activities to be undertaken by the Council to implement the strategies established by the Community Strategic Plan. The Delivery Program addresses the full range of Council operations, financial estimates and allocated levels of responsibility for each action.

Resourcing projections from the Delivery Program (2013 – 2017) have estimated a shortfall in revenue over the four year period of \$1.2m if the subject special rate variation application is not approved. This would require a reduction in the operational service levels of Council and place pressure on Council's ability to maintain its infrastructure to the level expected by the community.

The NSW Treasury Corporation (TCorp) has recently conducted an independent financial assessment of Kogarah City Council in terms of its financial capacity, long term sustainability and financial performance (See Annexure 2). This assessment was based on the planned scenario in Council's LTFP that includes approval of the SRV. In terms of sustainability, TCorp believes Council to be moderately financially sustainable. TCorp considered the assumptions in this Long Term Financial Plan to be reasonable and the forecasts achievable.

Even with the inclusion of the SRV in the planned scenario, TCorp has identified some challenges to Council remaining financially sustainable including the spending of sufficient funds on renewing and maintaining its infrastructure and ensuring that costs are contained within the levels forecast. The SRV shown in the planned scenario will allow Council to deliver service levels as forecast and maintain the increased infrastructure expenditure seen over recent years.

The planned scenario highlights the impact of the SRV on the key financial indicators. The effects of the SRV are clearly shown by the stability of the key financial indicators over the life of the LTFP in the planned scenario.

### Conservative Scenario

The conservative scenario detailed in Council's LTFP (pages 142 - 152 of the Resourcing Strategy, Annexure 1) provides modelling for less than normal economic operating conditions. This scenario does not include a SRV with forecast rating income only increasing by forecast rate pegging limits.

The goals, objectives and outcomes detailed in Council's Community Strategic Plan cannot be achieved within this scenario. The conservative scenario would be contrary to the financial framework set out by Council in its LTFP and would require a review and modification of Council service levels to ensure financial sustainability.

Budgeting under the conservative scenario would place pressure on infrastructure maintenance and renewal providing an intergenerational equity



issue as future costs for infrastructure maintenance and renewal may be much higher than would have otherwise been.

The conservative scenario shows a decrease in Council's key performance indicators including the deterioration of Council's unrestricted current ratio and an increasing deficit on the income statement.

#### Optimistic Scenario

The optimistic scenario (pages 152 – 161) of the Resourcing Strategy, Annexure I) provides a financial model operating in ideal economic conditions. As such the model takes a more optimistic approach to the budget forecast than the planned model. Under this scenario the resources would be available for Council to achieve the goals, objectives and outcomes set down in Council's Community Strategic Plan.

Council would also have the resources available to address the problems previously identified in relation to infrastructure maintenance and renewal. Council would have resources available to not only maintain existing service levels but to provide additional services in some areas.

The additional revenue forecast in the optimistic scenario is clearly highlighted in the Income Statement for that scenario. Council would be able to reduce its operating deficit over time and have a greater ability to meet the objective highlighted by TCorp to ensure Council's financial sustainability.

### 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.

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As this application for a SRV is based on Council's Delivery Program (2013 – 2017) there is no program of works that relates specifically to the additional income that would be from the SRV. That is, in accordance with the DLG Guidelines for the preparation of an application for a special variation to general income, Council's application is not tied to a particular project or suite of projects. The SRV is based on achieving all the goals, objectives and projects outlined in Council's Delivery Program (2013 – 2017). Council has not prioritised the proposed spending in the Delivery Program (2013 – 2017 incorporating the 2013/14 Operational Plan.

If the SRV application is unsuccessful Council will need to review its Delivery and Operational plans along with the associated budgets. In accordance with the principles of Integrated Planning Council will need to ensure that it revises its Delivery Program (2013 – 2017) to align with the resourcing available and that the budget conforms to the financial framework detailed in Council's LTFP.

### 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.

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All funding options have been considered in the development of Council's LTFP. Council has based the scenarios in its LTFP on its best estimates for growth in non-rating income.

Council's Delivery Program (2013-2017) contains the draft Fees and Charges Schedule for 2013/14 (p 158 – 184, Annexure 1). With the pressures placed on Council budgets from rate pegging, cost shifting, growing community expectations and cost increases above CPI, Council has endeavoured to maximise fees and charges for all full cost recovery services provided. Council's planned scenario has fees and charges growth in line with estimated CPI at 2.5% p.a. while the optimistic scenario allows for fees and charges growth above forecast CPI at 3.5%.

Council will continue to pursue all avenues for additional grant funding. Council has a very high success rate in obtaining grant funding. Council has estimated grant funding to increase by 2.5% per annum in all of the scenarios of the LTFP. In the optimistic scenario the success rate for grant approval is forecast to be higher than the other scenarios providing additional income.

Given there is no certainty in grant funding approval Council cannot base its long term forecasts on additional revenue being obtained in this revenue stream. Council will continue to vigorously pursue grant funding opportunities. Additional revenue from this source can be used to reduce the reliance on other income sources and possibly allow objectives and goals under Council's Community Strategic Plan to be achieved in a shorter timeframe.

Council currently has no external borrowings and has committed in the LTFP to continue this policy. This policy effectively increases the funds available for ordinary activities and also provides Council with a future option to utilise debt for significant infrastructure renewals should the need arise.

Borrowing has been considered as a funding source for Council's LTFP. However, the ongoing funding requirements of Council would still need to be addressed. Without a special rate variation the same funding constraints limiting Council's funding for its current proposed delivery program would also limit

Council's ability to fund the debt. Therefore, additional income, reduced costs, greater productivity and efficiencies or reduced service levels would be needed to service any debt. Raising additional rates revenue would provide Council the future flexibility to choose what course of action is best to achieve the goals set out in Council's Community Strategic Plan.

### 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 LTFFP. 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.

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Council's LTFFP contains commentary on key financial indicators under the three scenarios provided. The LTFFP has planned, conservative and optimistic scenarios. The planned and optimistic scenarios include the proposed SRV whilst the conservative scenario is based on Council's existing approved SRV and estimated rate pegging.

A summary of the key performance indicators for the three scenarios is included in the tables below. The key performance indicators clearly show the deterioration in Council's finances without the approval of this SRV application. Council's operating result, operating balance ratio and unrestricted current ratio remain stable or improve over the life of the LTFFP in the planned and optimistic scenarios but deteriorate in the conservative scenario.

There is no difference in the building and infrastructure and renewals ratio under either the planned or conservative scenarios as Council is committed in its forward estimates to maintaining the same level of expenditure on maintenance and renewal of infrastructure with or without a successful SRV application. Council has previously identified that it was not spending enough of

its resources on asset renewals. Strategies have been developed to provide additional resources for asset renewal including previous Special Rate Variations. Council does not wish to jeopardise the asset management work and improvements that have been made to date that could result in future generations being unduly burdened with increased asset management costs. Under the optimistic scenario additional income would be directed to asset renewal in accordance with Council's financial framework detailed in the LTFP. This would enable Council to have appropriate levels of asset renewal and reduce any existing backlog over the life of the LTFP.

### Planned Scenario

<b>Operating Balance Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	-9.66%	-9.74%	-8.63%	-7.69%	-7.43%	-7.40%	-7.38%	-7.35%	-7.33%	-7.31%
<b>Unrestricted Current Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	2.28	2.15	2.19	2.27	2.38	2.50	2.60	2.70	2.79	2.87
<b>Debt Service Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
<b>Rates &amp; Annual Charges Coverage Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	71.64%	71.47%	72.72%	73.27%	73.40%	73.67%	73.94%	74.20%	74.45%	74.70%
<b>Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
<b>Buildings &amp; Infrastructure Renewals Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	90.95%	93.12%	87.79%	87.19%	87.19%	87.19%	87.20%	87.19%	87.20%	87.20%

### Conservative Scenario

<b>Operating Balance Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	-9.84%	-10.93%	-10.85%	-10.87%	-10.65%	-10.68%	-10.71%	-10.74%	-10.78%	-10.82%
<b>Unrestricted Current Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	2.27	2.06	1.96	1.86	1.80	1.73	1.66	1.58	1.50	1.42
<b>Debt Service Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
<b>Rates &amp; Annual Charges Coverage Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	71.65%	71.26%	72.31%	72.65%	72.79%	73.07%	73.35%	73.62%	73.88%	74.14%
<b>Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Buildings &amp; Infrastructure Renewals Ratio</b>										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	90.95%	93.12%	87.79%	87.19%	87.19%	87.19%	87.20%	87.19%	87.20%	87.20%

## Optimistic Scenario

Operating Balance Ratio										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	-9.30%	-9.09%	-7.73%	-6.55%	-6.04%	-5.76%	-5.48%	-5.22%	-4.96%	-4.71%
Unrestricted Current Ratio										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	2.29	2.17	2.22	2.32	2.46	2.60	2.74	2.87	3.00	3.12
Debt Service Ratio										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Rates & Annual Charges Coverage Ratio										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	71.47%	71.18%	72.31%	72.74%	72.76%	72.91%	73.06%	73.21%	73.35%	73.50%
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Buildings & Infrastructure Renewals Ratio										
Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ratio	90.95%	95.45%	92.24%	93.91%	97.19%	100.59%	104.11%	107.76%	111.53%	115.43%

NSW TCorp's financial assessment of Council was based on the financial estimates within the planned scenario of Council's LTFF. In terms of sustainability, TCorp believes Council to be moderately financially sustainable. *"While it has recorded operating deficits, the operating result is forecast to improve over time, although remain in deficit. As TCorp consider the assumptions made in the LTFF reasonable we feel the forecast is achievable".*

In the event that this SRV application is unsuccessful, Council's operating deficits would increase over time and the financial sustainability outcome for Council would be reduced. Further, Council would be required to modify its budgets and reduce service levels to the community in contrast to the expectations identified during the integrated planning and review process.

Council's financial framework would require that the Delivery Program (2013 – 2017) be adjusted to ensure the financial sustainability of Council and resolve the deterioration shown by the key performance indicators under the conservative scenario. As Council is committed to maintaining infrastructure to a satisfactory standard and renewed at the most economically appropriate point in time, Council would not be reducing the proposed expenditure for infrastructure renewal and maintenance. Given the efficiency gains already budgeted for in the forward estimates and focus on maximising other revenue sources, Council would likely have to cut operational services and expenditure if this SRV application is unsuccessful.

## 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 LTFFP 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.

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### 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, townhall 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.

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Kogarah City Council undertakes formal community engagement in a number of circumstances such as:

- Where community input can improve a project or enhance decision making;
- To help identify or clarify community needs or priorities;
- In response to expressions of community interest or concern;
- When Council resolves to consult the community; or
- When required by law, policy or by agreement with a government agency or statutory body.

The review of *Bright Future, Better Lifestyle* and the subsequent development of the Delivery Program (2013 – 2017) and 2013/14 Operational Plan (See Engagement Strategy, Annexure 3) was based on information resulting from a continuous series of community consultations over the past three (3) years.

The review undertaken utilised the outcomes of these consultations, assessed them against current and future needs of the community identified in the CSP and incorporated them into actions in the Delivery Program (2013-17).

Due to the diversity of Kogarah's community, Council needs to provide opportunities for engagement at times, places and in mediums convenient and comfortable for a range of different stakeholders. Therefore the following projects outlined below included a variety of engagement methods, relevant to the specific projects, including:

- Focus Groups

- Surveys
- Online surveys
- Website and media presence
- Letters and questionnaires
- Interviews
- Art & story telling activities
- Market stalls
- Public meetings
- Information sessions and roundtable discussions
- Public exhibition

In particular the following projects involved considerable amount of community engagement and have played an important role in providing information towards the Review of the Community Strategic Plan:

- Kogarah City Council Youth Strategy
- Kogarah City Council Multicultural Strategy
- Annual Safety Forums
- Kogarah City Council Ageing Strategy
- Community Workers Forum
- Kogarah Employment Lands and Economic Development Strategy
- Chinese Resident Survey
- Ageing in Place
- Environmental Sustainability Delivery Plan (ESD)
- Poulton Park Overland Flow and Risk Management Study and Plan
- Plans of Management, including:
  - Neverfail Bay
  - Oatley Memorial Gardens
  - Oatley Point
  - Sans Souci Park
  - Shipwrights Bay
  - Tom Ugly's Reserve
  - Merriman Reserve

In addition, as part of Council's review of *Bright Future, Better Lifestyle*, Council sought feedback from the whole community on the following:

- Our community vision statement
- Our strategic objectives for the community that address social, environmental, economic and civic leadership issues identified by the community
- Our strategies for achieving each objective.

Details of specific consultations relating to the review of *Bright Future, Better Lifestyle* include:

<b>When</b>	<b>Engagement Methods</b>	<b>Purpose</b>	<b>Outcome</b>
June 2012 – August 2012	End of Term Report	Report on Council's progress in the implementation and effectiveness of the CSP over the previous four (4) years.	End of Term Report presented to Council and made available via Council's website. (See Annexure 11)
June 2012 – September 2012	Review of community engagement undertaken since the development of the CSP in 2010	To ensure the outcomes of consultations undertaken over the past two (2) years are incorporated into the identified issues in the CSP and Delivery Program (2013 – 2017).	Review completed and information fed into the Review of Bright Future, Better Lifestyle.
Ongoing	Your Say Kogarah Online Consultation Hub Includes: <ul style="list-style-type: none"> <li>• Forums</li> <li>• Community Survey (open September 2012 - December 2012) (See Annexure 4)</li> </ul>	To provide online space for information and feedback during the review, development and exhibition phases of the CSP; including specific questions/issues for community comment/discussion.	Between October and December 2012, Your Say Kogarah had: <ul style="list-style-type: none"> <li>• 106 visitors to the site</li> <li>• 61 Documents were downloaded by 17 people</li> <li>• 6 people completed the survey</li> </ul>

When	Engagement Methods	Purpose	Outcome
August 2012	Focus Group Community Reference Group	<p>Strategic Visioning Particularly focusing on the following questions:</p> <ol style="list-style-type: none"> <li>1. Do you think Council's community vision is still relevant today? (can be found on page 6 of the CSP)</li> <li>2. What do you like most about living in Kogarah?</li> <li>3. What do you think could improve the Kogarah LGA?</li> <li>4. What do you think should be Council's focus over the next four (4) years?</li> </ol>	<p>16 Reference Group members attended the focus group (out of 40 members)</p> <p>A summary of the results from the focus group was placed on Your Say Kogarah for all residents to view. (See Annexure 5)</p>
September 2012 – January 2013	<p><i>Bright Future, Better Lifestyle</i> promotion through Market Stalls at local community events, including:</p> <ul style="list-style-type: none"> <li>• Kogarah Spring Festival</li> <li>• Being Greek Festival</li> <li>• Dog's Breakfast</li> <li>• Carols at Twilight</li> <li>• Australia Day</li> </ul>	To provide an opportunity for residents and visitors to personally voice their views on future priorities for action.	<p>Information stalls were set up regarding the review of the CSP at:</p> <ul style="list-style-type: none"> <li>• Kogarah Spring Festival</li> <li>• Being Greek Festival</li> <li>• Dog's Breakfast</li> </ul> <p>Information stalls at the following focused on the proposed SRV:</p> <ul style="list-style-type: none"> <li>• Carols at Twilight</li> <li>• Australia Day</li> </ul>

<b>When</b>	<b>Engagement Methods</b>	<b>Purpose</b>	<b>Outcome</b>
September 2012 – March 2013	Ongoing promotion via media, website and front line services.	To continue generating broad community awareness of the CSP review and to advise of upcoming engagement opportunities.	(See Annexure 4)
October 2012 – February 2013	Councillor Workshops.	To ascertain Councillor views on the strategic vision, objectives and priorities. Identification of Councillor issues, values and priorities.	Councillor workshops held on 8 October 2012 and 3 December 2012.
December 2012 – February 2013	Public exhibition of: <ul style="list-style-type: none"> <li>• Draft CSP</li> <li>• Draft Resourcing Strategy</li> <li>• Draft Delivery Program 2013 – 2017 incorporating annual Operational Plans for 2013/14, 2014/15, 2015/16, 2016/17</li> </ul>	To provide all interested stakeholders with access to the draft Integrated Planning documents and to generate discussion and further feedback on the draft content.	All documents listed placed on public exhibition for a period of (8) weeks from 13 December 2013. (See Annexure 12)
January 2013	Special Edition Kogarahlife.	To provide information to the community on major proposals regarding service levels/infrastructure and their financial implications.	Special Edition Kogarahlife distributed to all properties in the LGA. (See Annexure 4)
January 2013	Focus Group Community Reference Group	To ascertain community views on major proposals regarding service levels/infrastructure and their financial implications.	14 Reference Group members attended the focus group (out of 40 members)

When	Engagement Methods	Purpose	Outcome
May 2013	Formal Adoption of: <ul style="list-style-type: none"> <li>• <i>Bright Future, Better Lifestyle</i></li> <li>• Resourcing Strategy</li> <li>• Delivery Program 2013 – 2017</li> <li>• Operational Plan 2013/14 and the statement of Revenue Policy (excluding the draft schedule of Fees and Charges 2013/14).</li> </ul>	Formally adopt integrated planning documents and comply with legislative requirements.	Documents formally adopted by Council on 25 February 2013. (See Annexure 12)

## 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.

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In accordance with legislative requirements, all integrated planning framework documents were placed on public exhibition for a period of eight (8) weeks, commencing Thursday, 13 December 2012 and concluding on Thursday, 14 February 2013.

The following was undertaken to inform the community of the exhibition of the draft Integrated Planning documents (including the Community Strategic Plan – Bright Future, Better Lifestyle, the Resourcing Strategy, the Delivery Program 2013 – 2017, and the Operational Plans 2013 – 2017), in conjunction with the option of Council pursuing a Special Rate Variation (SRV), with feedback invited:

- Information was placed in Council's Customer Service Centre and in Council's libraries from Thursday, 13 December 2012 for the duration of the exhibition period.
- Detailed information, including forums and feedback opportunities were placed on Council's online consultation hub, 'Your Say Kogarah', from Thursday, 13 December 2012 for the duration of the exhibition period.
- Detailed information was placed on Council's website from Thursday, 13 December 2012 for the duration of the exhibition period and was highlighted on the home page.
- Two (2) advertisements were placed in the St George and Sutherland Shire Leader on Thursday, 20 December 2012 and Thursday 24 January 2013 (See Annexure 4).
- A special edition of 'Kogarahlife' was distributed to all properties in the Local Government Area (LGA) in January 2013 outlining the details and financial impacts of the proposed SRV (See Annexure 4).

- Information and feedback opportunities at market stalls were available at both the 'Carols at Twilight' event on Saturday 15 December 2012 and Australia Day celebrations on Saturday 26 January 2013 at Carss Bush Park. These sessions provided the community with the opportunity to meet Council staff and discuss any issues in relation to the Integrated Planning documents and the proposed SRV.
- A dedicated consultation session regarding the proposed SRV was held with Council's Community Reference Group on Wednesday, 23 January 2013.
- Details were presented at the Connells Point Progress Association meeting on Tuesday, 5 February 2013.

As detailed in the response to 4.1, Council undertook an extensive consultation program to ensure that all ratepayers within the Kogarah LGA were aware of the proposed SRV including a special edition of Kogarahlife which was distributed to all properties in January 2013. Extensive information was also placed on Council's website with a direct link from the homepage, making the information highly visible to visitors to the website.

During the exhibition period five (5) residents visited Council's website and viewed the information relating to the SRV.

During the exhibition period Council's online consultation hub, 'Your Say Kogarah', featuring detailed information, including forums and feedback opportunities; received ninety seven (97) visitors to the site (See activity reports, Annexure 5). In addition forty nine (49) of those visitors downloaded copies of each of the following documents:

- Community Strategic Plan – Bright Future, Better Lifestyle
- Delivery Program (2013 – 2017) incorporating 2013/14 Operational Plan
- Delivery Program (2013 – 2017) incorporating 2014/15 Operational Plan
- Delivery Program (2013 – 2017) incorporating 2015/16 Operational Plan
- Delivery Program (2013 – 2017) incorporating 2016/17 Operational Plan
- Resourcing Strategy
- Financial Impact on Residential Residents – Setting Rate
- Financial Impact on Residential Residents – Rate Peg

The following two (2) forum questions were placed on Council's online consultation hub, 'Your Say Kogarah', encouraging local residents to share their thoughts and concerns with Council:



*1. Council's financial modelling indicates a shortfall of \$1.2 million over the next 4 years to deliver services that our community has indicated they want and use. For a few extra dollars per week (ranging from \$0.70 - \$1.74) our community can continue to enjoy these services.*

*What are your thoughts?*

*2. Should the community decide that they do not wish to pay a few extra dollars per week, then annual rate increases consistent with the rate peg set annually by IPART will still apply resulting in a short fall of approximately \$1.2 million to Council's budget over the next 4 years. This shortfall will require Council to make decisions regarding which services to provide and which ones to review.*

*What services would you like to see Council continue to provide and what services would you like Council to review?*

During the exhibition period thirty seven (37) and forty (40) residents respectively viewed the above forum questions, although Council did not receive any comments for either question.

Council's Customer Service Centre did not receive any phone calls during the exhibition period regarding the proposed SRV.

In addition to the information provided by Council to the public, the following information / articles appeared in the media regarding the proposed SRV:

- The St George and Sutherland Shire Leader published one (1) article on Tuesday, 5 February 2013 regarding Council's SRV proposal, titled 'Council seeks comments rate hike plan' (See Annexure 5)
- Kogarah City Council was mentioned as a council considering a SRV in an article published by the Daily Telegraph on Saturday, 12 January 2013 (See Annexure 5).

Council received sixteen (16) formal submissions regarding the proposed SRV. Eight (8) of the submissions received were in opposition to the SRV, seven (7) were in support of the SRV and one (1) was neutral, calling for a referendum on the proposal (See Annexure 6). In total nine (9) submissions were received via email and seven (7) by post.

The following issues were raised in the submissions received:

Issue	Number of times issue raised
In favour of proposed rate increases to maintain the current standard of services	7
Rate increase proposed is preferable to reducing current service levels	4
Council should aim to improve efficiencies and cut costs	4
Council needs to re-examine core functions of Local Government	3
Council has presented sound planning and financial management	2
Council should utilise investment funds to achieve core functions	2
Insufficient information was provided regarding the actual cost of individual services	2
Council rates are too high for the services currently being offered	2
Council is not maintaining streets and public spaces to an acceptable standard	2
Proposed rate increases are well above CPI	2
Council needs to be more open and transparent regarding the annual capital works program	1
Ratepayers are already burdened by the increases in other household and domestic expenses	1
Ratepayers have been paying rates above the rate pegging limit for the past three years	1
Council currently charges an annual stormwater levy	1

In 2010, Council established the Community Reference Group which comprises a selection of residents or rate payers of the Kogarah LGA who provide feedback to Council on the implementation of the Key Strategic Directions contained within *Bright Future, Better Lifestyle; Kogarah 2020*, Council's Community Strategic Plan.

The objectives of the Community Reference group are to:

- Operate as a mechanism for reviewing the status of the strategies contained within *Bright Future, Better Lifestyle; Kogarah 2020*.

- Provide review of the expenditure of funds raised through Council's existing SRV that are allocated against the priorities identified in the Community Strategic Plan.
- Be an equitable forum for community members to have an opportunity to be involved in discussion with Council staff on relevant issues.
- Complement other elements of Council's broader consultation framework and act as a regular forum through which Council can refer items where consultation is required.

Council currently has forty (40) members on the Community Reference Group who self nominated to be involved in the group and then were selected based on demographic statistics to ensure a cross representation of the community.

Council conducted a consultation session dedicated to the proposed SRV with the Community Reference Group on Wednesday, 23 January 2013. All members of the reference group were invited to attend and sent background information regarding the content of the session. Fourteen (14) members attended the consultation. An anonymous vote conducted at the end of the session showed nine (9) members were in favour of the proposed SRV and three (3) members were opposed.

## 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.

---

As part of this SRV application, Council is not proposing to change its current rating categories.

Council's rating structure will continue to comprise the following categories:

- Residential
- Business
- CBD Kogarah
- CBD Blakehurst
- CBD Hurstville
- CBD Oatley
- CBD Ramsgate
- Industrial Carlton
- Industrial Blakehurst
- Industrial South Hurstville
- Industrial Kogarah

A map of showing the distribution of Council's rating categories over the local government area can be found on page 157 of Council's Delivery Program (2013-2017) (See Annexure 7).

The Local Government Act requires that Council rate predominantly on an ad valorem basis (based on land values) and thus land valued highly will accrue higher rates than lower valued land. Council also maintains the option of a minimum rate. Those able to derive commercial benefit from land are rated by Council higher than land used for residential purposes. This recognises the superior income producing capability of such land.

Through a combination of the ad valorem system, minimum rates, categorisation, mixed development, pensioner rebates and postponed rates, Council achieves a rating structure that is fair and equitable for its ratepayers.

The rates proposed to be levied are based on a rating structure that consists of two (2) categories – Residential and Business. The Business category has nine (9) sub categories being five (5) Commercial and four (4) Industrial. These new sub categories have been introduced to adequately describe the centres of business associated with each Business sub-category.

The minimum rate is set at the maximum level applicable under Section 548(3) (a) of the Local Government Act, 1993, across all categories.

Council's Delivery Program (2013-2017) contains the proposed rating structure for 2013/14. In the first year of the application period (2013/14) the increases proposed will be the same regardless of the outcome of this SRV application. Council has an existing SRV in place for 2013/14 and as part of this application intends to forgo the approved increase for 2013/14 and including the same increase for 2013/14 as part of this application.

If successful, the following table shows the permissible level of income from each rate category based on an increase of 5.9% less 0.1% carbon price advance repayment and an expiring variation deduction amount of \$640,824 (being the removal of the 3% Environmental Levy) as advised by the Division of Local Government for 2013/14.

TYPE OF RATE	RATE IN \$ OR AMOUNT	RATE YIELD
Residential	0.00171460	13,142,243
Residential Minimum (9,903)	767.70	7,602,522
Business	0.00353437	444,845
Business Minimum (54)	767.70	41,456
<b>Sub Categories of CBD Commercial</b>		
Kogarah CBD Commercial Centre	0.00463240	918,923
Kogarah CBD Commercial Centre Minimum (312)	767.70	239,522
Blakehurst CBD Commercial Centre	0.00503371	75,501
Blakehurst Commercial Centre Minimum (13)	767.70	9,980
Hurstville CBD Commercial Centre	0.00470116	300,037
Hurstville CBD Commercial Centre Minimum (49)	767.70	37,617
Oatley CBD Commercial Centre	0.00404930	191,508
Oatley CBD Commercial Centre Minimum (32)	767.70	24,566
Ramsgate CBD Commercial Centre	0.00440490	135,972
Ramsgate CBD Commercial Centre Minimum (8)	767.70	6,142
<b>Sub Categories of Industrial</b>		
Carlton Industrial Area	0.00532888	274,999
Carlton Industrial Area Minimum (9)	767.70	6,909
Blakehurst Industrial Area	0.00543820	48,617
Blakehurst Industrial Area Minimum (0)	767.70	0
South Hurstville Industrial Area	0.00308506	7,630
South Hurstville Industrial Area Minimum (55)	767.70	42,223
Kogarah Industrial Area	0.00501786	25,089
Kogarah Industrial Area Minimum (0)	767.70	0
<b>Total</b>		<b>23,576,301</b>

The table above is shown on page 151 of Council's Delivery Program (2013-2017).

It is proposed that the rating structure will not change over the period of this proposed SRV. The impact of the rate variation will be distributed evenly across all rate payers. All categories in Council's rating structure will be increased by the same percentage. For comparative purposes pages 153-154 of Council's

Delivery Program (2013 – 2017) provide tables to demonstrate the estimated impact on residential ratepayers of the proposed special variation in contrast to a rate increase at the estimated rate-pegging limit. The estimated rate pegging limit for future years has been estimated at 3.25%p.a.

## 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.

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As Council is not proposing to change its rating structure, the impact of the proposed increases will be spread evenly across all ratepayers. The proposed increases of 5.8% in 2013/14, 4.8% in 2014/15, 4.8% in 2015/16 and 4.8% in 2016/17 are the percentage increases required after the effects of any carbon tax repayment amounts have been deducted.

The cumulative increase over the four year period of the SRV, inclusive of any rate-pegging increases and carbon tax advance repayments, equates to 21.78%. However, with the environmental levy ceasing at 30 June 2013 and the repayment of the carbon tax advance, the effective increase for ratepayers in 2013/14 will be 2.84%. Therefore, the effective cumulative increase over the four year period of the SRV would equate to 13.20%

Based on the information supplied to IPART in part A of the application form the cumulative increase, over the four year period of the proposed SRV application for rate pegging only would be 12.99%. However Council already has an SRV in place for 2013/14. If the subject SRV application is unsuccessful the approved increase for 2013/14 would remain at 5.8%.

With the environmental levy ceasing at 30 June 2013 and the repayment of the carbon tax advance the effective increase for ratepayers in 2013/14 will be 2.84%. Council's future estimates have used 3.25% as the rate pegging increase estimate for future years. The cumulative increase of the 2.84% effective increase in 2013/14 and 4.8% for years two (2), three (3) and four (4) would be 18.37%.

The cumulative increases are distributed evenly across all rating categories. The current average residential rate is \$967.06. This would rise to \$1,144.75 in the fourth year of the SRV if the application is successful. This would equate to a increase of \$177.69 over the four year period. If unsuccessful the average

residential rate in year four (4) would be \$1,094.70 for a cumulative increase of \$127.64 over the four year period.

The current average business rate is \$2,579.00. This would rise to \$3,052.87 in the fourth year of the SRV if the application is successful. This would equate to a increase of \$473.87 over the four year period. If unsuccessful the average business rate for year four (4) would be \$2,919.41 for a cumulative increase of \$340.41 over the four year period.

The cumulative impact for residential ratepayers was demonstrated in Council's Delivery Program (2013-2017) within the tables on pages 153 and 154. These tables provide a breakdown of various land values the proposed residential rate increases with or without the SRV over all four years of the proposed SRV.



### 5.1.1 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.

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The increases in minimum rates will be at the same percentage as the special rate variation percentage applied for each of the 4 years. The impact on minimum ratepayers will be the same as all other ratepayers as the increases have been distributed evenly across all rating categories.

The current minimum rate for all rating categories is \$746.48. If the SRV application is successful the minimum rate would increase to \$883.64 for all rating categories by year four (4) of the SRV period. This equates to a cumulative increase in minimum rates of \$137.16 over the 4 years.

If the SRV application is unsuccessful, it is estimated that minimum rates across all rate categories would be \$845.01 in year four (4) of the SRV period (inclusive of Council's existing SRV increase for 2013/14 together with estimated rate pegging increases for years two (2), three (3) and four (4)). This would equate to a cumulative increase in minimum rates of \$98.53 over the four years.

The cumulative impact on minimum ratepayers was demonstrated in Council's Delivery Program 2013-2017 within the tables on pages 153 and 154. These tables provide an estimate of the minimum rates applicable with or without the SRV over all four years of the proposed SRV application period.

## 5.1 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.

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In developing the rating option for the planned scenario of the LTFP Council has considered a range of data available to it regarding the Community's capacity to pay rates above estimated rate pegging limits. This information can be found on p.127 of the Resourcing Strategy.

The SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics. 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 high score on the index means a low level of disadvantage.

Kogarah City scores 1,045.0 on the SEIFA index of disadvantage, indicating it is less disadvantaged than both the national (1,005.2) and state (1,003.3) average. 32% of households currently have a mortgage and 26% of households are renting.

The medium weekly income for households in the Kogarah City Council LGA is \$1,463, and 24% of households earn \$2,500 or more per week. Analysis of household income levels in Kogarah City in 2011 compared to Greater Sydney shows that there was a similar proportion of high income households (those earning \$2,500 per week or more) and a lower proportion of low income households (those earning less than \$600 per week).

Council has also used comparative data published by the Division of Local Government to review the current and proposed average business and residential rates against the current business and residential rates of like councils (classified as group 2 councils) as well as Kogarah's three neighbouring councils.

## 5.2 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.

See annexure 8

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.

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Council has a Hardship Policy (See Annexure 8) in place to provide a framework for the assessment of ratepayers who are experiencing difficulties in meeting their commitments to the payment of rates. Ratepayers suffering financial hardship can apply for relief through Council's Hardship Policy. Ratepayers can also enter into a payment arrangement with Council to pay any outstanding rates balances.

Council has also put in place measures to protect the vulnerability of eligible pensioners to pay their rates. Under Council's Debt Recovery Policy (See Annexure 9) any rating debts owed to Council by eligible pensioners will not be pursued through legal action. Also, any debts owed to Council by eligible pensioners will have any interest charges written off if their debt is paid in full by the end of the financial year in which the debt was raised.

## **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.

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Council's Delivery Program (2013 – 2017) developed after completion of the review of Council's Community Strategic Plan is based on maintaining the existing service levels detailed in Council's integrated planning documents.

As a consequence of the extensive community consultation during the preparation and review of the Community Strategic Plan, it became evident that the expectations and desires of the community in relation to operational, infrastructure and asset service levels could not be achieved within existing budgetary constraints and pressures.

Council's financial modelling has determined a shortfall of approximately \$1.2m over the four years of the Delivery Program (2013 – 2017).

In conjunction with the Community Strategic Plan, Council has developed a Delivery Program (2013 – 2017) that outlines the principal activities to be undertaken by Council to implement the strategies established by the Community Strategic Plan within the resources available under the Resourcing Strategy.

Through the development of its Delivery Program (2013 – 2017) and Operational Plans in accordance with the Integrated Planning Framework, Council is able to clearly and effectively demonstrate the outcomes of the projects and activities, how they are being funded and their cost.

The Delivery Program (2013 – 2017) addresses the full range of Council operations, financial estimates and allocated levels of responsibility for each action. It also includes a number of performance indicators that will be used to measure and determine the effectiveness of the activities detailed in the Delivery Program (2013 – 2017) in achieving the Key Strategic Directions identified in the Community Strategic Plan.

## 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.
- 

Council has had a 10 year Long Term Financial Plan in place since November 2001. The plan has been updated annually to assist in the preparation of yearly budget forecasts.

The LTFP is a key document in forecasting the financial resources available for Council to achieve the Key Strategic Directions and Goals identified in Council's Community Strategic Plan *Bright Future, Better Lifestyle*.

The Policy Statements contained in the LTFP have been given force by resolution of Council. These policies provide the framework to guide decision making, future budgets and establish a mechanism to fund future investment decisions.

The 10 Year LTFP contained within the Resourcing Strategy has established a framework, mechanism and financial targets for the Council. The financial model predicts Kogarah's future funding requirements in order to maintain a strong financial position and deliver the facilities and services expected by the community. Setting the strategic direction of a financial plan promotes the sustainability of the organisation and ensures the availability of funds in future years to achieve all of Council's goals and objectives.

Council's 2012/13 budget was adopted within the confines of the financial policy framework included in the 10 year LTFP and maintains Council's adequate financial reserves and focus on asset management.

Rate-pegging provides a constant challenge for Council to fund the services expected by our community. Council continues to endeavour to generate alternate sources of revenue and has an ongoing program to reduce costs and find efficiencies. Despite these efforts Council has forecast a shortfall in revenue of \$1.2m over the life of the Delivery Program. A special rate variation will allow Council to address the challenge of maintaining and renewing its assets and providing services to a level expected by the community as determined through the Community Strategic Plan development and review process.

Each scenario in Council's LTFP has its own assumptions that are detailed at the start of each scenario. The planned scenario contains the following assumptions:

Planned Scenario – Operating Income	
Rates	The planned scenario utilises an approved special rate variation of 5.9% p.a. minus the carbon tax advance repayment of 0.1% in the first year of the plan being the 2013/14 financial year. The planned scenario assumes a successful special rate variation of 4.8% for years 2-4 of the plan. Increases from years 5-10 revert to an estimate of allowable increases to be approved by IPART of 3.25%. The rate-pegging limit has averaged approximately 3.25%p.a. over the last 8 years. Rates income growth is based on the expected additional dwellings forecast over the life of the plan times by the minimum rate.
Environmental Levy	The environmental levy ceases prior to the commencement of this plan. Council's rating base will reduce by 3% in year one of the plan due to the removal of the environmental Levy. The special rate variations for years 2-4 of the plan will allow the Council to continue some of the important environmental works previously funded by the environmental levy.
Domestic Waste Charge	The current domestic waste charge of \$390.52 will be increased in the first year of the plan by 4.0% or \$15.60 to \$406.12. Year 2-10 of this scenario have been increased by 3.5% p.a. These increases are necessary to keep pace with the significant increase in disposal costs for waste through to the 2016/17 financial year.
User Charges and Fees	User charges and fees for next financial year are detailed in Council's Draft 2013/14 Fees and Charges Schedule included as part of Council's operational plan. Future year's user charges and fees have been increased by an estimated annual CPI of 2.5%. This represents the middle of the Reserve

	Bank's long term target for CPI of 2-3% p.a.
Interest on Investments	Under the planned scenario an interest rate of 5.5% p.a. is assumed for interest earned on investments. Interest rates can fluctuate quickly, however a target 5.5% p.a. return on investment over the life of the plan is considered achievable.
Other Revenue	Other revenue is expected to grow by 2.5% p.a. over the life of the plan.
Operational Grants & Contributions	Operational Grants and contributions are expected to increase in line with the long term target for CPI. The planned scenario has grants and contributions increasing by 2.5% p.a. over the life of the plan.
Planned Scenario – Operating Expenditure	
Employee Costs	<p>Employee costs in the planned scenario are expected to grow at a rate of 3.8% p.a. This takes account of forecast Award increases, skills and performance progression and market forces for certain occupations.</p> <p>The planned scenario is based on a stable organisational structure with no net increase in employee numbers.</p>
Borrowing Costs	Council has no external borrowings. The only borrowing costs anticipated in the planned scenario is interest charged on Council's overdraft facility. This cost is minimised by Council's stringent cash flow procedures. There is no increase in borrowing costs forecast over the life of the plan.
Materials & Contracts	The planned scenario has broadly budgeted for increases of 2.5% p.a. for materials and contracts in line with CPI targets. We have seen, in recent years, large price swings for certain material such as petrol and steel that can flow through into contract costs as well.
Other Operating Expenses	<p>Other operating expenses have been budgeted to rise by 2.5% p.a. under this plan except the following items:</p> <p>Electricity – 5% p.a.          Insurances – 3% p.a.          Water charges – 3% p.a.          Emergency Services Levy – 3% p.a.          Postage – 3% p.a.          Street lighting charges – 5% p.a.          Waste Disposal between 3 and 8% p.a.</p>
Planned Scenario – Capital Income	



Developer Contributions	<p>Developer contributions are levied under Section 94 of the Environmental Planning &amp; Assessment Act.</p> <p>No annual increase in Section 94 developer contributions has been forecast over the life of the plan.</p> <p>The amount budgeted each year is based on a long term average of projected income over the remaining life of the contribution plans.</p> <p>Developer contributions are linked to the timing and scale of development activity. Contributions can vary substantially as a result.</p>
Property, Plant & Equipment Sales	<p>There are no planned property sales included in the planned scenario. Council currently has no surplus property identified for sale. Any surplus property to Council requirements will be considered separately by Council before disposal.</p> <p>Plant and equipment will be sold in accordance with Council's replacement strategy. Plant and motor vehicles are funded through Council's Investment Fund. The proceeds of any sales are therefore directed back into that fund.</p>
Loans	<p>Council has no existing external loans. The planned scenario does not forecast any new external loans over the life of the plan.</p>
Planned Scenario – Capital Expenditure	
Capital Works	<p>The capital works program for 2013-2017 is detailed in the Delivery Program (2013 – 2017). Future years' on-going capital works have been increased by 2.5% p.a</p>
Loans	<p>Council has no existing external loans. The planned scenario does not forecast any new external loans over the life of the plan. There are no capital loan repayment requirements for the life of the plan.</p>

NSW TCorp has undertaken a financial review of Council including thoroughly testing the assumptions that underpin Council's LTFP. TCorp's assessment of Council's LTFP assumptions stated *"We consider the assumptions reasonable and where different to TCorp expectations, these assumptions were supported by data"* and *"As TCorp consider the assumptions made in the LTFP reasonable we feel the forecast is achievable"*.

## 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.

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A key part of Council's long-term financial planning, management strategies and strategic planning is to identify and implement productivity improvements and expenditure reductions. Council is committed to continue its program of using limited resources in the most efficient manner possible to deliver goods and services to the community.

Council has been able to maintain services levels in all areas of its operations and in some areas substantially increase them. Maintaining and increasing service levels has occurred at the same time as Council having to deal with the following issues:

- Council income being constrained by the State Government imposed rate pegging limit;
- Cost shifting from other levels of government; and

- The cost of Council inputs increasing at a greater rate than the imposed rate pegging limits.

In order to maintain and increase service levels to the community the Council sets annual targets for identifying and implementing cost savings measures. Council also strives to increase productivity annually through greater usage of Council assets, structural change, the use of technology and training. Council sets annual dollar targets for cost savings, productivity gains and efficiencies within its budget. A target of \$1m has been set for the term of Council's Delivery Plan (2013-2017).

Council has maintained its budget discipline over the past five years and has returned unrestricted working funds surpluses despite the challenges Council has encountered in resourcing its current services levels, meeting increased community expectations and maintaining its large infrastructure portfolio to a high standard.

## 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.

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Council has the following Special Rate Variation History:

- 2006/07 Council was successful in its application for a variation for Environmental projects for seven (7) years under Section 508(2) of the Local Government Act 1993. This existing variation is due to expire 30 June 2013.
- 2010/11 Council was successful in its application to increase general income by 5.9% for the years 2010/11 to 2013/14 under Section 508A of the Local Government Act 1993.

The Instruments of Approval for the above can be found in Annexure 10

It should be noted that Council is offering to relinquish the variation granted for 2013/14 in conjunction with making an application to IPART under Section 508(A) of the Local Government Act 1993, commencing 2013/14.

## 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 Integrated Planning and Reporting Framework provides Council with the legislative mechanisms to clearly and effectively demonstrate the outcomes of projects and activities, how they are being funded and their cost.

Council's Annual Report is a key accountability mechanism between Council and its Community, providing the opportunity to report back to the community on the key achievements of the Operational Plan projects and activities and how Council is tracking in relation to the Delivery Program.

The introduction of the Integrated Planning and Reporting Framework provided Council the opportunity to redesign its Annual Report in 2010/11 to include a report highlighting the achievements and progress towards the Delivery Program (See annexure 11).

Council's Annual Report also provides detailed financial statements that illustrate the additional income obtained through the variation, and will provide information on the productivity offsets achieved throughout the year as outlined in this application.

The End of Term Report provides Council an opportunity to summarise its performance over the previous four year period and reports on progress in the implementation and effectiveness of the Community Strategic Plan over the past four years and focuses on the broader question of 'have we done what we said we would?'

Council developed its first End of Term Report in 2012 (See Annexure 11). During the review of its Community Strategic Plan Council fine tuned the performance measures outlined in both the Community Strategic Plan and the Delivery Program and developed a clear set of Community Indicators (See Annexure 11). Council's Community Indicators will enable Council and the community to measure and track the progress of the shared goals and priorities as well as help to assess the effectiveness of the Community Strategic Plan in achieving the agreed vision for the City of Kogarah.

Council's aim in developing these Community Indicators is to:

- Support better population level reporting and organisational accountability in respect to decision making priorities
- Monitor change over time in terms of progress towards the desired future
- Improve community engagement in decision making through transparent indicator development and reporting processes
- Help Council better understand its communities needs and priorities
- Facilitate Council moving from a focus on inputs (e.g. dollars spent on recreational facilities) and outputs (e.g. new park and sporting facilities delivered) to outcomes and practical results for the community (e.g. Improved participation in sporting and recreational activities, and health benefits)
- Create a shared ownership of outcomes rather than seeing community wellbeing as Council's responsibility
- Provide an opportunity to make comparisons with neighbour councils and with State-wide or national level averages.

Council reports on the progress and achievements and outcomes of the Operational Plan every six months and budget progress is reported to Council quarterly.

Details of any changes to the projects or activities originally proposed in the Delivery Program (2013-2017) or subsequent Operational Plans will be reported in accordance with the requirements of the Integrated Planning Framework which involves Council resolution and may involve, in certain significant circumstances, public consultation.

In addition to statutory reports outlined above, Council has a long history of utilising various mechanisms to transparently report to the community on special rate variations. These include the resident newsletter 'Kogarahlife', media releases, newsletters, industry publications and Council's website.

### 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.

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Council resolved on 10 December 2010 (Min No. 174/2012) the following:

- "a) That the Community Engagement Strategy annexed to the report, for the exhibition of the draft Integrated Planning Documents, be endorsed.*
- b) That Kogarah City Council's draft Community Strategic Plan, Bright Future, Better Lifestyle, annexed to the report, be publicly exhibited in accordance with the Engagement Strategy, also annexed to the report.*
- c) That the draft Resourcing Strategy, annexed to the report, be publicly exhibited in accordance with the Engagement Strategy.*
- d) That the draft Delivery Program (2013 – 2017) incorporating the 2013/14, 2014/15, 2015/16 and 2016/17 Operational Plans, annexed to the report, be publicly exhibited in accordance with the Engagement Strategy.*
- e) That the draft Resourcing Strategy referred to in (c) above include the following two (2) options:*
  - i) Option for a draft budget that includes a Special Rate Variation to set Council's rates at 5.9% for 2013/14 and 4.8% per annum (inclusive of rate pegging) over the subsequent three years commencing 2014/15.*
  - ii) Option for a draft budget that is based on the assumed rate pegging limit of 3.25% over three years commencing 2014/15.*
- f) That it be noted that the composition of the variation in year one (1) of the proposed SRV referred to in part e) i) above is identical to that which was previously granted for 2013/14.*
- g) That a report on all feedback received in response to (b), (c) and (d) above be prepared and submitted to Council in February 2013."*

Council Resolved on 25 February 2013 (Min No. 13/2013) the following:

- a) “That the Community Strategic Plan – Bright Future, Better Lifestyle annexed to the report be adopted.*
- b) That the Resourcing Strategy annexed to the report be adopted.*
- c) That application be made to IPART, under Section 508(A) of the Local Government Act, for a Special Rate Variation of 5.9% minus 0.1% carbon tax advance repayment for 2013/14 and 4.8% per annum (inclusive of rate pegging) over the subsequent three years commencing 2014/15.*
- d) That the Delivery Program (2013 – 2017) incorporating the 2013/14 Operational Plan and the Statement of Revenue Policy (Section 5 – Financial Information) excluding the draft Schedule of Fees and Charges 2013/14, annexed to the report, be adopted.*
- e) That in the event that the application referred to in part c) above is unsuccessful, a further report be prepared and submitted to Council.*
- f) That the Schedule of Fees and Charges 2013/14 be placed on public exhibition in accordance with the details contained within the report.”*

Copies of these resolutions can be found in Annexure 12.



## 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	<input checked="" type="checkbox"/>
Contributions Plan documents (if applicable)	<input checked="" type="checkbox"/>
Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
Hardship Policy (if applicable)	<input checked="" type="checkbox"/>
Productivity/cost containment examples	<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.

## **9      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): Paul Woods

Signature Date:

Responsible Accounting Officer (name): John Maunder

Signature Date:

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