

Independent Pricing and Regulatory Tribunal
New South Wales

Special Variation Application Form – Part B

For 2020-21

Insert Name of Council:	Lismore City Council
Date Submitted to IPART:	10/02/2020
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About this application form

IPART has revised the Application Form to be completed by councils applying to IPART for a special variation (SV) for 2020-21, either under s 508(2) or s 508A of the *Local Government Act 1993*. The application form is in two parts:

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

The SV Application Form Part B consists of:

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

When completing the SV Application Form for 2020-21, councils should refer to the following:

- ▼ IPART's [Application Guide](#) for SV Application Form Part B.
- ▼ OLG's [SV Guidelines](#) issued on 21 October 2019.

Description and Context

To complete these questions, refer to the discussion in IPART's Application Guide for SV Application Form Part B, Description and Context.

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

Indicate the type) of the proposed SV (s 508(2) or 508A the council is requesting, and specify the percentage increases in each of the years in which the SV is to apply, the cumulative increase for a s 508A SV, and whether the SV is to be permanent or temporary.

Provide the information **in the text box**, or alternatively, **complete Table 0.1**.

Type: Permanent s508A
Length: Four (4) years
Commencing: July 1st 2020
Cumulative Increase: 24%

Component	2020/21	2021/22	2022/23	2023/24
State Government Rate Pegging	2.5%	2.5%	2.5%	2.5%
\$ value	\$ 776,000	\$ 834,000	\$912,000	\$948,000
Economic Development		3.0%		
\$ value		\$1,000,000		
Roads	5.0%	3.9%	1.4%	0.7%
\$ value	\$1,540,000	\$1,300,000	\$500,000	\$400,000
Total Percentage	7.5%	9.4%	3.9%	3.2%

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

In the text box summarise the key purpose (or purposes) of the SV the council is requesting.

Lismore City Council has been seeking solutions to its short and long-term financial challenges since 2013 when a TCorp assessment of all NSW councils (see **ATTACHMENT 1** - 2013 TCorp Lismore City Council Financial Assessment, Sustainability and Benchmarking Report) determined Lismore City Council's financial position to be in a '**deteriorating position**' relative to all other councils in the state.

A Special Rate Variation has been proposed by three different council terms, since 2011 as one of a range of measures to improve Council's financial sustainability and manage Council's significant roads backlog. Council has also been aware since 2012 of a significant 'performance gap' between community expectations for services and what Council delivers. Community Satisfaction Surveys conducted in (2012 and in 2016) consistently show that both roads and economic development are among the highest priorities for the Lismore community yet have the lowest level of satisfaction (see **ATTACHMENT 2** - Community Satisfaction Surveys – Performance gap Analysis and Priority Issues).

In 2013, as part of the NSW Government's Independent Review of Local Government, TCorp was tasked with undertaking an assessment of the financial capacity and sustainability assessment of all 152 local governments in NSW. The result of this assessment determined Lismore City Council's financial position to be in a '**deteriorating position**' relative to all other NSW councils. These findings have been presented to two successive Councils in 2013, 2015 and 2016.

In 2015, in response to the recommendations of the Independent Local Government Review Panel and the Local Government Acts Taskforce, the NSW Government (Office of Local Government - OLG) required each local government to prepare and submit a 'Council Improvement Proposal' (see **ATTACHMENT 3** - Office Local Government (OLG) Lismore City Council Improvement Proposal). The OLG Improvement Proposal was adopted by Lismore City Council at its 23 June 2015 meeting. The Council proposed a 'road to financial sustainability' for Lismore City Council that included 6 steps. The steps are listed below, section 5.1 and 5.2 of our application details the timing of these actions and their outcomes.

'Road to financial sustainability' 6 steps	Progress
1. Find Initial Savings	✓
2. Zero Based Budgeting	✓
3. Service Level Review	✓
4. Efficiency & Productivity Improvements	✓
5. Assets Rationalisation	✓
6. Apply for an SV	✗

Findings of an external review handed down in January 2019 further highlighted Council's lack of funding to address its roads backlog and the need for funding to stimulate economic development. Despite ongoing and widespread austerity measures across all areas of Council, including the cancellation and deferral of 33 projects during the 2019/20 budget process, Council's ability to meet the roads backlog and/or stimulate economic development remains bleak.

The key purposes of the proposed SV is to provide additional funds to reduce infrastructure backlogs for road renewal and stimulate economic development.

Roads

Lismore City Council has budgeted approximately \$4.6 million this financial year for the maintenance and \$9.1 million for the renewal of its road network. These figures do not include any one-off grants that Council will receive for specific road projects.

Of the \$65 million transport infrastructure backlog (2018 figure), \$54 million relates to our sealed and unsealed road networks. Without investing additional funds, this backlog will not be addressed. The current rates and revenue funding available is insufficient to maintain the road network and limit further deterioration or ensure that the road networks meets community expectations for safe and functional roads.

An additional \$3.74 million per annum raised through the proposed special rate variation (after the proposed 4 years of increases) would allow Council to address the backlog of work in its road network, ensure its sustainability into the future and meet community expectations for safe and functional roads.

The below table describes the number of customer complaints that have been formally registered with Council's Customer Service Centre over the past five years. A wide range of complaints about the condition of the road have been recorded, of particular note is the very high number of rural and urban road complaints, and the consistency of these complaints over time.

Customer Complaints	2018/19	2017/18	2016/17	2015/16	2014/15
Regional Roads	50	121	80	44	49
Rural Roads	1071	1202	1326	1207	1077
State Roads	36	21	20	20	45
Urban Roads	1040	1097	1225	1019	1055
Total	2197	2441	2651	2290	2226

Sealed roads

This additional SV funding would be used to reconstruct roads that are in very poor condition. Roads would be reconstructed and then regularly resurfaced so they stay in good condition for as long as possible. Specifically, the proposed SV would enable Council to reconstruct an additional 2.75km of sealed roads each year. It would provide \$32 million over 10 years to address the infrastructure backlog of \$65 million. Over a 10-year period, additional funds would see the road network improve across the Local Government Area such that it meets community expectations.

Unsealed roads

The proposed SV would deliver \$500,000 annually to improve gravel roads. At present, Council does not have funds for any gravel re-sheeting. Re-sheeting involves placing new gravel on the road and reshaping and rolling to decrease potholes and surface defects and improve wet weather access. It also reduces dust volumes and provides a smoother driving experience. Council maintains 400km of gravel roads. Over a 10-year period, the proposed SV would see 100km or 25% of the entire gravel road network re-sheeted. Thirty gravel intersections would also be bitumen sealed across the LGA and 40 culverts would be upgraded, reducing the wear and tear around these sections of road.

Across the entire road network, additional funds from the proposed SV would ensure the following:

1. A greater number of roads in good condition, meaning less potholes and other failures and therefore less money being spent on patching and repairing failed roads.
2. Roads would be reconstructed or re-sheeted and receive ongoing resurfacing or grading to stand the test of time.
3. Over time, a reduction in the number of roads rated as being in a very poor condition.
4. The average condition of the entire road network would improve and meet community expectations.

Improving the local economy

Lismore City Council would use the additional funds generated by the proposed SV to enhance the Lismore CBD and other town centres, provide incentives for new business and industry to open, create employment opportunities, attract population growth and bring more visitors to the LGA. SV funds would:

1. Fund initiatives arising from the new recently launched 'Innovate Lismore Economic Development Strategy' (see **ATTACHMENT 4** - Innovate Lismore Economic Development Strategy 2019-2024) articulate the Investment Strategy complete with Return on Investment to guide the expenditure of the SV funds. We have been advised by the community and have included:
 - Investment in Business Centres (Lismore CBD and villages);
 - Airport and Freight development at the Lismore Airport to support cold storage, food co-operative, airport expansion initiatives;
 - Business Incentive grants to prepare buildings for flood recovery or to enable businesses to meet costs of modernisation;
 - Agriculture Industry promotion and infrastructure;
 - Cultural/Sport initiatives to enhance synergies between events and opportunities for businesses to leverage from these events; and
 - Enhance the River City linkages and Invest in technology.

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

Refer to OLG's SV Guidelines Attachment 4 - Increasing minimum rates, and OLG's Guidelines for a Minimum Rate Increase.

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

Does the council have an ordinary rate(s) subject to a minimum amount? Yes No

Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time? Yes No

Which rates will the increases apply to? Residential Business Farmland

If the increase will apply to only some subcategories, specify which _____

Does the council propose to increase the minimum amount of its ordinary rate(s) by:

▼ The rate peg percentage

▼ The special variation percentage

▼ A different percentage _____ (%)

What will the minimum amount of the ordinary rate(s) be after the proposed increase? \$ _____

Has the council submitted an application for a minimum rate increase? Yes No

If the increase applies to a special rate, complete this section

Does the council propose to increase the minimum amount of a special rate above the statutory limit? Yes No

What will the minimum amount of the special rate be after the proposed increase? \$ _____

Has the council submitted an application for minimum rate increase? Yes No

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

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

Refer to OLG's SV Guidelines Attachment 1 – Calculation of expiring special variations.

Does the council have an SV which is due to expire on 30 June 2020? Yes No

Does the council have an SV which is due to expire at some time during the period for which the new SV is being requested? Yes No

If Yes to either question:

a) When does the SV expire? 30/06/2023

b) What is the percentage to be removed from the council's general income? 0.35%

c) What is the dollar amount to be removed from the council's general income? \$132,845

Does the council have an SV which it proposes to terminate before the date which the instrument specifies as the date on which it expires? Yes No

If Yes:

a) When does the council propose it be terminated? _____

b) What is the percentage to be removed from the council's general income? _____

c) What is the dollar amount to be removed from the council's general income? _____

Has OLG confirmed the calculation of the amount to be removed? Yes No

Attachments required:

- ▼ Copy of the relevant instrument
- ▼ Copy of OLG advice confirming calculation of amount to be removed from the council's general income

Question 5: Does the council have an existing (ongoing) s 508A special variation which applies in 2020-21?

Refer to:

▼ OLG's SV Guidelines Section 5.2.

▼ IPART Fact sheet – *The Year Ahead – Special Variations in 2020-21*.

Does the council have a s 508A multi-year SV instrument that applies in 2020-21? Yes No

In the text box:

- ▼ Specify the percentage increase(s) and duration of the SV.
- ▼ Outline the council's actions in complying with conditions in the instrument approving the original SV.
- ▼ Describe any *significant* changes of relevance to the conditions in its instrument since it was issued.

Attachments required:

- ▼ Copy of the relevant instrument(s)
- ▼ Declaration by the General Manager as to the council's compliance with the conditions applying to the SV included in the instrument of approval issued by IPART
- ▼ Any supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s).

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

Refer also to OLG's SV Guidelines Section 6.

You do not need to respond to this question if all the relevant information has been provided in council's response to Question 5.

Does the council have a s 508(2) or s 508A SV which IPART has approved in the past five years? Yes No

In the text box, for each SV approved in the past five years, briefly:

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

- 2016/17 – 508(2) of 3.6% (including rate pegging) with no expiry.
- 2018/19 – 508(2) of 2.71% (including rate pegging) expiring on 30/06/2023.
- Actions – Council reports on expenditure in its Annual Report as stipulated in the Instrument (as attached).
- There have not been any significant or relevant changes to the instrument.

Attachments required:

- ▼ Copy of the relevant instrument(s) (see **ATTACHMENT 5** – Instrument of approval for 2018-19 special variation application IPART) and (see **ATTACHMENT 6** – Instrument of approval for 2016-17 special variation application IPART)
- ▼ Declaration by the General Manager as to the council’s compliance with the conditions applying to the SV included in the instrument of approval issued by IPART (see **ATTACHMENT 7** – Declaration by General Manager)
- ▼ Any supporting documents providing evidence of the council’s actions to comply with the conditions in the instrument(s) (see **ATTACHMENT 8** – Extract from Lismore City Council Annual Report 2018-2019 – SV Expenditure for Business Promotion and Biodiversity Management)

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

Does the proposed SV require the council to do a capital expenditure review in accordance with OLG Circular to Councils, Circular No 10-34 dated 20 December 2010 Yes No

If Yes, has a review been done and submitted to OLG? Yes No

Question 8: Is the council a new council created by merger in 2016?

Refer also to OLG’s SV Guidelines Section 4.

Is the council a new council created by merger in 2016? Yes No

Attachments Description and Context

List attachments relevant to your response for Description and Context. Use the council-assigned number shown in Table 8.1.

Attachments relevant to response for Description and Context

Council- assigned number	Name of document	Page references
1	2013 TCorp Lismore City Council Financial Assessment, Sustainability and Benchmarking Report	
2	Community Satisfaction Surveys – Performance gap Analysis and Priority Issues	
3	Office Local Government (OLG) Lismore City Council Improvement Proposal	
4	Innovate Lismore Economic Development Strategy 2019-2024	
5	Instrument of approval for 2018-19 special variation application IPART	
6	Instrument of approval for 2016-17 special variation application IPART	
7	Declaration by General Manager	
8	Extract from Lismore City Council Annual Report 2018-2019 – SV Expenditure for Business Promotion and Biodiversity Management	12-15

a If document only relevant in part.

1 Criterion 1: Need for the variation

Criterion 1 in the SV Guidelines is:

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

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

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

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

To complete the questions for Criterion 1: Financial need refer to IPART's Application Guide for SV Application Form Part B.

Refer also to IPART Fact sheet – *The Year Ahead – Special Variations in 2020-21* in relation to the interaction of financial need and willingness to pay.

In the response to this criterion, you should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

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

In the text box explain how the council developed the proposal to apply for the proposed SV in the context of its IP&R processes.

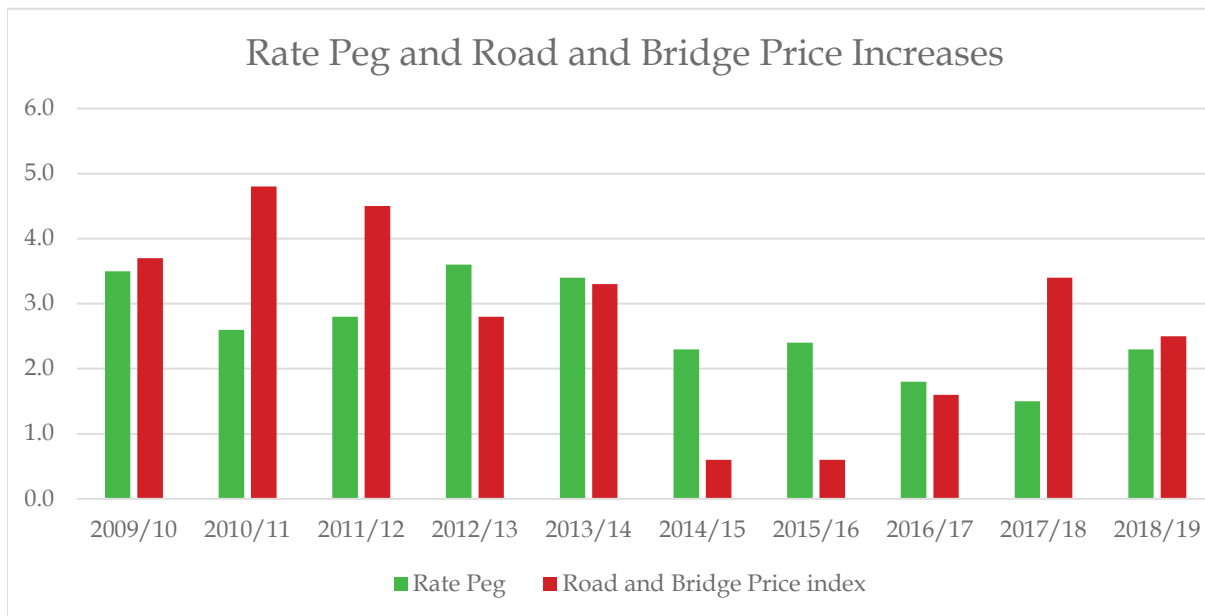
The Council area is predominantly rural, with expanding residential areas and some industrial and commercial land uses. The Council area encompasses a total land area of 1,290 square kilometres, of which a significant proportion is National Park, State Forest and nature reserves, including rainforests, mountains and rivers. Settlement is based around the regional centre of Lismore and Goonellabah and the townships of Nimbin, Clunes, and Bexhill and 8 villages. The population of Lismore LGA was 43,843 persons at 2018. Projections to the year 2031 (last Dept projection was in 2016), show the population is expected to increase by 6,350 persons, or 0.7% per annum, to a level of approximately 50,700.

Council owns and is responsible for a total of \$13.87 billion (as at 30 June 2018) of assets. Comprising the following:

- 1,287.6 hectares of land of which 27 ha is reserve lands, 92 ha is urban sports fields and 91 ha is rural sports fields that are intensively managed and maintained by Council
- 4 Indoor sports centres
- 6 Outdoor sports centres
- 3 public swimming pools
- 1 community centre and 1 City Hall
- 29 rural halls
- Staffing of 12 public libraries across 4 local government areas (RTRL)
- 2 libraries that service the Lismore LGA
- 1200 km of local roads (sealed and unsealed)
- 109 bridges (24 timber & 64 concrete and 21 other)
- 1 regional art gallery
- 1 regional airport
- 1 administration building
- 2 works depots
- 1 Regional Waste facility that supports neighbouring LGA's
- 1 Waste Transfer station
- 2 caravan parks
- 2 Visitor Information centres
- 1 Botanical gardens

Lismore City Council is faced with the fact our costs are increasing faster than our revenue. This funding shortfall is evident in Council's 2017/18 Lismore City Council Audited Financial Report 'Special Schedule 7 - Report on Infrastructure Assets' (see **ATTACHMENT 9** - 2017/18 Lismore City Council Audited Financial Report) which indicates that, as at 30 June 2018 (data is consistent with consultation figures), Council had a road and road-related infrastructure (including bridges, culverts and drains) backlog of \$65 million the largest amounts for asset classes listed in Council's Special Schedule 7. If Council does not address the road and road-related infrastructure backlog and increase its annual maintenance on these assets our community will experience an accelerated decline in the condition of its road and road-related infrastructure over time, leading to reduced levels of service to the community, reduced public safety, higher risks of infrastructure failure and higher maintenance costs.

Council has a large road network of 1200km most of which was not designed for the traffic volumes and heavy vehicle loads we service today. The annual assumed average rate peg of 2.5% is not meeting the cost of labour and plant, which in past years has risen more than the rate peg (see below graph). The rate peg has increased (from 2009/10 to 2018/19) on average by 2.6% annually, whereas the Road and Bridge Price Index increase is on average 2.8% over the same period. Fuel has increased annually on average by 1.56% from 2009 and labour costs annually on average by 2.71% over the same time period.



Revenue is not keeping pace with increasing costs, coupled with insufficient road funding over many successive Council terms, has resulted in a declining road network. According to the 2019 Lismore City Council TCorp Financial Assessment and Sustainability Report (see **ATTACHMENT 10** - 2019 Lismore City Council TCorp Financial Assessment and Sustainability Report):

'Council's infrastructure backlog remains very high at \$160.2m and it has continued to underinvest in maintenance and renewal of existing assets since the 2013 assessment. Council forecasts it will spend 90% of required maintenance costs over the next ten years, which indicates that the infrastructure backlog is likely to continue to rise.'

The community also faces the challenge of a changing economy that requires significant investment to ensure Lismore grows and develops as a prosperous regional city attracting new residents, business and industry. Community satisfaction survey data (see **ATTACHMENT 2** - Community Satisfaction Surveys – performance gap analysis and priority issues) highlights that the community key priorities for 2012 and 2016 are:

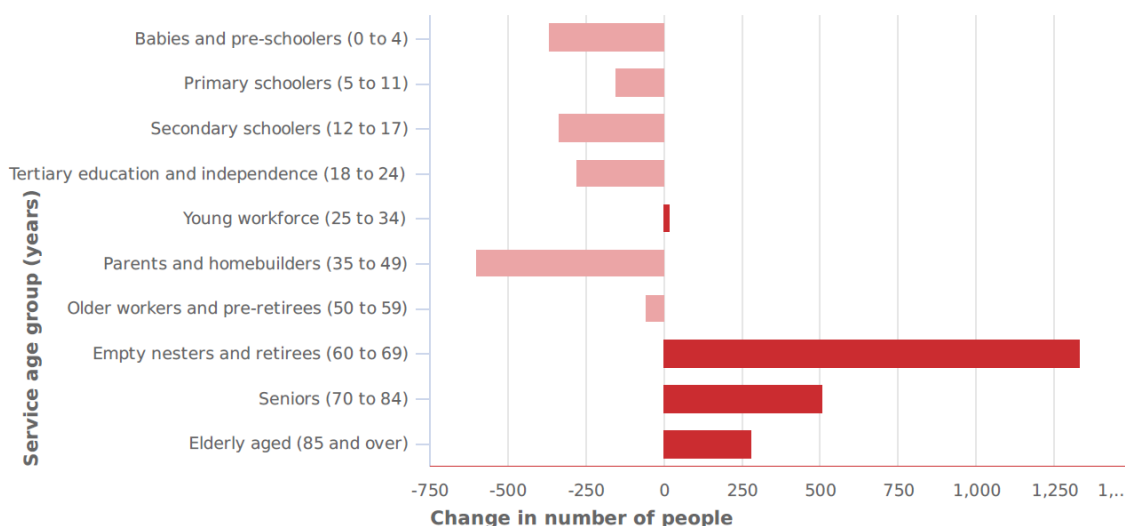
- Generating local employment opportunities;
- Attracting/supporting local businesses; and
- Maintenance of the town/CBD.

A review of research into the factors contributing to economic prosperity in Lismore (see **ATTACHMENT 11** - Economic Snapshot) demonstrated that Lismore would benefit greatly from investment in economic development. It also suggests that a lack of investment will lead to further economic stagnation, a lack of industry growth, and job losses. Data from the Australian Bureau of Statistics and Census shows that Lismore has had a five-year decreasing population and a changing demographic structure that has significant implications for the future economy of Lismore if no intervention is forthcoming.

Lismore is steadily losing the population that requires state-based infrastructure (schools, tertiary education and hospital services that cater to younger people such as maternity services). However, Lismore gains empty nesters and retirees, seniors and the elderly (see below graph).

Change in age structure - service age groups, 2011 to 2016

Lismore City - Total persons



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 and 2016 (Usual residence data). Compiled and presented in profile.id by .id, the population experts.

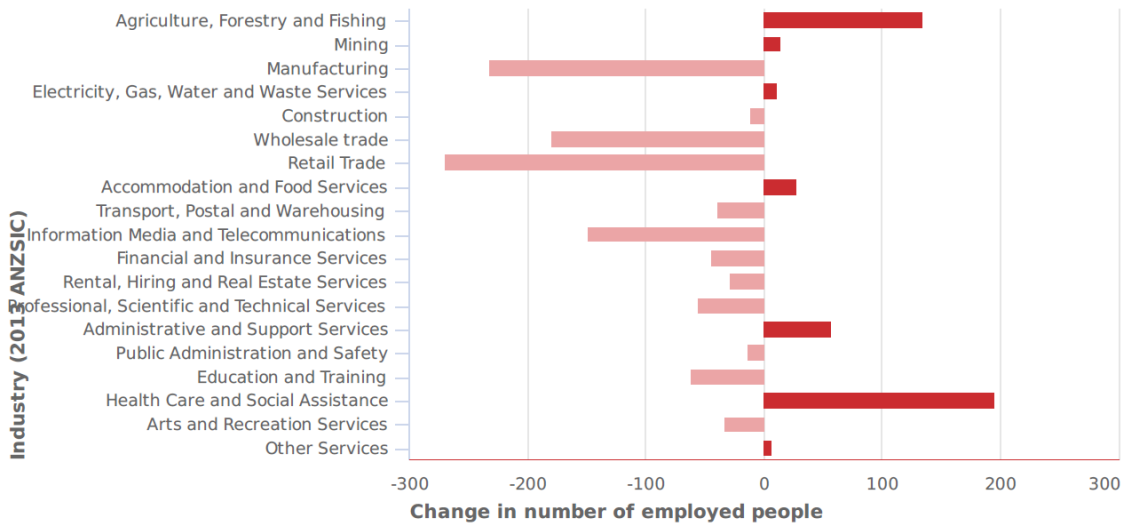


The implications of this demographic change for the economy includes changes in infrastructure demands, less people making and building homes, and the loss of an economically productive workforce.

Data also shows a reduction in jobs over the last two Census periods with less jobs in the retail trade, manufacturing and wholesale trade. Industries that are gaining employment include health care and social assistance; agriculture, forestry and fishing; and administrative and support services. However, there has been a significant change in the industry sector of employment over the two census periods. The number of people that were employed in Lismore LGA decreased by 320, however these were mostly in retail trade (-269 persons); manufacturing (-231 persons) and wholesale trade (-179 persons). In total 679 jobs were lost in these three industries alone. The loss of these jobs was softened by the employment of 196 persons in health care and social assistance industry, 134 persons in agriculture, forestry and fishing and 57 persons in administrative and support services. The employment by industry losses and gains are presented in the below graph.

Change in industry sector of employment, 2011 to 2016

Lismore City - Total employed persons



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 and 2016 (Usual residence data). Compiled and presented in profile.id by .id, the population experts.

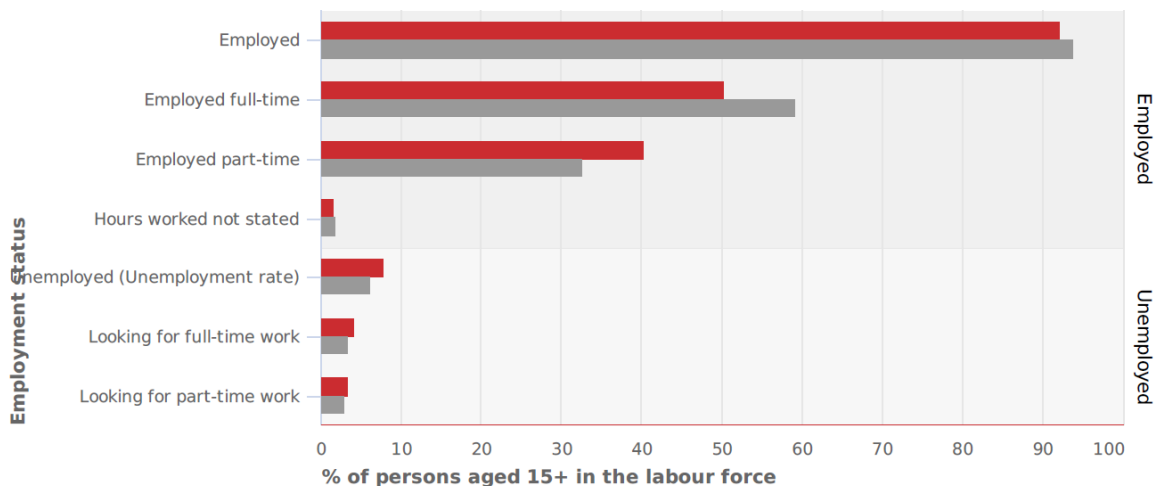


In 2016, the unemployment rate for Lismore LGA was 7.8%. By way of comparison the NSW unemployment rate was 6.3% at the same time. The below graph highlights that the employment status of the Lismore residential workforce shows a high rate of part time employment and lower rates of fulltime employment by comparison to NSW as a whole.

Employment status, 2016

Total persons in the labour force

■ Lismore City ■ New South Wales



Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Usual residence data). Compiled and presented in profile.id by .id, the population experts.



Since the 2017 floods Lismore has lost 85 businesses. Anecdotal surveys of these closing businesses have highlighted that there is a serious need for economic stimulus within the Lismore LGA.

The case for the variation has been established around four key themes:

1. The deteriorating condition of Council's sealed and unsealed roads;
2. The shortfall in Council's financial capacity to fund adequate road infrastructure maintenance and renewals as evidenced in the Long-Term Financial Plan;
3. The community's priorities to maintain the road network and stimulate the economy as reflected in the Community Strategic Plan; and
4. Evidence that ongoing lack of intervention in economic development will exacerbate economic stagnation, industry decline, and further job losses.

In adopting the 2018/19 Delivery Program and Operational Plan at the 25th June 2019 Extra Ordinary Council Meeting (see **ATTACHMENT 12** - Minutes of 25 June 2019 Extra Ordinary Council Meeting – Resolution to adopt revised Delivery Program 2017-2021), Council instructed the General Manager to start public consultation on a proposal to increase Council's general rate revenue via a Special Rate Variation (SV). (see **ATTACHMENT 13** – Community Feedback)

From 31st of July 2019 through to 30th September 2019 Council undertook public consultation on the proposed SV by implementing a Community Engagement Strategy. Methods of community engagement included:

- An opt-in online-community survey on Council's Your Say Lismore page (see **ATTACHMENT 13** – Community Feedback). This included access to relevant information including fact sheets and FAQs, timelines for the next steps in the process, and a Q&A forum where the community could ask staff questions. People could also register on this page to attend a community workshop.
- Sixteen information kiosks were provided at local community events, farmers markets, community markets and locations within the Lismore LGA. Fact sheets and FAQs were available to the community, along with the opportunity to speak with staff and councillors face-to-face and ask questions in relation to the SV proposal.
- All information including copies of the survey, fact sheets and FAQs were available at Council's Corporate Centre and at the Lismore and Goonellabah Libraries.
- An independent randomly selected telephone survey conducted by Micromex Research and Consulting was undertaken in the first week of September 2019 (see **ATTACHMENT 14** - SV Community Engagement Material, pages 14-62). Approximately 12 community members were also recruited through this survey to participate in a community workshop.
- Two community workshops were facilitated by Micromex – one with self-nominated community members and one with community members recruited randomly by Micromex through the telephone survey process.

The outcomes of the community surveys were presented at a Council Briefing on the 5 November and at the 12 November 2019 Ordinary Council Meeting and the 19 November 2019 Special Council meeting. The telephone survey results demonstrated that when asked about the importance of a list of specific types of infrastructure, residents ranked maintenance of roads as being the most important (see **ATTACHMENT 14** - SV Community Engagement Material, pages 14-62). (see **ATTACHMENT 15** - Minutes of 12 November 2019 Ordinary Council Meeting)

At the 19 November 2019 Special Council meeting, Council resolved to *Request the General Manager submit an application to the Independent Pricing and Regulatory Tribunal under Section 508A of the NSW Local Government Act 1993 for a Special Rate Variation over a period of four years. This Special Rate Variation would be for a permanent increase in the rate base of 7.5% in year one (2020/21), 9.4% in year two (2021/22), 3.9% in year three (2022/23) and 3.2% in year four (2023/24) inclusive of the annual rate peg.* (see **ATTACHMENT 16** -

Minutes of 19 November 2019 Extra Ordinary Meeting) Council notified IPART on the 25 November 2019 of its intent to make an SV application of that nature.

These additional funds will be specifically used to repair Council road infrastructure to enable the infrastructure renewal backlog to bring and maintain community assets to the expected level of service and to fund a range of initiatives to stimulate economic growth as expressly demanded by the community.

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

In the text box explain how the proposed SV will:

- a) Improve the council's underlying financial position for the General Fund
- b) Fund specific projects or programs of expenditure, or
- c) Achieve both outcomes.

a)

Extra income will come into the General Fund however funds generated from the proposed Special Variation will be used to support road renewal and economic development. Funds will not be used to support the financial position of Council. We will continue to work on internal efficiency measures and grants to improve the underlying financial position of the General Fund.

b)

The purpose of the SV is two-fold, with specific amounts to be spent on funding roadworks to address the roads infrastructure backlog and to fund economic development projects. By year 4 of the SV, there will be an additional \$3.74m to be spent on Roads and \$1m on Economic Development. Council will create an Economic Investment Strategy (pursuant to the Economic Development Strategy) to guide the expenditure of the SV funds. This would include: Investment in Business Centres (Lismore CBD and villages); Airport and Freight development at the Lismore Airport to support cold storage, food co-operative, airport expansion initiatives; Business Incentive grants to prepare buildings for flood recovery or to enable businesses to meet costs of modernisation; Agriculture Industry promotion and infrastructure; Cultural/Sport initiatives to enhance synergies between events and opportunities for businesses to leverage from these events; Enhance the River City linkages and Invest in technology.

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

In the text box:

- a) Explain how the proposed SV would affect the council's key financial indicators (General Fund) over the 10-year planning period.

Indicate if this information has been included in the council's Long-Term Financial Plan. Relevant key indicators could include those listed in Table 1.1.

You may **also/alternatively** provide this information by **populating Table 1.1**, for as many years as relevant for the council's proposed SV.

The effect of the proposed SV on Council's key financial indicators is shown in the table below. It will be noted that the infrastructure backlog ratio continues to rise with the implementation of the proposed SV. The ratio measures the backlog across all asset groups, whilst the proposed SV is only for roads. Without the proposed SV, this ratio would be rising much faster. Council has undertaken separate analysis of the effect of the proposed SV on the backlog in roads only and it is falling over time.

Table 1.1 Council's key financial indicators

Ratio	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Operating performance ratio excluding capital items	(11.23%)	(4.99%)	(2.60%)	(0.65%)	0.82%	0.55%
Own source revenue ratio	66.88%	79.30%	79.61%	84.92%	85.19%	85.38%
Building and asset renewal ratio	95.48%	71.55%	79.06%	74.96%	78.35%	79.12%
Infrastructure backlog ratio	9.74%	10.29%	10.75%	11.33%	11.87%	12.43%
Asset maintenance ratio	122.76%	123.84%	123.84%	125.29%	125.29%	125.29%
Debt service ratio	7.79%	7.33%	7.03%	7.15%	7.29%	6.75%
Unrestricted current ratio	142.07%	141.51%	132.48%	130.56%	136.51%	141.03%
Rates and annual charges ratio	38.31%	46.99%	47.11%	50.53%	50.93%	51.08%

Attachments for Criterion 1

List attachments relevant to your response for Criterion 1. Use the council-assigned number shown in Table 8.1.

Table 1.2 Attachments relevant to response for Criterion 1

Council-assigned number	Name of document	Page references ^a
9	2017/18 Lismore City Council Audited Financial Report	Pg 139-142
10	2019 Lismore City Council TCorp Financial Assessment and Sustainability Report	
2	Community Satisfaction Surveys – performance gap analysis and priority issues	
11	Economic Snapshot	
12	Minutes of 25 June 2019 Extra Ordinary Council Meeting – Resolution to adopt revised Delivery Program 2017-2021	
13	Community Feedback	
14	SV Community Engagement Material	
15	Minutes of 12 November 2019 Ordinary Council Meeting	
16	Minutes of 19 November 2019 Extra Ordinary Meeting	

^a If document only relevant in part.

2 Criterion 2: Community awareness and engagement

Criterion 2 in the SV Guidelines is:

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

To complete the questions for Criterion 2: Community awareness and engagement refer to IPART's Application Guide for SV Application Form Part B.

Refer also to the IPART publications:

- ▼ *The Year Ahead – Special Variations in 2020-21* – Fact sheet
- ▼ *Community awareness and engagement for special variations* – Fact sheet

Provide relevant extracts of the IP&R documents that set out the rate rises under the proposed SV and **attach** relevant samples of the council's consultation material.

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

In the text box:

- a) Outline the council's consultation strategy and timing.
- b) Indicate the different methods the council employed to make the community aware of the proposed SV and seek their feedback, and why these were selected.

At the Ordinary Council meeting of 25 June 2019, Lismore City Council resolved to undertake a community consultation campaign for a proposed SV when it adopted the Imagine Lismore Revised Delivery Program 2017-2021 and Operational Plan 2019-2020 on 25 June 2019.

The resolution from the 25 June 2019 Ordinary Council meeting stated that:

1. *All submissions be received and noted.*
2. *The Revised Imagine Lismore Delivery Program 2017-2021 and Operational Plan 2019/20, be adopted, subject to the following amendments:*

A4.4.4 Provide AUSLAN interpreter services at Lismore Regional Gallery events and other Council events upon request.

A3.3.2 Maintain the Lismore, Goonellabah and Nimbin skate parks to be reinstated into the operational plan and delivery program.

(see **ATTACHMENT 12** - Minutes of 25 June 2019 Extra Ordinary Meeting – Resolution to adopt revised Delivery Program 2017-2021)

Lismore City Council undertook community consultation for the proposed SV from 31 July to 30 September 2019.

This consultation included providing detailed information for residents and easily accessible feedback mechanisms.

Council promoted the consultation through all community engagement and communications channels operated by Council as well as advertising widely through all media outlets in the Lismore Local Government Area.

The activities carried out during the community consultation aimed to ensure that all stakeholders were able to access, participate in and provide feedback about the proposed SV as well as provide advice on possible future rating options.

Council staff used a suite of measures to provide information to the community about the SV options under consideration and encourage members of the public to provide feedback (see **ATTACHMENT 14** - SV Community Engagement Material, pages 107-168).

It is important to note that there were two rounds of consultation – from 31 July to 3 September 2019 (round one) and from 3 September to 30 September 2019 (round two).

Round one of the consultation included two SV options for consideration – rate peg only or an SV with a first-year increase of 17% and a second-year increase of 6.9%.

Feedback from the community throughout this initial phase of consultation suggested that 17% in the first year was a higher increase than the community anticipated. As a result, and following advice from IPART, Council developed an additional SV option with smaller annual increases spread over a greater number of years.

Council closed round one of the community consultation halfway through the two-month consultation period and opened a second round of consultation. We removed and archived the survey from the website. Council was very clear in establishing that the round one consultation had closed and a round two consultation had opened. All advertising and promotional materials

that invited people to take part in round two clearly stated that round one had finished and was closed, and that a new round was opening for new feedback with an additional SV option included. This second round of consultation included the original two SV options as well as the third additional SV option for the community to consider.

Council developed new community consultation materials to explain why a second round of community consultation was taking place and developed all new education, advertising and promotional materials. The second round of consultation was widely advertised and promoted in all available Council publications, social media channels, offices and on the Council website as well as being widely advertised and/or reported in all local print, television and radio media outlets.

Round One consultation

Methods used in Round One of the community consultation to raise community awareness and seek feedback on the SV included:

A direct-mailed brochure sent to all rateable properties in the Lismore Local Government Area on 31 July 2019. This included background about the need for the proposed SV, options for an SV, ways to get involved and provide feedback, and next steps in the process (see **ATTACHMENT 14** - SV Community Engagement Material, pages 107-108).

Council issued an initial Round 1 media release on 1 August 2019 to encourage the whole community to have a say on Council's long-term financial position (see **ATTACHMENT 14** - SV Community Engagement Material, page 156).

To coincide with the arrival of the brochure, Council launched a comprehensive suite of information and an opt in online community survey on its Your Say Lismore community engagement portal.

This portal included comprehensive fact sheets and FAQs about the proposed SV options, the need for an SV, the impact on ratepayers, how to get involved and timelines/next steps (see **ATTACHMENT 14** - SV Community Engagement Material, pages 109-154). The portal also provided a Q&A forum where the community could ask Council staff questions in real time, an online survey, accompanying information materials such as fact sheets and FAQs. The survey and factsheets were also made available in hard copy at the Lismore City Council Corporate Centre and the Lismore and Goonellabah Libraries to ensure those without online access had a chance to participate in the community consultation. A scrolling information 'slider' was created for the front page of the Council website to drive visitors to the Your Say Lismore Rates Consultation page.

Additional communications and feedback opportunities during Round One included:

- 7 face-to-face information kiosks held at local community events, markets and locations within the Lismore Local Government Area.
- Media releases to local media outlets and news items on Council's website.
- Paid social media posts on Facebook and Instagram.
- Rates consultation brochure posted to all Lismore LGA ratepayers.
- Articles in Council's fortnightly publication *Local Matters*.
- Emails to Council e-subscribers.
- Paid newspaper advertising.
- Paid online advertising in local online news app.
- Paid radio advertising.

-
- Posters in rural areas.

The media release received coverage in The Northern Star and The Northern Rivers Echo newspapers (daily and weekly local papers respectively). It also received coverage on Triple Z and ABC North Coast, and media reports were broadcast on NBN News and Prime Television.

Council undertook paid radio advertising with Triple Z (Round 2). (see **ATTACHMENT 17** - Triple ZZZ invoice) Paid social media posts ran throughout both rounds of the consultation and articles were published in Council's fortnightly publication Local Matters and its special annual roads supplement, Your Roads, which are both delivered direct to 23,000 residents. Newspaper advertisements were published during both rounds of the consultation in the daily paper, The Northern Star, and the free weekly paper, The Northern Rivers Echo, which is delivered free to letterboxes in the area. Online banners encouraging participation in the consultation were also advertised in the Lismore App (an LGA-wide online app and mobile-direct news service) and in Council offices. Posters were also placed in all rural areas in local general stores, post offices, café etc to ensure as broad a reach as possible (see **ATTACHMENT 14** - SV Community Engagement Material, pages 1-6 and 107-168).

Round One consultation was closed and Round Two consultation with the additional option commenced on 4 September 2019.

Round Two consultation

Methods used in Round Two of the community consultation to raise community awareness and seek feedback on the SV included:

A Round 2 media release was issued on 4 September 2019 discussing the new rating option that had been added to the consultation and encouraging feedback during round two of the community consultation (see **ATTACHMENT 14** - SV Community Engagement Material, page 157). This again received coverage in The Northern Star and The Northern Rivers Echo newspapers, airplay on Triple Z and ABC North Coast, and media reports on NBN News and Prime Television.

Council undertook paid radio advertising with Triple Z from 1-20 September 2019 (round two). Paid social media posts ran throughout both rounds of the consultation and articles were published in Council's fortnightly publication Local Matters and its special annual roads supplement, Your Roads, which are both delivered direct to 23,000 residents. Newspaper advertisements were published during both rounds of the consultation in the daily paper, The Northern Star, and the free weekly paper, The Northern Rivers Echo, which is delivered free to letterboxes in the area. Online banners encouraging participation in the consultation were also advertised in the Lismore App (an LGA-wide online app and mobile-direct news service) and in Council offices. Posters were also placed in all rural areas in local general stores, post offices, café etc to ensure as broad a reach as possible (see **ATTACHMENT 14** - SV Community Engagement Material, pages 1-6 and 107-168).

Additional communications and feedback opportunities during Round Two also included:

- 8 face-to-face information kiosks held at local community events, markets and locations within the Lismore Local Government Area.
- Telephone survey
- Media releases to local media outlets and news items on Council's website.
- Paid social media posts on Facebook and Instagram.

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- Rates consultation brochure posted to all Lismore LGA ratepayers.
 - Articles in Council's fortnightly publication *Local Matters*.
 - Emails to Council e-subscribers.
 - Paid newspaper advertising.
 - Paid online advertising in local online news app.
 - Paid radio advertising.
 - Posters in rural areas.

Council also engaged independent research company Micromex to undertake a random telephone survey to ensure a data set that was statistically robust and independent of Council (see **ATTACHMENT 14** - SV Community Engagement Material, pages 13-62). It was planned to undertake the telephone survey later in the consultation phase to ensure there was community awareness of the proposed SV before it commenced. The survey was undertaken during round two of the community consultation and this also ensured that community members could choose from all three SV options being considered.

Micromex surveyed a sample of 500 residents of the Lismore Local Government Area seeking responses to the three SV options outlined in Council's round two consultation materials. The survey conducted by Micromex provided statistically reliable information and results that reflect the views of residents and ratepayers in the Lismore Local Government Area. A representative of Micromex presented the results of the survey to a Council briefing session before the formal report went to Council on 19 November 2019.

Council also engaged Micromex to host two community workshops – one of self-nominated community members and one with community members recruited randomly by Micromex through the telephone survey process. These workshops gave participants a deeper understanding of Council's long-term financial position and history, and then allowed for discussion and comments around the three different SV options (see **ATTACHMENT 14** - SV Community Engagement Material, pages 63-106). The results of these workshops were also presented by representative of Micromex to a Council briefing session before a formal report went to Council on 19 November 2019.

Methods chosen for the community consultation described above were selected to ensure that Council:

- Could present Councillors with an independent analysis of residents' views around SV options.
- Had provided accessible and meaningful opportunities for the community to understand the SV consultation process and provide feedback.
- Had provided residents with the ability to participate online or through printed material.
- Had created opportunities for residents to ask further questions/gain more information both online and face-to-face before providing feedback.
- Had successfully raised awareness of the SV community consultation and encouraged feedback from a broad cross-section of the community across the whole Lismore Local Government Area.

During both rounds of consultation Council undertook 15 face-to-face kiosks with senior staff, councillors and community engagement team members to answer questions from the public. Dates and locations were as follows:

August kiosks:

- Saturday, 3 August - 8.30am to midday at the Lismore Quad
 - Wednesday, 7 August - midday to 2pm at the Lismore Quad
-

- Saturday, 10 August - 9am to midday at Clunes Park
- Wednesday, 14 August - 8am to 11am at Lismore Quad
- Saturday, 17 August - 8am to midday at the Lismore Farmers' Markets, Lismore Showgrounds
- Tuesday, 20 August - 10am to 2pm at the Lismore Library Foyer
- Sunday, 25 August - 8am to midday at the Nimbin Markets
- Friday, 30 August - 10am to 2pm at the Lismore Library Foyer

September kiosks:

- Sunday, 1 September - 7.30am to 2.30pm at the Lismore Car Boot Markets
- Thursday, 5 September - 3pm to 6pm at the Lismore Produce Markets (Magellan Street)
- Sunday, 8 September - 7am to 2.30pm at The Channon Craft Market
- Thursday, 12 September - 10am to midday in Nimbin CBD
- Friday, 21 September - 9.30am to midday at the Lismore Quad
- Saturday, 21 September - Nimbin Show (all day)
- Tuesday, 24 September - 11am to 1.30pm in the Lismore CBD
- Thursday, 26 September - 3pm to 5pm at Lismore Shopping Square

Please see below a summary of all community consultation methods, communications and advertising throughout round one and round two of the SV community consultation.

Round 1 Consultation – 31 July and 2 September 2019

Community Engagement Methods

Method	Community Participation	Date
Dedicated Special Rate Variation engagement page on Your Say Lismore	2000 people visited the Your Say Lismore site	From 31/7/19
Online survey	574 surveys were completed	Open 31/7/19 to 2/9/19
Hard copy surveys	17 hard copy surveys completed	
Q&A function	25 questions asked online	
Fact sheets	155 Round 1 factsheets downloaded	
FAQs	63 FAQs downloaded	
Workshop registration	13 registrations	

7 x information kiosks at key community events, markets and localities across the Lismore LGA.	Approximately 200 fact sheets and FAQs distributed during these information kiosks with as many conversations with community members.	<ul style="list-style-type: none"> • Lismore Quad: Saturday 3/8 • Lismore Quad: Wednesday 7/8 • Clunes Park: Saturday 10/8 • Lismore Quad: Wednesday 14/8 • Lismore Farmers' Market: Saturday 17/8 • Lismore Library: Tuesday 20/8 • Nimbin Markets: Sunday 25/8
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Communications/Promotions:

Method	Community Participation	Date
Rates brochure included in July rates notices to all ratepayers	14,693 mailed out and 1693 electronic	31/7/19
Media release		1/8/19
Social media – paid boosted posts (Facebook/Instagram)	Reach = 14,897 Post clicks = 1741	7/8/19 to 31/8/19
Banner on front page of Council website		1/8/19 to 1/10/19
Advertisement on TV screens at LCC Corporate Centre		1/8/19 to 1/10/19
Radio advertising	70 x 15 second advertisements	5/8/19 to 30/8/19
Banner ad on Lismore App		5/8/19 to 30/8/19
Newspaper advertisement	Half-page advertisement: <i>Northern Star</i> <i>NR Echo</i>	3/8 to 31/8 1/8/ to 29/8
Local Matters – Round 1 proposal		17/7/19
Your Roads newsletter – Round 1 proposal		24/7/19

Local Matters – Round 1 proposal		31/7/19
Local Matters – Round 1 proposal		14/8/19
Posters displayed in Clunes and Nimbin for information kiosks in rural areas		Week of 3/8/19 and 25/8/19

Round 2 Consultation – 3 and 30 September 2019

Community Engagement Methods

Method	Community Participation	Date
Updated Special Rate Variation engagement page on Your Say Lismore	2100 visitors to the site	Open from 3 September 2019
Round 2 online survey	736 surveys completed	3/9/19 to 1/10/19
Round 2 hard copy surveys	113 hard copy surveys completed	
Q&A function	24 questions asked	
Updated FAQs	73 downloads	
Round 2 fact sheet	185 downloads	
Workshop registration	6 additional people registered to attend a workshop	

8 x information kiosks with attendance at key community events, markets and localities across the Lismore LGA.		<ul style="list-style-type: none"> • Goonellabah Shopping Centre: Tuesday 3/9 • Channon Craft Market: Sunday 8/9 • Nimbin CBD: Thursday 12/9 • Lismore Car Boot Market: Sunday 15/9 • The Quad: Saturday 21/9 • Nimbin Show: Saturday & Sunday 21 & 22/9 • Lismore CBD: Tuesday 24/9 • Lismore Shopping Square: Thursday 26/9
Workshop 1 – self nominated	13 attendees	25/9/19
Workshop 2 – recruited through telephone survey	23 attendees	26/9/19

Communications/Promotions:

Method	Community Participation	Date
Newsletter sent to online engagement and subscriber database	611 recipients	3/9/19
Banner on front page of Council website		1/8/19 to 1/10/19
Social media – paid boosted posts (Facebook/Instagram)	Reach = 10,799 Post clicks = 1,202	5/9/19 to 30/9/19
Newspaper advertisement	Half-page advertisement <i>Northern Star</i> Full page advertisement	7/9/19 to 14/9/19



	<i>NR Echo</i>	5/9/19 & 12/9/19
Updated radio advertising	75 x 30 second advertisements	1/9/19 to 30/9/19
Media Release		4/9/19
Local Matters – Round 2 proposal		11/9/19
Local Matters – Round 2 proposal		25/9/19





2.2 How did the council present the impact of the proposed special variation in the consultation material?

In the text box provide details of the information made available to the community during consultation about the proposed rate increases.

The following consultation material presented the impact of the proposed special variation:

The Imagine Lismore Revised Delivery Program 2017-21 was on public exhibition and open for submissions between 24 May 2019 – 24 June 2019 and adopted by Council on 25 June 2019. Pages 22 to 26 described the need for the proposed SV, the specific projects and programs to be funded, along with cumulative rate increases including rate peg, annual increase in average rates, size and impact on rates where an existing SV will continue and or expire and rate levels that would apply without the proposed SV.

Rating Strategy

Special Rate Variation

Introduction

The phrase 'roads, rates and rubbish' unfortunately does local government a great disservice. Yes, the three Rs are a core part of our service, but they are just a fraction of what councils actually do.

Local government is the playgrounds and sportsgrounds your kids use, the events and festivals you enjoy, the books you borrow from the library, the pools you swim in. It's the footpaths and walking trails where you enjoy a morning walk, the park where you take your dog, and the outdoor dining area where you enjoy a morning coffee.

Councils also undertake hundreds of activities that are behind-the-scenes, from the protection

of heritage buildings and the management of public facilities like City Hall to the maintenance of stormwater drains to protect our river from pollution.

All of this and much more contributes to our quality of life – and it all comes at a cost.

Council's Long Term Financial Plan shows that our costs now exceed our income. As anyone who runs a household budget knows, this is not sustainable.

As a result, Council is proposing a Special Rate Variation (SRV) to increase our revenue, which would be introduced progressively over three to five years.

Context

Lismore is a regional city with a total population of 43,135, making it the second largest population in the region after Tweed Shire.

Our city offers a wide variety of professional and retail services, arts and cultural activities, sporting and entertainment facilities, and community events.

Our city is home to major public and private hospitals, tertiary education services and a regional airport. We are the heart of the Northern Rivers and Council provides all the

necessary services and infrastructure to support our region's needs.

The additional income generated by a proposed SRV would place Council's rating structure in line with that of other regional cities in NSW.

The comparison table on page 23 shows how Lismore measures up against other regional centres. This is more relevant than comparing ourselves with surrounding councils in the Northern Rivers.

Special Rate Variation

Table 1. City Council Rating Comparison

Council	Average Residential Rate	Average Business Rate	Population
Lismore City Council	\$1,150	\$4,365	43,125
Albury City Council	\$1,242	\$5,281	51,000
Orange City Council	\$1,770	\$5,767	41,809
Tamworth Regional Council	\$1,840	\$5,705	61,121
Port Macquarie-Hastings Council	\$2,267	\$7,267	78,000

The Proposed SRV

Later this year, Council will undertake community consultation with the broader community as well as targeted focus groups to have a genuine and detailed discussion about the proposed SRV.

Council is proposing to apply to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a permanent SRV. This would be introduced progressively over a three to five year period.

The staged increase would enable Council to achieve the following:

- Funding current service delivery expectations;
- Improved roads and footpaths in urban and rural areas;
- Economic growth within the city via support for new business growth and investment; and
- Better parks and recreation facilities to support a healthy community.

Like many NSW councils, Lismore City Council is facing the challenge of balancing community expectations with future financial sustainability.

Our local roads, footpaths, parks and other community assets require ongoing maintenance, upgrades and replacement over and above available funding to meet community needs. If we do not raise more revenue to

maintain and upgrade these assets, they will deteriorate over time, costing us more to repair and replace in the long term.

Another key aim of the SRV is to increase Council's revenue in order to pass on a rate reduction to businesses that pay the high inner CBD business rate. Council has consistently said over many years that it wishes to relieve the rate burden on these businesses.

Council also wishes to have capacity to invest in a regional 'City Deal' in future years. These deals include a 10-year plan to build major new infrastructure and services with an injection of tens of millions of dollars from state and federal governments. Council needs capacity to invest should this important opportunity become available.

As things currently stand, Council's revenue is regulated under rate pegging. IPART sets a rate peg which limits the amount that councils can increase rates from one year to the next. For many years, the rate peg has not kept pace with the cost to maintain infrastructure and provide services to the community.

Without a rate increase, infrastructure would deteriorate further in coming years and Council would need to cut services in order to ensure income meets expenditure.

Rating Strategy

Special Rate Variation continued

Community benefits

The proposed SRV would provide a range of benefits to the community in three key areas.

Roads and footpaths

Maintain roads adequately and continue to increase sealed road repairs. Over a 10-year period, this would see an improvement in our entire road network and a decrease in our infrastructure backlog.

Improving the local economy

As a regional city, Lismore is a key driver for the Northern Rivers economy. Additional funds

would enable Council to improve our CBD and riverbank areas, attract new businesses through incentives, and reduce the rate burden on inner CBD businesses.

People and Parks

Upgrade parks, playgrounds and sporting facilities.

These three focus areas deliver on helping families, motorists, businesses and the wider community by ensuring our service levels do not decrease, but rather get better over time.

Impact on ratepayers

The proposed SRV is for a staged, multi-year rate increase, commencing 2020-21, to be retained permanently in the rates base. In the first year, a roads component of the SRV would raise \$4.5 million. In the second year, an economic development component would raise a further \$1.6 million. A final component to support parks and recreation will commence by 2023-24; however, continued investigation is required before this component can be quantified. Further details will be provided to ratepayers during community consultation.

The total cumulative percentage increase is 31.4% of Council's total rating income by 2023-24, which includes an assumed annual rate peg of 2.5%.

All ratepayers will be impacted by the rate peg increase and the components of the SRV. The impact of the proposed SRV on each ratepayer depends on their rating category and the NSW Valuer General's land value for their rated land.

The following tables indicate how the average ratepayer across all rating categories would be impacted by the proposed SRV.

Impact on Ratepayers

Table 2. Average annual rates including rate pegging* only over five years

Rating Category	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24
Residential - Urban/Village	\$133,000	\$1,229	\$1,260	\$1,291	\$1,323	\$1,357
Residential - Rural	\$226,000	\$1,544	\$1,583	\$1,622	\$1,663	\$1,704
Farmland	\$414,000	\$2,471	\$2,533	\$2,596	\$2,661	\$2,728
Business - Urban	\$265,000	\$4,647	\$4,763	\$4,882	\$5,004	\$5,129 [^]
Business - Inner CBD	\$146,000	\$8,647	\$8,863	\$9,085	\$9,312	\$9,545 [^]
Business - Other	\$165,000	\$1,784	\$1,829	\$1,874	\$1,921	\$1,969
Business - Nimbin	\$184,000	\$2,451	\$2,512	\$2,575	\$2,639	\$2,705

Table 3. Average annual rates including SRV[†] over five years

Rating Category	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24
Residential - Urban/Village	\$133,000	\$1,229	\$1,438	\$1,537	\$1,575	\$1,615
Residential - Rural	\$226,000	\$1,544	\$1,806	\$1,931	\$1,979	\$2,029
Farmland	\$414,000	\$2,471	\$2,890	\$3,090	\$3,167	\$3,246
Business - Urban	\$265,000	\$4,647	\$5,437	\$5,812	\$5,957	\$6,002 [^]
Business - Inner CBD	\$146,000	\$8,647	\$10,116	\$10,815	\$11,085	\$11,168 [^]
Business - Other	\$165,000	\$1,784	\$2,087	\$2,231	\$2,287	\$2,344
Business - Nimbin	\$184,000	\$2,451	\$2,867	\$3,065	\$3,142	\$3,220

Table 4. Impact of SRV over five years

Rating Category	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24	Total 5-yr impact
Residential - Urban/Village	\$133,000	\$0	\$178	\$246	\$252	\$258	\$934
Residential - Rural	\$226,000	\$0	\$223	\$309	\$317	\$324	\$1173
Farmland	\$414,000	\$0	\$357	\$494	\$506	\$519	\$1876
Business - Urban	\$265,000	\$0	\$674	\$930	\$953	\$873 [^]	\$3429
Business - Inner CBD	\$146,000	\$0	\$1,253	\$1,730	\$1,774	\$1,623 [^]	\$6380
Business - Other	\$165,000	\$0	\$258	\$357	\$366	\$375	\$1355
Business - Nimbin	\$184,000	\$0	\$355	\$490	\$502	\$515	\$1862

* rate peg is 2.7% in 2019/20 and assumes 2.5% per year from years 2 to 5

† includes rate pegging

[^] business ratepayers affected by expiry of SBRVL

Rating Strategy

Special Rate Variation continued

What alternatives were investigated?

Before considering the SRV, Council explored and implemented a number of strategies in an attempt to avoid or minimise any rate rise. These included:

1. Funding the required increase from general revenue – this would require substantial cuts or even elimination of services in other areas.
2. User fees and charges – this was not considered feasible and would be impracticable to implement. For example, Council does not have authority to implement road tolls nor would it be practical to implement entry fees for public parks.
3. Borrowings – these were not considered feasible as the need is for recurrent expenditure on an annual and ongoing basis. Large, one-off borrowings would further exacerbate backlog ratios and our financial sustainability challenge. Loans would need to be repaid thus further impacting annual programs.
4. Reserves – there are no available funds in reserve to redirect to annual operating expenditure.
5. Grant funds – Council could seek to rely on grant funds, however, there are no grant programs that deliver ongoing funding to the level required to address these issues.

Consultation

There will be direct consultation with the community to obtain a clear indication of support or otherwise for the proposed SRV.

The consultation process will include:

- A dedicated consultation page on Your Say Lismore, Council's online engagement hub, including information about the SRV and how you can provide feedback, e.g. through an online community-wide survey with clear options for people to choose from.
- Promotion of the consultation process via media coverage, articles in our fortnightly newsletter Local Matters and specific pages on our website.
- Face-to-face workshops with a demographically representative, random selection of community members.
- Information kiosks at local events and other workshops.

Timelines and next steps

Council proposes to undertake a community consultation from 1 August 2019. This would allow community feedback to be sought and a report provided to Council by November 2019.

Should Council resolve to proceed with an SRV, an application would be made to IPART in February 2020. If successful, the first stage of the SRV would take effect from 1 July 2020.

The original Imagine Lismore Delivery Program 2017-21 was adopted at the Ordinary Council meeting of 20 June 2017 and included proposed Special Rate Variation for Roads and Business Promotion. Pages 24 to 33 described the need for the proposed SV, the specific projects and programs to be funded, along with cumulative rate increases including rate peg, annual increase in average rates, size and impact on rates where an existing SV will continue and or expire and rate levels that would apply without the proposed SV.

Special Rate Variations SRV for Business Promotion

Background
Council is proposing to apply to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a continuation and expansion of the Special Rate Variation (SRV) for business promotion to be applicable from 1 July 2018.

The existing SRV expires on 30 June 2018. This is currently being used to fund the city centre revitalisation program and marketing activities of the Lismore Business Promotion Program, which is now in its ninth year. The new amount proposed to begin in 2018/19 will expand these revitalisation and marketing activities and help Lismore to rebuild after the devastating March 2017 flood. The existing SRV will generate approximately \$14,800 in 2017/18 and the proposal is to generate \$220,000 in 2018/19.

What alternatives to a rate increase were investigated?
It is Council's view that business promotion should not be funded by all ratepayers and that the costs of business promotion should be funded by the business community. Therefore, alternatives were not investigated.

What are the impacts of the proposed increase on ratepayers?
The proposed SRV is for a single year rate increase in 2018/19 to be retained permanently in the rates base. The percentage increase is 3.26% of Council's total rating income, which includes an assumed annual rate-peg increase of 2.9% and 0.79% for business promotion. In the first year (2018/19) the business promotion component of the proposed SRV would raise \$220,000. In subsequent years this amount would increase by the annual rate-peg.

Only ratepayers in the Business - Urban and Business - Inner CBD will be impacted by the proposed SRV.

The impact of the proposed SRV on Business - Urban and Business - Inner CBD ratepayers depends on their rating category and the NSW Valuer General's land value for their rated land. Table 1 indicates how the average ratepayer in Business - Urban and Business - Inner CBD rating categories would be impacted by the proposed SRV.

Table 1 - Impact on average ratepayer in Lismore business categories by proposed SRV for business promotion.

BUSINESS - URBAN	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Business - Urban rate under rate pegging	261,000	\$4,366	\$4,387	\$4,497	\$4,609	\$4,725
Annual % increase		1.5%	2.5%	2.5%	2.5%	2.5%
Average Business - Urban rate under the SRV	261,000	\$4,366	\$4,556	\$4,670	\$4,787	\$4,906
Annual % increase		1.5%	4.3%	2.5%	2.5%	2.5%
Impact of SRV above 2017/18 levels			\$190			
SRV Amount only			\$169			

BUSINESS - INNER CBD	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Business - Inner CBD rate under rate pegging	145,000	\$8,185	\$8,224	\$8,430	\$8,640	\$8,856
Annual % increase		1.5%	2.5%	2.5%	2.5%	2.5%
Average Business - Inner CBD rate under the SRV	145,000	\$8,185	\$8,540	\$8,754	\$8,973	\$9,197
Annual % increase		1.5%	4.3%	2.5%	2.5%	2.5%
Impact of SRV above 2017/18 levels			\$356			
SRV Amount only			\$316			

Special Rate Variations

SRV for Business Promotion continued

What will the community get for its money?

Most critically, in the aftermath of the March 2017 flood, the SRV will provide the Lismore Business Promotion Program with funding to significantly increase marketing of the business and retail sectors. This will attract more people into the CBD and other business zones throughout the city and stimulate recovery and solid returns to the business community.

A secure source of increased annual funding will also enable City Centre Management to expand and deliver on marketing, placemaking, events and business programs detailed in current and future Lismore Business Promotion Program Business Plans.

Consultation to be undertaken

There will be direct consultation with the business community to obtain a clear indication of support (or otherwise) for the proposed SRV. The consultation process will include:

- Specific briefings for the Lismore Chamber of Commerce & Industry (LCCI) and other business organisations.
- An eight-page bulletin containing detailed information on the proposed SRV by post or email to all business property owners and business owners/managers in the Business-Inner CBD and Business-Urban rating categories.

- An online survey seeking feedback and comment from the Lismore business community.
- A Business Consultation Workshop involving a randomly selected and representative sample of the Lismore business community. This will be a mix of business property owners and business operators.
- Council will publicise the consultation process via media coverage, articles in Local Matters and the Lismore Business Program newsletter plus specific pages on relevant websites; Council, Come to the Heart and Lismore Chamber of Commerce & Industry.

When would the proposed increases start?

If the SRV application is approved by IPART it would commence from 1 July 2018.

SRV for Roads

Background

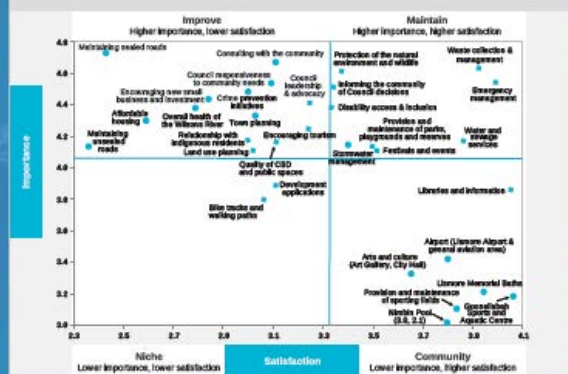
Based on the financial realities and Council's infrastructure backlog, it is proposed to make a Special Rate Variation (SRV) application to the NSW Independent Pricing and Regulatory Tribunal (IPART) for an ongoing increase in rates of \$3 million for the rehabilitation of sealed and unsealed roads to be applicable from 1 July 2019.

Council's largest asset group is its transport network, which provides essential access throughout the area for residents, business and visitors. Council undertakes an independent community survey every four years to assess our performance in this area. The survey is intended to identify how satisfied the community is with services Council provides and how important each service is to the community.

Our community has consistently told us through consecutive community surveys that they are very dissatisfied with the condition of our sealed road network and that this issue is very important to them. It is regularly the most significant area of improvement for Council as advised by our community survey.

Our community has also advised that they are just as dissatisfied with the condition of our unsealed road network, however this service is not as important to the survey group as the sealed road network. Below are the most recent community survey results:

Quadrant Analysis - Importance v Satisfaction



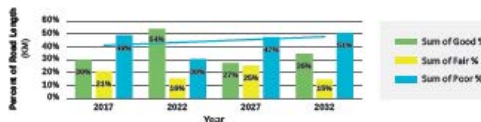
Special Rate Variations

SRV for Roads continued

The results of this survey are supported by Council's own analysis, which shows that based on current funding levels, the condition of our sealed road network will continue its current trend and get worse over time. Changes that Council has made to its work practices, funding models and prioritization of work have provided a short-

term improvement but do not address needs in the longer term. The graph below shows that the expected long-term change in condition of the overall sealed road network based on current funding levels is deteriorating (i.e. the % of poor condition roads is increasing and the % of fair condition roads is decreasing over time).

Condition of Sealed Roads



An SRV to address the condition of our road network was included in Council's previous Delivery Program 2013-2017 (yielding \$2 million with implementation in 2018/19) and has been in our Long Term Financial Plan since that time. Council has recently updated its Asset Management Plan for transport infrastructure and the requirements for the sealed road network alone is now \$2.5 million to essentially maintain the network in its current condition as a minimum, as well as achieve improvement over time.

Having done as much as it can through better management within existing resources, the only way to prevent further deterioration of our road network is to raise additional funds through an SRV. These additional funds would be specifically applied to:

- maintain existing services for sealed and unsealed roads;
- infrastructure maintenance/renewal; and
- reduce infrastructure backlog.

What alternatives to a rate increase were investigated?

Before considering an SRV, Council explored and implemented a number of strategies in an attempt to avoid or minimise any rate rise. These include:

- Changing our strategy in regard to the allocation of funds between road reconstruction and rehabilitation to focus on renewing roads. This is aimed at ensuring a waterproof seal remains on as much of our road network as possible to prevent damage to the pavements underneath. The cost of renewing a road is much less than that to renew a failed pavement.

- When Council does reconstruct or rehabilitate an existing road, we minimise the amount of additional infrastructure created e.g. new kerb and gutter, drainage, shoulder widening etc. This increases the funds available for asset renewal and reduces the amount of new assets created. Creation of new assets only exacerbates the funding shortfall further.
- Implementation of a program to improve the culture of the organisation and therefore improve efficiency.
- A review of work practices to improve efficiency.

Council has considered alternative revenue streams including:

1. Funding the required increase from its general revenue – this would require substantial cuts or even elimination of services in other areas.
2. User fees and charges – this was not considered feasible and would be impracticable to implement. Council does not have authority to implement tolls. Section 94 charges are already in place for traffic generating developments.
3. Borrowings – were not considered feasible as the need is for recurrent expenditure on an annual and ongoing basis. Large one-off borrowing would further exacerbate asset renewal issues in future years. Loans would need to be repaid thus further impacting annual programs.
4. Reserves – the draft combined Imagine Lismore Delivery Program and Operational Plan already includes a provision to utilise available funds within Council's annual operating expenditure to bolster delivery of essential maintenance/renewals.
5. Grant funds – Council could seek to rely on grant funds, however, there are no grant programs that deliver ongoing funding to the level required to address the issue.

What are the impacts of the proposed increase on ratepayers?

The proposed SRV is for a single year rate increase in 2019/20 to be retained permanently in the rates base. The percentage increase is 12.40% of Council's total rating income, which includes an assumed annual rate-peg increase of 2.5% and 9.9% for roads. In the first year (2019/20), the roads component of the proposed SRV would raise \$3 million. In subsequent years this amount would increase by the annual rate-peg.

All ratepayers will be impacted by the rate-peg increase and the roads component of the proposed SRV.

The impact of the proposed SRV on each ratepayer depends on their rating category and the NSW Valuer General's land values for their rated land. Table 2 indicates how the average ratepayer in all rating categories would be impacted by the proposed SRV.

Special Rate Variations SRV for Roads continued

Table 2 – Impact on average ratepayer in all rating categories by proposed SRV for roads.

FARMLAND	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Farmland rate under rate pegging	409,000	\$2,317	\$2,375	\$2,434	\$2,495	\$2,557
Annual % increase		1.5%	2.5%	2.5%	2.5%	2.5%
Average Farmland rate under the SRV	409,000	\$2,317	\$2,375	\$2,670	\$2,737	\$2,906
Annual % increase		1.5%	2.5%	12.4%	2.5%	2.5%
Impact of SRV above 2018/19 levels				\$296		
SRV Amount only				\$236		

RESIDENTIAL - RURAL	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Residential - Rural rate under rate pegging	226,000	\$1,467	\$1,504	\$1,541	\$1,580	\$1,619
Annual % increase		1.5%	2.5%	2.5%	2.5%	2.5%
Average Residential - Rural rate under the SRV	226,000	\$1,467	\$1,504	\$1,601	\$1,733	\$1,777
Annual % increase		1.5%	2.5%	12.4%	2.5%	2.5%
Impact of SRV above 2018/19 levels				\$187		
SRV Amount only				\$148		

BUSINESS - URBAN	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Business - Urban rate under rate pegging	261,000	\$4,366	\$4,387	\$4,407	\$4,429	\$4,725
Annual % increase		1.5%	2.5%	2.5%	2.5%	2.5%
Average Business - Urban rate under the SRV	261,000	\$4,366	\$4,387	\$4,934	\$5,057	\$5,183
Annual % increase		1.5%	0.5%	12.4%	2.5%	2.5%
Impact of SRV above 2018/19 levels				\$548		
SRV Amount only				\$437		

RESIDENTIAL - URBAN/VILLAGE	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Residential - Urban/Village rate under rate pegging	133,000	\$1,167	\$1,196	\$1,226	\$1,257	\$1,288
Annual % increase		1.5%	2.5%	2.5%	2.5%	2.5%
Average Residential - Urban/Village rate under the SRV	133,000	\$1,167	\$1,196	\$1,345	\$1,379	\$1,413
Annual % increase		1.5%	2.5%	12.4%	2.5%	2.5%
Impact of SRV above 2018/19 levels				\$149		
SRV Amount only				\$119		

BUSINESS - INNER CBD	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Business - Inner CBD rate under rate pegging	145,000	\$8,185	\$8,234	\$8,430	\$8,640	\$8,856
Annual % increase		1.5%	2.5%	2.5%	2.5%	2.5%
Average Business - Inner CBD rate under the SRV	145,000	\$8,185	\$8,234	\$9,248	\$9,479	\$9,716
Annual % increase		1.5%	0.5%	12.4%	2.5%	2.5%
Impact of SRV above 2018/19 levels				\$1,024		
SRV Amount only				\$818		

Special Rate Variations

SRV for Roads continued

BUSINESS - OTHER	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Business - Other rate under rate pegging	150,000	\$1,640	\$1,690	\$1,732	\$1,776	\$1,820
Annual % Increase		1.9%	2.9%	2.5%	2.5%	2.5%
Average Business - Other rate under the SRV	150,000	\$1,640	\$1,690	\$1,800	\$1,948	\$1,996
Annual % Increase		1.9%	2.9%	12.4%	2.5%	2.5%
Impact of SRV above 2018/19 levels				\$210		
SRV Amount only				\$168		

NIMBIN BUSINESS	Average Valuation	2017/18	2018/19	2019/20	2020/21	2021/22
Average Nimbin Business rate under rate pegging	175,000	\$2,284	\$2,341	\$2,400	\$2,460	\$2,521
Annual % Increase		1.9%	2.5%	2.5%	2.5%	2.5%
Average Nimbin Business rate under the SRV	175,000	\$2,284	\$2,341	\$2,633	\$2,898	\$2,766
Annual % Increase		1.9%	2.5%	12.5%	2.5%	2.5%
Impact of SRV above 2018/19 levels				\$292		
SRV Amount only				\$233		

What will the community get for its money?

The funds raised will be spent on renewing our sealed road network, adding gravel to our unsealed roads and moving towards a sustainable funding model over time.

If an SRV is approved, Council can only spend the additional income for the purpose it was raised, i.e. the money MUST be spent on sealed and unsealed roads.

The Office of Local Government measures financial sustainability in different asset groups (roads, buildings, parks etc) through a 'backlog ratio'. It considers a backlog ratio of approximately 2% to be financially sustainable. Council's current backlog ratio for its 'transport network' is approximately 29%. The proposed SRV would reduce the ratio to 2% over a period of approximately 10 years.

Consultation to be undertaken

There will be direct consultation with the Lismore community to obtain a clear indication of support (or otherwise) for the proposed SRV.

The consultation process will include:

- An online survey seeking feedback and comment from ratepayers.
- An SRV consultation workshop involving a randomly selected and representative sample of the Lismore community.

- Listening posts and/or coffee cart consultations in the Lismore CBD.
- Fact sheets and accompanying information on Council's website.
- Council will publicise the consultation process via media coverage and articles in Local Matters and the annual Your Roads publication.

When would the proposed increases start?

If the SRV application is approved by IPART it would commence from 1 July 2019.

A direct-mailed brochure was sent to all rateable properties in the Lismore Local Government Area on 31 July 2019. This described the need for the proposed SV, the specific projects and programs to be funded, along with cumulative rate increases including rate peg, annual increase in average rates, size and impact on rates where an existing SV will continue and or expire and rate levels that would apply without the proposed SV.

Have Your Say on the SRV

We are seeking feedback from the community on the proposed SRV. Feedback is due by 4.30pm on Monday, 30 September.

There are several ways to provide your feedback or find out more information.

We have a dedicated page on our website with all the information you need to make an informed decision.

You can complete our community survey online or find hard copies at our Corporate Centre in Goonellabah, or at the Lismore and Goonellabah Libraries.

Other community consultation includes:

- A telephone survey of residents through an independent research company.
- Community workshops.
- Information kiosks where you can talk to staff face-to-face.

For more information please go to:

www.yoursay.lismore.nsw.gov.au

Your Say Lismore

More information and next steps

This brochure provides a summary of the proposed SRV. To view full details of the proposal, please go to www.yoursay.lismore.nsw.gov.au.

You can also find hard copy information and community surveys at our Corporate Centre, 43 Oliver Avenue, Goonellabah, or the Lismore and Goonellabah Libraries.

Community consultation closes

Monday, 30 September

Council provided with community consultation results

Tuesday, 5 November

Council votes on whether to apply for an SRV

Tuesday, 12 November

Application to IPART due

February 2020

43 Oliver Avenue
Goonellabah NSW 2480
Phone: 1300 87 83 87
Email: council@lismore.nsw.gov.au



Have Your Say

Important information about a proposed Special Rate Variation



Your Say Lismore

Introduction

Lismore City Council is facing the challenge of balancing community expectations for services with levels of funding.

Like many NSW councils, we deliver a broad range of services from roads to rubbish collection, parks and playgrounds, cultural activities and events, libraries and swimming pools, environmental protection, and much more.

The reality Council faces is that it cannot continue to provide these current services without more revenue. Council needs to address its roadworks backlog, otherwise these community assets will continue to deteriorate in the future. Council also needs to invest in economic development activities that attract business, increase jobs, promote tourism, and grow Lismore as a regional city.

At present, Council's revenue is regulated by the NSW Independent Pricing and Regulatory Tribunal (IPART). IPART sets a 'rate peg' that limits the amount by which councils can increase rates from one year to the next. For many years, the rate peg has not kept pace with the increasing cost to maintain our assets and provide services to the community.

We are now seeking feedback on a proposed permanent Special Rate Variation (SRV) that would apply to all Lismore ratepayers. This would increase Council's total rates revenue by \$6.1 million.

Without this rate increase, Council cannot continue to provide its current services at the same level.

We need your feedback to help us decide what is best for the future of Lismore.

www.yoursay.lismore.nsw.gov.au

Your Say Lismore

How would the SRV be spent?

The proposed SRV would provide a range of benefits to the community in two key areas:

Roads

We will rebuild more roads and undertake increased gravel road maintenance. This would improve our road network over time and allow us to reduce the backlog of works that exist due to lack of funding.



Improving the local economy

We need to establish new businesses in Lismore, increase jobs, and bring more visitors to our city. We would use funds to enhance our CBD and riverbank areas and provide incentives for new businesses to open.



The below tables calculate land rates only for the average urban residential property. They exclude other charges such as waste, water, sewer etc.

Option 1: Decreasing Services

No rate increase above the annual rate peg.

This option would see our road network deteriorate and our backlog of roadworks would continue to get worse. We would have no funds to invest in economic development activities. *2.5% is the assumed average rate peg.

	No rate increase above rate peg*	Average urban residential rate
Current rate		\$1229
2020/21	2.5%	\$1260
2021/22	2.5%	\$1291
2022/23	2.5%	\$1323

The proposed SRV

Council is proposing to apply to IPART for a permanent SRV. This would be introduced over two years.

In year one (2020/21) rates would rise by 17% and in year two (2021/22) by an additional 6.9%. From 2022/23, rate increases would return to the assumed rate peg of 2.5% only. This equates to an annual increase for the average urban residential ratepayer of:

Year 1: \$209

Year 2: \$99



The total cumulative increase including rate pegging over two years would be \$308 for the average urban residential ratepayer.

Option 2: Improving Services

Rate peg plus proposed rate increase.

This scenario includes the proposed SRV. We would improve our roads and reduce our backlog of works as well as boost economic development. Over time our road network would improve and we would increase jobs and growth in Lismore.

	Proposed rate rise with SRV and rate peg	Average urban residential rate
Current rate		\$1229
2020/21	17%	\$1438
2021/22	6.9%	\$1537
2022/23	2.5% (rate peg only)	\$1575

Comprehensive fact sheets for both Round One and Round Two consultation phases were developed and described the need for the proposed SV, the specific projects and programs to be funded, along with cumulative rate increases including rate peg, annual increase in average rates, size and impact on rates where an existing SV will continue and or expire and rate levels that would apply without the proposed SV.

The Round One comprehensive fact sheet was used as the basis for developing the Round 2 factsheet. The Round Two factsheet reflected the third SV option and Council used a distinctive new colour palate and rebranded marketing materials to clearly delineate between round one and round 2 consultation to provide clarity for the community that these were two different phases of the consultation. The new consultation materials were reuploaded to online sites and reprinted in hardcopy (see **ATTACHMENT 14** - SV Community Engagement Material, pages 109-154).

The Your Say Lismore Rates Consultation page <https://yoursay.lismore.nsw.gov.au/rates-consultation> included all of the factsheets, along with FAQs and factsheets which described the need for the proposed SV, the specific projects and programs to be funded, along with cumulative rate increases including rate peg, annual increase in average rates, size and impact on rates where an existing SV will continue and or expire and rate levels that would apply without the proposed SV.

Information provided to residents and ratepayers through the fact sheets was also replicated within the body of the online and hardcopy surveys to ensure that community members who had not pre-read community consultation materials would still understand the context of the need for an SV and the options being considered while completing the survey.

Attendees at the face-to-face kiosks were able to ask more detailed questions of Councillors, senior staff and community engagement team members while an online Q&A forum also allowed people to ask questions and get more information online.

Information provided at the community workshops was much more detailed and included a 30-minute presentation by the General Manager about Council's ongoing financial position. please refer to **ATTACHMENT 14** – SV Community Engagement Material). This included looking at:

- Council's declining road network – an historical problem that had not sufficiently been addressed resulting in an increasing infrastructure backlog.
- Historic and current measures to save money and improve efficient. This included information on how an SV had been mooted since 2015 but had not until now been consulted on.
- The escalating cost of plant and equipment and the fact Council's revenue stream was not keeping pace with this or increasing staff costs.
- Community satisfaction survey data from 2012 and 2016 from community satisfaction surveys showing increasing community expectations and Council's ongoing failure to meet community expectations for roads and economic development initiatives. (see **ATTACHMENT 14** - SV Community Engagement Material, pages 169-335)

For copies of all community consultation education collateral, please refer to **ATTACHMENT 14** - SV Community Engagement Material, pages 1-335).



Attach representative examples of the consultation material.

2.3 How effectively did the council's various consultation strategies engage the community about the proposed special variation?

In the text box:

- a) Indicate the level of community involvement in, and response to, the various consultation strategies the council used, eg, number of participants in meetings, number of submissions received.
- b) Outline the nature of the feedback the community provided on the proposed SV.

a)

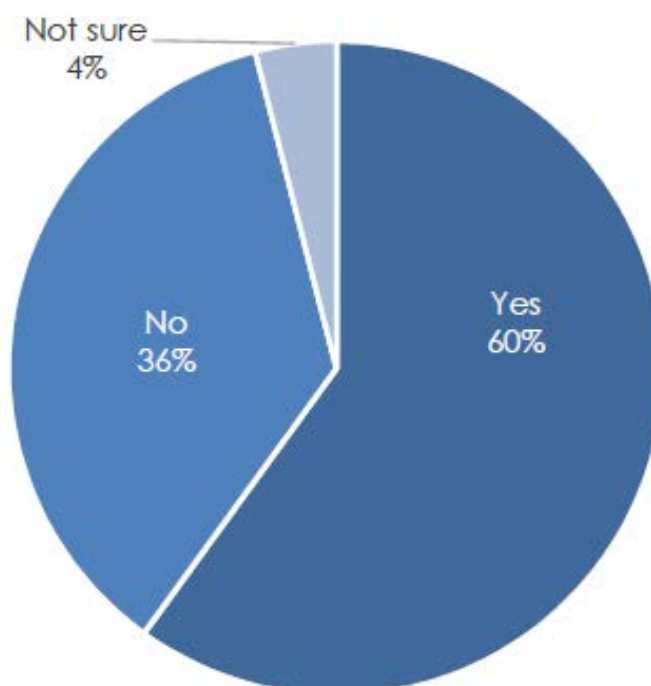
Round one consultation – community involvement:

- Rates brochure – posted to 14,693 ratepayers and emailed to 1693 ratepayers.
- Your Say Lismore unique visits to rates consultation information page – 2000.
- 574 online surveys completed.
- 17 hard copy surveys completed and returned to the Community Engagement team
- 25 questions asked in the online Q&A forum.
- 155 fact sheets and 63 FAQs downloaded from Your Say Lismore.
- Social media engagement (Facebook and Instagram) – post clicks 1741, total reach 14,897.
- Hundreds of visitors to information kiosks and more than 200 fact sheets distributed.

Round two consultation – community involvement:

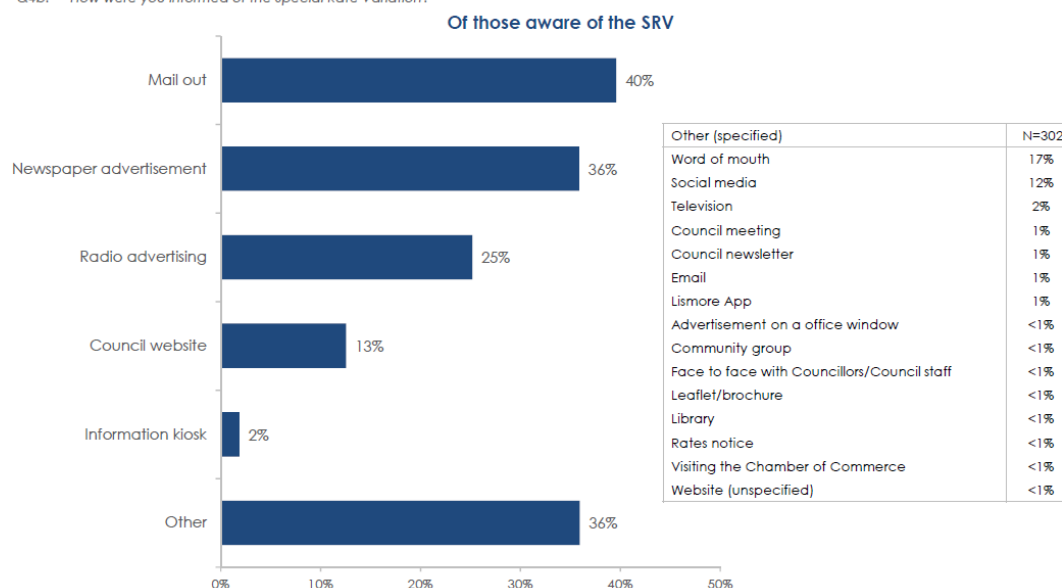
- Two community workshops – workshop one 13 attendees, workshop two 23 attendees.
- Your Say Lismore unique visits to updated rates consultation information page – 2100.
- 736 online surveys completed.
- 107 hard copy surveys completed and returned to the Community Engagement team
- 24 questions asked in the online Q&A forum.
- 185 fact sheets and 73 FAQs downloaded from Your Say Lismore.
- 500 randomly selected residents completed independent telephone survey.
- Social media engagement (Facebook and Instagram) – post clicks 1202, total reach 10,799.
- Hundreds of visitors to information kiosks and more than 100 fact sheets distributed.
- A total of 57 submissions were received across both rounds of consultation.

In the telephone survey, respondents were asked whether or not they were aware that Council was exploring community sentiment towards a Special Rate Variation. 60% were aware of the SV and 36% were not. (see **ATTACHMENT 14** - SV Community Engagement Material, pages 14-62)



Of those who were aware of the SV, 40% were informed via a mail out, 36% newspaper advertisement and 25% radio advertising.

Q4b. How were you informed of the Special Rate Variation?



A Question and Answer (Q&A) function was available to community members on the Your Say Lismore Rates Consultation page, which gave community members the opportunity to ask direct questions to Council staff about the SV. Questions were generally responded within three days. Fifty questions in total were asked and answered during the consultation process.

A summary of the themes/responses within the feedback of both the online survey responses and submissions that were received during the consultation included:

1. Dissatisfaction with quality of roadworks.
2. Ratepayer affordability particularly for and amongst low-income earners, pensioners, businesses etc.
3. Council efficiency.
4. Belief that Council is mismanaging current funds.
5. Four-year rate rise easier for household budgets to absorb.
6. Lismore needs investment in the CBD/business to grow and prosper.
7. Understanding that roads need to be improved and this requires additional funding.
8. Comfortable with rate rise if stated outcomes are achieved.

(see **ATTACHMENT 13** – Community Feedback)

Attach survey results and other examples of feedback from the community.



2.4 How did the council respond to feedback from community consultation

In the text box explain the action, if any, the council took in response to feedback from the community.

A Question and Answer (Q&A) function was available to community members on the Your Say Lismore Rates Consultation page, which gave community members the opportunity to ask direct questions to Council staff about SV. Questions were generally responded within three days. Fifty questions in total were asked and answered during the consultation process.

Emails received through Your Say Lismore asking questions about the SV were directly responded to within 24 hours.

Submissions received during the consultation phase received an acknowledgement email or letter advising them that their submission had been received and the dates of the Council meeting and information on how to book in to public access to speak at the meeting.

Example response letter:



Our ref: [REDACTED]

Contact: [REDACTED]

21 October 2019

[REDACTED]

Dear [REDACTED]

Thank you for your submission regarding Lismore City Council's proposed Special Rate Variation.

Your submission will be considered at the Council Meeting on **Tuesday, 12 November 2019 at 6pm**. If you would like to address Councillors at this meeting you will need to book in by 2pm on 12 November, by contacting the Corporate Centre on 1300 87 83 87. Each speaker is limited to 3 minutes and you can share your time with others.

You will be advised of Council's decision following that meeting.

Thank you for your interest in the consultation process for the proposed Special Rate Variation. Should you have any further enquiries, please contact [REDACTED]

Kind regards

[REDACTED]

www.lismore.nsw.gov.au

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Lismore City Council acknowledges the people of the Gundjalung Nation, traditional custodians of the land on which we work.

Round 1: Consultation July 31st to September 1st, 2019

The first Round of consultation took place from July 31st to September 1st. This round of consultation focused on two options, namely: No SV and the other an SV with a first-year increase of 17% and a second-year increase of 6.9%. Feedback from the community throughout this initial phase suggested that 17% was too much in the first year. Following advice from IPART, Council developed a new SV proposal that reduced the annual increases and spread the introduction of the SV over a four-year period. Councilors were briefed about 'Round Two' on August 27th, 2019. Members of the community that had submitted an online survey during Round 1 of consultation were sent an electronic newsletter notifying them of the second-Round consultation. (see **ATTACHMENT 14-** SV Community Engagement Material, pages 164-166).

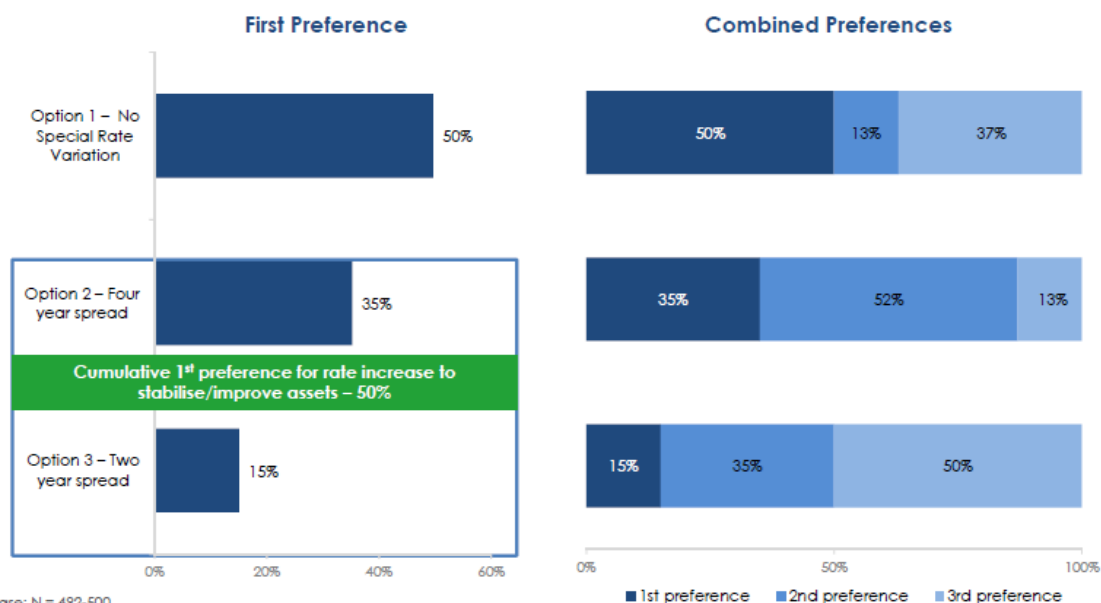
Round 2: Consultation September 2nd to September 30th, 2019

The second round of consultation commenced and included three options.

Throughout both Rounds of consultation, the community sent questions to the Community Engagement team which were answered by the relevant Council Officer. In addition, these questions formed the evolving Frequently Asked Questions fact sheet that Council had placed on both its Your Say website and in the 15 kiosks. It was also throughout Round 2 that a community member opened a 'Rates Embassy' in a shop space in the Lismore CBD to oppose the proposed SV. Council staff and the General Manager were invited to attend the Rates Embassy and talk to community members. Both staff and the General Manager attended on different occasions.

Preferences for Special Rate Variation Options

Q3a. Please rank the 3 options in order of preference:



Whilst 50% of residents prefer Option 1 (no Special Rate Variation), the other 50% prefer one of the 2 SRV options. Residents who preferred Option 1 (no Special Rate Variation) were more likely to have a lower level of satisfaction with the performance of Council and with the quality of the road network in the Lismore Local Government Area.

Council Resolutions:

Councilors were provided with a full copy of the submissions received to Council and the comments made on each of the opt in surveys and the Micromex survey on the 5th of November 2019. Council then met on the 12th of November 2019, with the SV on the agenda. At this meeting, the Mayor announced that they would debate the SV, but not make a decision and Councilors resolved to change the meeting schedule to allow for an additional Ordinary meeting to take place on the 19th of November so that the absent Councilors may have the opportunity to participate in the decision making. At this meeting four members of the community spoke against the SV, two who were booked in to speak left the meeting after the resolution to change the meeting date was made and one spoke for the SV (see **ATTACHMENT 15** - Minutes of 12 November 2019 Ordinary Council Meeting)

On the 19 November 2019, Council meeting, six community members spoke against the SV and 2 members of the community spoke for the SV. The Councilors debated the SV and resolved to apply to IPART for an SV (see **ATTACHMENT 16** - Minutes of 19 November 2019 Extra Ordinary Council Meeting). A Notice of Rescission was put forward for the 26 November 2019 Council meeting (see **ATTACHMENT 18** - Minutes of 26 November 2019 Ordinary Council Meeting Notice of Rescission). At the 26 November 2019 meeting, two members of the community spoke against and 5 members for the Notice of Rescission. It should be noted that the 5 members who spoke for the Notice of Rescission were the same community members who spoke against the SV on the 12 and 19 November 2019 Council meetings. The Notice of Rescission was not successful and the Resolution to proceed with an application to IPART made on the 19 of November 2019 remains.

Attachments for Criterion 2

In Table 2.1 list all attachments relevant to your response to Criterion 2. Use the council-assigned number shown in Table 8.1.

Table 2.1 Attachments relevant to response for Criterion 2

Council-assigned number	Name of document	Page references ^a
12	Minutes of 25 June 2019 Extra Ordinary Meeting – Resolution to adopt revised Delivery Program 2017-2021	
14	SV Community Engagement Material	
17	Triple ZZZ invoice	
13	Community Feedback	
15	Minutes of 12 November 2019 Ordinary Council Meeting	
16	Minutes of 19 November 2019 Extra Ordinary Council Meeting	
18	Minutes of 26 November 2019 Ordinary Council Meeting Notice of Rescission	

^a If document only relevant in part.

3 Criterion 3: Impact on ratepayers

Criterion 3 in the SV Guidelines is:

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

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

To complete the questions for Criterion 3: Impact on ratepayers refer to IPART's Application Guide for SV Application Form Part B.

Refer also to the IPART publications:

- ▼ *The Year Ahead – Special Variations in 2020-21* – Fact sheet
- ▼ *Community awareness and engagement for special variations* – Fact sheet

3.1 What is the impact on rates of the proposed special variation?

In the text box provide information about the impact on rates of all affected ratepayer categories.

This section includes three sets of tables. Each of these have been colour coded to be consistent with the branding used in Round 1 (green) and Round 2 (blue). The final set of tables illustrates the impact of the SV once the new property values (average) take effect on 1 July 2020.

The following table shows the impact of the two SV options presented to the community in Round 1 (31 July 2019 to 1 September 2019).

Round 1

Option 1 = No SV

Option 2 = 17% in 2020/21 and 6.9% in 2021/22

AVERAGE FARMLAND RATES	2019/20	2020/21	2021/22	2022/23	2023/24	Total Rate Increase Over 4 Years
Option 1	\$ 2,471	\$ 2,533	\$ 2,596	\$ 2,661	\$ 2,728	
Annual Increase		\$ 62.00	\$ 63.00	\$ 65.00	\$ 67.00	\$ 257.00
Option 2	\$ 2,471	\$ 2,890	\$ 3,090	\$ 3,167	\$ 3,246	
Annual Increase		\$ 419.00	\$ 200.00	\$ 77.00	\$ 79.00	\$ 775.00

AVERAGE RESIDENTIAL - URBAN/VILLAGE RATES	2019/20	2020/21	2021/22	2022/23	2023/24	Total Rate Increase Over 4 Years
Option 1	\$ 1,229	\$ 1,260	\$ 1,292	\$ 1,324	\$ 1,357	
Annual Increase		\$ 31.00	\$ 32.00	\$ 32.00	\$ 33.00	\$ 128.00
Option 2	\$ 1,229	\$ 1,438	\$ 1,537	\$ 1,575	\$ 1,615	
Annual Increase		\$ 209.00	\$ 99.00	\$ 38.00	\$ 40.00	\$ 386.00

AVERAGE RESIDENTIAL - RURAL RATES	2019/20	2020/21	2021/22	2022/23	2023/24	Total Rate Increase Over 4 Years
Option 1	\$ 1,544	\$ 1,583	\$ 1,622	\$ 1,663	\$ 1,704	
Annual Increase		\$ 39.00	\$ 39.00	\$ 41.00	\$ 41.00	\$ 160.00
Option 2	\$ 1,544	\$ 1,806	\$ 1,931	\$ 1,979	\$ 2,029	
Annual Increase		\$ 262.00	\$ 125.00	\$ 48.00	\$ 50.00	\$ 485.00

AVERAGE BUSINESS - URBAN RATES	2019/20	2020/21	2021/22	2022/23	2023/24	Total Rate Increase Over 4 Years
Option 1	\$ 4,647	\$ 4,763	\$ 4,882	\$ 5,004	\$ 5,129	
Annual Increase		\$ 116.00	\$ 119.00	\$ 122.00	\$ 125.00	\$ 482.00
Option 2	\$ 4,647	\$ 5,437	\$ 5,812	\$ 5,957	\$ 6,002	
Annual Increase		\$ 790.00	\$ 375.00	\$ 145.00	\$ 45.00	\$ 1,355.00

AVERAGE BUSINESS - INNER CBD RATES	2019/20	2020/21	2021/22	2022/23	2023/24	Total Rate Increase Over 4 Years
Option 1	\$ 8,647	\$ 8,863	\$ 9,085	\$ 9,312	\$ 9,545	
Annual Increase		\$ 216.00	\$ 222.00	\$ 227.00	\$ 233.00	\$ 898.00
Option 2	\$ 8,647	\$ 10,116	\$ 10,815	\$ 11,085	\$ 11,168	

Annual Increase		\$ 1,469.00	\$ 699.00	\$ 270.00	\$ 83.00	\$ 2,521.00
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AVERAGE BUSINESS - OTHER RATES	2019/20	2020/21	2021/22	2022/23	2023/24	Total Rate Increase Over 4 Years
Option 1	\$ 1,784	\$ 1,829	\$ 1,874	\$ 1,921	\$ 1,969	
Annual Increase		\$ 45.00	\$ 45.00	\$ 47.00	\$ 48.00	\$ 185.00
Option 2	\$ 1,784	\$ 2,087	\$ 2,231	\$ 2,287	\$ 2,344	
Annual Increase		\$ 303.00	\$ 144.00	\$ 56.00	\$ 57.00	\$ 560.00

AVERAGE NIMBIN BUSINESS RATES	2019/20	2020/21	2021/22	2022/23	2023/24	Total Rate Increase Over 4 Years
Option 1	\$ 2,451	\$ 2,512	\$ 2,575	\$ 2,639	\$ 2,705	
Annual Increase		\$ 61.00	\$ 63.00	\$ 64.00	\$ 66.00	\$ 254.00
Option 2	\$ 2,451	\$ 2,867	\$ 3,065	\$ 3,142	\$ 3,220	
Annual Increase		\$ 416.00	\$ 198.00	\$ 77.00	\$ 78.00	\$ 769.00

Note1: SBRVL expiry occurs in 2023/24

Note2: Figure are based on current valuations. New valuation will be used for the first time from 2020/21

The below table (blue) shows the impact of the three SV options presented to the community in Round 2 (2 September to 30 September 2019)

Round 2

Option 1 = No SV

Option 2 = 7.5% in 2020/21, 9.4% in 2021/22, 3.9% in 2022/23 and 3.2% in 2023/24

Option 3 = 17% in 2020/21 and 6.9% in 2021/22

FARMLAND	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Farmland rate under rate pegging only	414,000	\$ 2,471	\$ 2,533	\$ 2,596	\$ 2,661	\$ 2,728	10.4%
Annual increase (%) - rate peg only		2.7%	2.5%	2.5%	2.5%	2.5%	
Cumulative Impact (\$) - of rate peg above base year levels			\$ 62	\$ 63	\$ 65	\$ 67	
Option 2 - Average Farmland rate under SV commencing 2020/21	414,000	\$ 2,471	\$ 2,655	\$ 2,904	\$ 3,017	\$ 3,124	26.4%
Annual increase (%) - rate peg and SV		2.7%	7.4%	9.4%	3.9%	3.5%	

Cummulative Impact (\$) - of SV above base year levels			\$ 184	\$ 433	\$ 362	\$ 220	
Option 3 - Average Farmland rate under SV commencing 2020/21	414,000	\$ 2,471	\$ 2,890	\$ 3,090			25.1%
Annual increase (%) - rate peg and SV		2.7%	17.0%	6.9%			
Cummulative Impact (\$) - of SV above base year levels			\$ 419	\$ 619			

RESIDENTIAL - URBAN/VILLAGE	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Residential - Urban/Village rate under rate pegging only	133,000	\$ 1,229	\$ 1,260	\$ 1,291	\$ 1,323	\$ 1,357	10.4%
Annual increase (%) - rate peg only		2.7%	2.5%	2.5%	2.5%	2.5%	
Cummulative Impact (\$) - of rate peg above base year levels			\$ 31	\$ 31	\$ 32	\$ 33	
Option 2 - Average Residential - Urban/Village rate under SV commencing 2020/21	133,000	\$ 1,229	\$ 1,321	\$ 1,445	\$ 1,501	\$ 1,555	26.5%
Annual increase (%) - rate peg and SV		2.7%	7.5%	9.4%	3.9%	3.6%	
Cummulative Impact (\$) - of SV above base year levels			\$92	\$216	\$180	\$110	
Option 3 - Average Residential - Urban/Village rate under SV commencing 2020/21	133,000	\$1,229	\$1,438	\$1,537			25.1%

Annual increase (%) - rate peg and SV		2.7%	17.0%	6.9%			
Cummulative Impact (\$) - of SV above base year levels			\$209	\$308			

RESIDENTIAL - RURAL	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option1 - Average Residential - Rural rate under rate pegging only	226,000	\$ 1,544	\$ 1,583	\$ 1,622	\$ 1,663	\$ 1,704	10.4%
Annual increase (%) - rate peg only		2.7%	2.5%	2.5%	2.5%	2.5%	
Cummulative Impact (\$) - of rate peg above base year levels			\$ 39	\$ 40	\$ 41	\$ 42	
Option 2 - Average Residential - Rural rate under SV commencing 2020/21	226,000	\$ 1,544	\$ 1,659	\$ 1,815	\$ 1,885	\$ 1,952	26.4%
Annual increase (%) - rate peg and SV		2.7%	7.4%	9.4%	3.9%	3.6%	
Cummulative Impact (\$) - of SV above base year levels			\$ 115	\$ 271	\$ 226	\$ 137	
Option 3 - Average Residential - Rural rate under SV commencing 2020/21	226,000	\$ 1,544	\$ 1,806	\$ 1,931			25.1%
Annual increase (%) - rate peg and SV		2.7%	17.0%	6.9%			
Cummulative Impact (\$) - of SV above base year levels			\$ 262	\$ 387			

BUSINESS - URBAN	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Business - Urban rate under rate pegging only	265,000	\$ 4,647	\$ 4,763	\$ 4,882	\$ 5,004	\$ 5,129	10.4%
Annual increase (%) - rate peg only		2.7%	2.5%	2.5%	2.5%	2.5%	
Cummulative Impact (\$) - of rate peg above base year levels			\$116	\$119	\$122	\$125	
Option 2 - Average Business - Urban rate under SV commencing 2020/21	265,000	\$4,647	\$4,994	\$5,463	\$5,674	\$5,772	24.2%
Annual increase (%) - rate peg and SV		2.7%	7.5%	9.4%	3.9%	1.7%	
Cummulative Impact (\$) - of SV above base year levels			\$347	\$816	\$680	\$309	
Option 3 - Average Business - Urban rate under SV commencing 2020/21	265,000	\$4,647	\$5,437	\$5,812			25.1%
Annual increase (%) - rate peg and SV		2.7%	17.0%	6.9%			
Cummulative Impact (\$) - of SV above base year levels			\$790	\$1,165			

BUSINESS - INNER CBD	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option1 - Average Business - Inner CBD rate under rate pegging only	146,000	\$ 8,647	\$ 8,863	\$ 9,085	\$ 9,312	\$ 9,545	10.4%
Annual increase (%) - rate peg only		2.7%	2.5%	2.5%	2.5%	2.5%	
Cummulative Impact (\$) - of rate peg above base year levels			\$ 216	\$ 222	\$ 227	\$ 233	

Option 2 - Average Business - Inner CBD rate under SV commencing 2020/21	146,000	\$ 8,647	\$ 9,292	\$ 10,165	\$ 10,558	\$ 10,739	24.2%
Annual increase (%) - rate peg and SV		2.7%	7.5%	9.4%	3.9%	1.7%	
Cumulative Impact (\$) - of SV above base year levels			\$ 645	\$ 1,518	\$ 1,266	\$ 574	
Option 3 - Average Business - Inner CBD rate under SV commencing 2020/21	146,000	\$ 8,647	\$ 10,116	\$ 10,815			25.1%
Annual increase (%) - rate peg and SV		2.7%	17.0%	6.9%			
Cumulative Impact (\$) - of SV above base year levels			\$ 1,469	\$ 2,168			

BUSINESS - OTHER	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Business - Other rate under rate pegging only	156,000	\$ 1,784	\$ 1,829	\$ 1,874	\$ 1,921	\$ 1,969	10.4%
Annual increase (%) - rate peg only		2.7%	2.5%	2.5%	2.5%	2.5%	
Cumulative Impact (\$) - of rate peg above base year levels			\$45	\$ 46	\$ 47	\$ 48	
Option 2 - Average Business - Other rate under SV commencing 2020/21	156,000	\$ 1,784	\$ 1,917	\$ 2,097	\$ 2,178	\$ 2,256	26.5%
Annual increase (%) - rate peg and SV		2.7%	7.5%	9.4%	3.9%	3.6%	

Cumulative Impact (\$) - of SV above base year levels			\$ 133	\$ 313	\$ 261	\$ 159	
Option 3 - Average Business - Other rate under SV commencing 2020/21	156,000	\$ 1,784	\$ 2,087	\$ 2,231			25.1%
Annual increase (%) - rate peg and SV		2.7%	17.0%	6.9%			
Cumulative Impact (\$) - of SV above base year levels			\$ 303	\$ 447			

NIMBIN BUSINESS	Average Valuation	2019/20	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Business - Nimbin rate under rate pegging only	184,000	\$ 2,451	\$ 2,512	\$ 2,575	\$ 2,639	\$ 2,705	10.4%
Annual increase (%) - rate peg only		2.7%	2.5%	2.5%	2.5%	2.5%	
Cumulative Impact (\$) - of rate peg above base year levels			\$ 61	\$ 63	\$ 64	\$ 66	
Option 2 - Average Business - Nimbin rate under SV commencing 2020/21	184,000	\$ 2,451	\$ 2,634	\$ 2,881	\$ 2,992	\$ 3,099	26.4%
Annual increase (%) - rate peg and SV		2.7%	7.5%	9.4%	3.9%	3.6%	
Cumulative Impact (\$) - of SV above base year levels			\$ 183	\$ 430	\$ 358	\$ 218	

Option 3 - Average Business - Nimbin rate under SV commencing 2020/21	184,000	\$ 2,451	\$ 2,867	\$ 3,065			25.1%
Annual increase (%) - rate peg and SV		2.7%	17.0%	6.9%			
Cummulative Impact (\$) - of SV above base year levels			\$ 416	\$ 614			

Note: SBRVL expiry occurs in 2023/24

This final set of tables has been included to highlight the impact of the SV with the inclusion of the new property valuations that come into effect on 1 July 2020. These have not been presented to the community and were only received in January 2020.

Tables 3

FARMLAND	Average Valuation 1/7/16 Base Date	2019/20	Average Valuation 1/7/19 Base Date	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Farmland rate under rate pegging only	414,000	\$ 2,459	504,000	\$ 2,523	\$ 2,586	\$ 2,651	\$ 2,717	10.5%
Annual increase (%) - rate peg only		2.7%		2.6%	2.5%	2.5%	2.5%	
Cummulative Impact (\$) - of rate peg above base year levels				\$ 64	\$ 63	\$ 65	\$ 66	
Option 2 - Average Farmland rate under SV commencing 2020/21	414,000	\$ 2,459	504,000	\$ 2,636	\$ 2,883	\$ 2,994	\$ 3,101	26.1%
Annual increase (%) - rate peg and SV		2.7%		7.2%	9.3%	3.9%	3.5%	
Cummulative Impact (\$) - of SV above base year levels				\$ 177	\$ 424	\$ 358	\$ 218	
RESIDENTIAL - URBAN/VILLAGE	Average Valuation 1/7/16 Base Date	2019/20	Average Valuation 1/7/19 Base Date	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Residential - Urban/Village rate under rate pegging only	133,000	\$ 1,226	162,000	\$ 1,258	\$ 1,289	\$ 1,322	\$ 1,355	10.5%
Annual increase (%) - rate peg only		2.7%		2.6%	2.5%	2.5%	2.5%	

Cumulative Impact (\$) - of rate peg above base year levels				\$ 32	\$ 31	\$ 32	\$ 33	
Option 2 - Average Residential - Urban/Village rate under SV commencing 2020/21	133,000	\$ 1,226	162,000	\$ 1,322	\$ 1,445	\$ 1,502	\$ 1,555	26.8%
Annual increase (%) - rate peg and SV		2.7%		7.8%	9.3%	3.9%	3.6%	
Cumulative Impact (\$) - of SV above base year levels				\$ 96	\$ 219	\$ 180	\$ 110	
RESIDENTIAL - RURAL	Average Valuation 1/7/16 Base Date	2019/20	Average Valuation 1/7/19 Base Date	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option1 - Average Residential - Rural rate under rate pegging only	226,000	\$ 1,541	288,000	\$ 1,581	\$ 1,621	\$ 1,661	\$ 1,703	10.5%
Annual increase (%) - rate peg only		2.7%		2.6%	2.5%	2.5%	2.5%	
Cumulative Impact (\$) - of rate peg above base year levels				\$ 40	\$ 40	\$ 41	\$ 42	
Option 2 - Average Residential - Rural rate under SV commencing 2020/21	226,000	\$ 1,541	288,000	\$ 1,657	\$ 1,811	\$ 1,882	\$ 1,949	26.4%
Annual increase (%) - rate peg and SV		2.7%		7.5%	9.3%	3.9%	3.6%	
Cumulative Impact (\$) - of SV above base year levels				\$ 115	\$ 270	\$ 225	\$ 137	
BUSINESS - URBAN	Average Valuation 1/7/16 Base Date	2019/20	Average Valuation 1/7/19 Base Date	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Business - Urban rate under rate pegging only	265,000	\$ 4,653	278,000	\$ 4,774	\$ 4,893	\$ 5,016	\$ 5,141	10.5%
Annual increase (%) - rate peg only		2.7%		2.6%	2.5%	2.5%	2.5%	
Cumulative Impact (\$) - of rate peg above base year levels				\$ 121	\$ 119	\$ 122	\$ 125	
Option 2 - Average Business - Urban rate under SV commencing 2020/21	265,000	\$ 4,653	278,000	\$ 5,003	\$ 5,472	\$ 5,684	\$ 5,783	24.3%
Annual increase (%) - rate peg and SV		2.7%		7.5%	9.4%	3.9%	1.8%	
Cumulative Impact (\$) - of SV above base year levels				\$ 350	\$ 819	\$ 680	\$ 312	

BUSINESS - INNER CBD	Average Valuation 1/7/16 Base Date	2019/20	Average Valuation 1/7/19 Base Date	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option1 - Average Business - Inner CBD rate under rate pegging only	146,000	\$ 8,659	149,000	\$ 8,884	\$ 9,106	\$ 9,333	\$ 9,567	10.5%
Annual increase (%) - rate peg only		2.7%		2.6%	2.5%	2.5%	2.5%	
Cumulative Impact (\$) - of rate peg above base year levels				\$ 225	\$ 222	\$ 228	\$ 233	
Option 2 - Average Business - Inner CBD rate under SV commencing 2020/21	146,000	\$ 8,659	149,000	\$ 9,259	\$ 10,127	\$ 10,518	\$ 10,703	23.6%
Annual increase (%) - rate peg and SV		2.7%		6.9%	9.4%	3.9%	1.8%	
Cumulative Impact (\$) - of SV above base year levels				\$ 601	\$ 1,468	\$ 1,259	\$ 576	
BUSINESS - OTHER	Average Valuation 1/7/16 Base Date	2019/20	Average Valuation 1/7/19 Base Date	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Business - Other rate under rate pegging only	156,000	\$ 1,785	184,000	\$ 1,832	\$ 1,878	\$ 1,925	\$ 1,973	10.5%
Annual increase (%) - rate peg only		2.7%		2.6%	2.5%	2.5%	2.5%	
Cumulative Impact (\$) - of rate peg above base year levels				\$ 46	\$ 46	\$ 47	\$ 48	
Option 2 - Average Business - Other rate under SV commencing 2020/21	156,000	\$ 1,785	184,000	\$ 1,916	\$ 2,095	\$ 2,176	\$ 2,254	26.2%
Annual increase (%) - rate peg and SV		2.7%		7.3%	9.3%	3.9%	3.6%	
Cumulative Impact (\$) - of SV above base year levels				\$ 130	\$ 309	\$ 260	\$ 159	
NIMBIN BUSINESS	Average Valuation 1/7/16 Base Date	2019/20	Average Valuation 1/7/19 Base Date	2020/21	2021/22	2022/23	2023/24	Cumulative Increase
Option 1 - Average Business - Nimbin rate under rate pegging only	184,000	\$ 2,455	223,000	\$ 2,519	\$ 2,582	\$ 2,646	\$ 2,713	10.5%
Annual increase (%) - rate peg only		2.7%		2.6%	2.5%	2.5%	2.5%	
Cumulative Impact (\$) - of rate peg above base year levels				\$ 64	\$ 63	\$ 65	\$ 66	
Option 2 - Average Business - Nimbin rate under SV	184,000	\$ 2,455	223,000	\$ 2,630	\$ 2,876	\$ 2,988	\$ 3,094	26.0%

commencing 2020/21								
Annual increase (%) - rate peg and SV		2.7%		7.1%	9.4%	3.9%	3.6%	
Cummulative Impact (\$) - of SV above base year levels				\$ 175	\$ 421	\$ 358	\$ 218	

If this SV application is successful Council will develop a Community Engagement Plan to inform the community about the combined impact of the Valuer General's change in property valuations and the SV (above grey tables). This Community Engagement Plan will include a revised fact sheet will highlight the impact across the rate categories (ie Table 3 in this section), notification in Local Matters (Council owned newspaper that goes to every household in the LGA) and a link on council website.

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

In the text box explain how the council considered whether the rate increases would be affordable for the community, including any socioeconomic data referred to in making its assessment.

Council has been acutely aware of community perceptions about the affordability of the rate increase upon the rate payers and residents. If IPART approves the application, the average urban residential rate payer will be required to pay an additional (not including the rate peg):

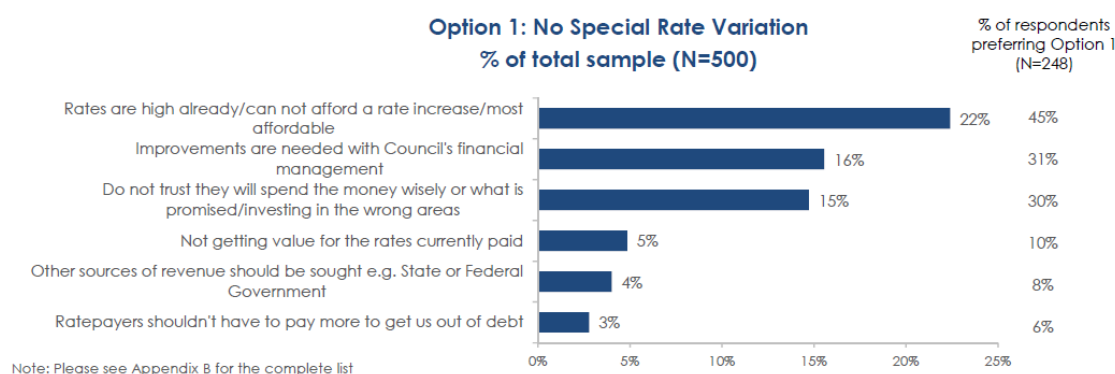
- \$1.76 per week in year 1 2020/21
- \$4.15 per week in year 2 2021/22 (cumulative)
- \$5.23 per week in year 3 2022/23 (cumulative); and
- \$6.27 per week in year 4 2023/24 (cumulative)

This equates to \$326 (cumulative with no rate peg) per annum of which pensioners are entitled to a concession as detailed in Lismore City Councils Rates Changes Hardship Policy. (see **ATTACHEMNT 19** - Lismore City Council Rates and Charges Hardship Policy. The median household weekly income in the Lismore LGA is \$1067 as at 2016 census. If it is assumed that salaries increase at the same rate as CPI i.e. 1.7% each year from 2016 to 2020, then the 2020 median household weekly income would be equivalent to \$1139.55. If we assume that the CPI will continue to rise at 1.7% per annum from 2020 to 2023/24 the median household weekly income will be \$1212.11. The proposed increase of \$6.27 by 2023/24 will be equivalent to .0052% of the median household weekly income.

Affordability

In this section, the notion of affordability is considered in light of the results of the Micromex telephone survey, namely that the age of a respondent influences the preferences for an SV.

Of those respondents to the Micromex telephone survey (see **ATTACHMENT 14** - SV Community Engagement Material, pages 14-62) who preferred Option 1 (no SV), the reasons for their decision related to a combination of affordability and Council's financial management.



However, the results of the Micromex survey also indicated that:

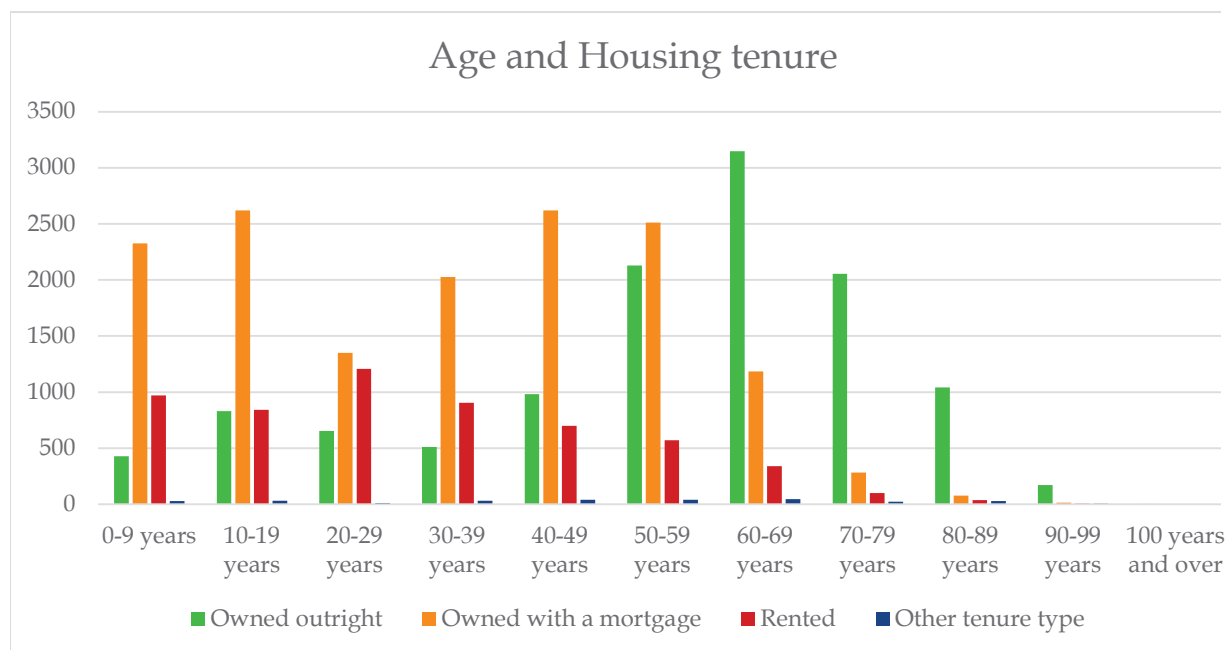
- Residents who preferred Option 1 (no Special Rate Variation) were more likely to have a lower level of satisfaction with the performance of Council and with the quality of the road network in the Lismore Local Government Area.
- Support for Options 2 and 3 (i.e. a Special Rate Variation) is driven by those with an investment in the future i.e. 59% of 18-34-year old prefer an SV of some sort.
- Female residents expressed a significantly higher preference for the introduction of an SV of some sort (Options 2 and 3 = 56%).
- 53% of residents who believe the maintenance of roads should be a key priority for Council prefer the introduction of some form of SV.

The mean rating of the respondents who preferred Option 1 (no SV) was highest for those in the 50-64 (2.85) and the 65+ (2.82) age groups. Moreover, when home ownership is examined in relation to these age brackets, it shows that these age groups are more likely to own their home outright, than the younger age groups (who prefer an SV). The next section examines the relationship between age, income and housing tenure to provide an insight into the affordability and preferences for an SV.

Age and Housing Tenure

The age group of 18-34 who prefer an SV are also more likely to own a home with a mortgage. The below graph provides an insight into the relationship between age of residents and home ownership. There is an inverse relationship between owning a home outright and age and owning a home with a mortgage and age. The younger age groups support an SV to create investment and are more likely to rent or own a home with a mortgage.

The older the Lismore resident the more likely it is that they will own their home outright. However, the age group that has the highest level of home ownership (60-69 years of age) are eligible for an age pension discount on their rates (see 3.3 for details of the Rates and Hardship Policy).



Source: Census of Population and Housing, 2016.

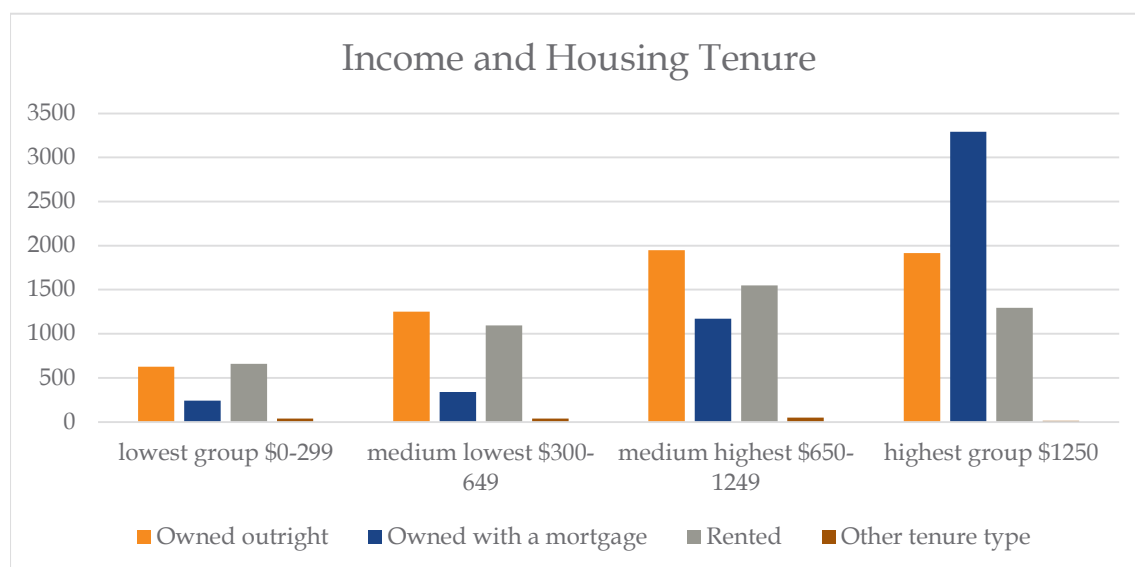
Income and Housing Tenure of Residents

Household income statistics are an indicator of socio-economic status. When combined with other data sources such as house tenure, the data provides an insight into the role that household income plays in the local housing market. In the graph below the data shows that the rate of home ownership with a mortgage is related to income – inferring that as household income rises so too does the rates of mortgaged households. Homes owned outright peaks at the medium highest income quartile and only drops slightly for those in the highest income quartile. Income trends for those residents that rent follow a similar trend to those who own their homes outright.

This data indicates that there are a high number of households in the medium highest to highest income quartiles and a smaller number in the lowest and medium lowest quartiles. The data from the above table in combination with the below table indicates that the younger

age groups earn higher household incomes and are more likely to own a house with a mortgage. The older age groups are more likely to own their homes outright and earn an income in the top three income quartiles.

The Micromex survey demonstrated that the younger age groups (18-34) are willing to pay for an SV to attract investment to the LGA. This age group is also more likely to be paying a mortgage or rent and earn higher household income.

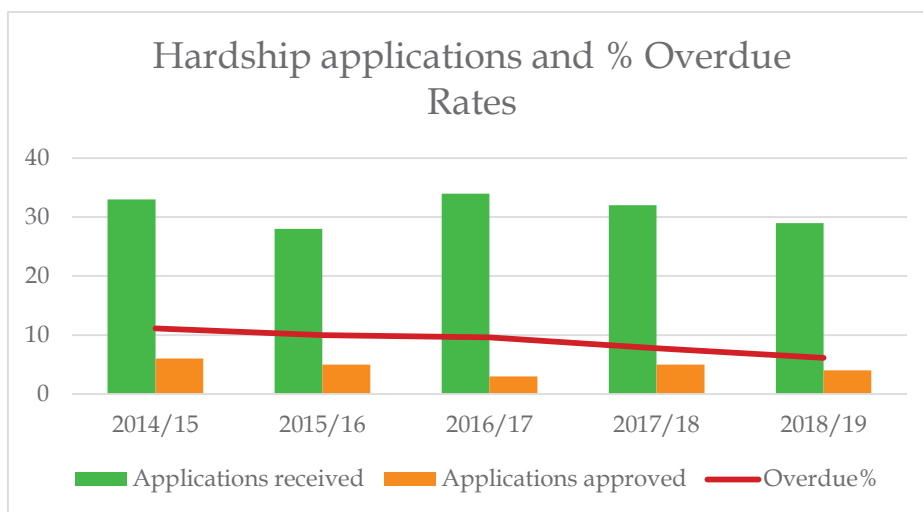


Source: Census of Population and Housing, 2016.

Considering the data presented in the above graphs, the below table describes the number of pensioner concessions that Council has provided over the past 5 years. This infers that the older age groups are more likely to own their homes outright, have an income in the top three income quartiles and be eligible for pensioner rate rebates with Council. Nearly one fifth (18.9%) of the total rate base in Lismore LGA receives a pensioner rate rebate.

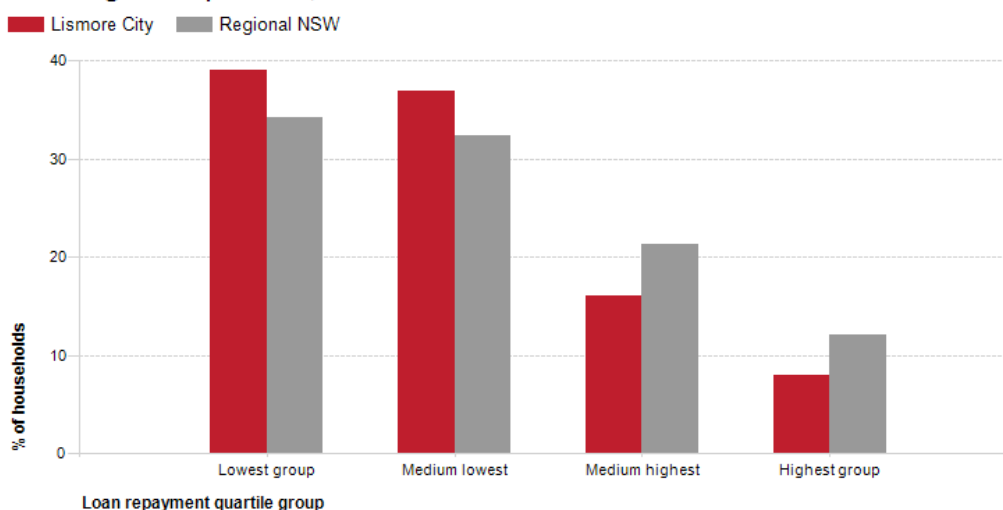
Year	Pensioners			Total
	Residential	Farmland	Business	
2018/19	3311	210	5	3526
2017/18	3224	223	5	3452
2016/17	3220	220	5	3445
2015/16	3384	250	8	3642
2014/15	3373	245	8	3626

Council has considered the impact on its ratepayers in making this application to IPART. The below graph shows the number of hardship applications that have been received and approved over the past 5 years and the percentage of overdue accounts displaying a downward trend.



Housing loan repayment quartiles (see below graph) allow us to compare relative repayment liabilities across time. Analysis of the distribution of households by housing loan repayment quartiles in the Lismore City compared to Regional NSW shows that there was a smaller proportion of households in the highest repayment quartile, and a larger proportion in the lowest repayment quartile. This trend indicates that the cost of home loans is lower in comparison to Regional NSW and therefore housing is relatively more affordable in Lismore LGA.

Housing loan quartiles, 2016

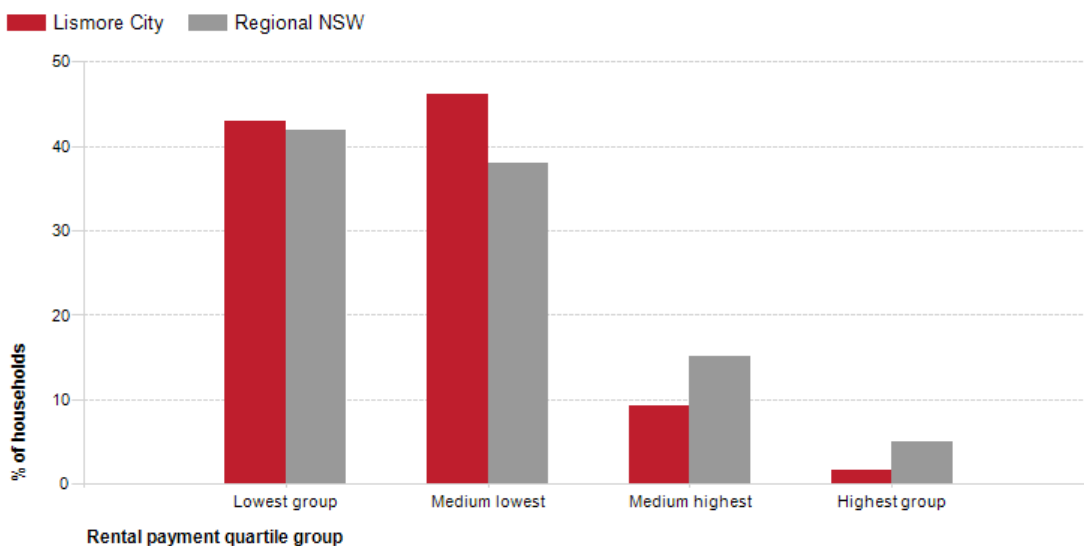


Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Enumerated data)
Compiled and presented in profile.id by .id, the population experts.



Housing affordability is further reinforced in the below graph that illustrates rental payments. Rental payment quartiles allow a comparison of the relative rental liabilities across time. Analysis of the distribution of households by rental payment quartiles in the Lismore LGA compared to Regional NSW shows that there was a smaller proportion of households in the highest payment quartile, and a larger proportion in the lowest payment quartile.

Housing rental quartiles for 2016



Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Enumerated data)
Compiled and presented in profile.id by .id, the population experts.

.id the population experts

How does Lismore Compare to other LGA's?

Council has considered the financial impact of the SV on its ratepayers in making this application. Lismore is a Regional City pursuant to the North Coast Regional Plan 2036. As a Regional City, Lismore is the center for a range of state government, local and regional services as well as providing a diverse range of medical and other professional services in the Far North Coast Region of NSW. Lismore provides an extensive range of retail, financial, legal, commercial, agribusiness and industrial services to the broader far north coast region. It is also a hub for a range of cultural (Northern Rivers Performing Arts, Lismore Regional Art Gallery) and other entertainment facilities and opportunities. The table below highlights the role that Lismore plays as an employment node for the far north region.

	Live and work in the area (%)	Work in the area but live outside (%)
Lismore City Council	67.5	32.5 (Ballina 15.4; Richmond Valley 8.3; Byron 3.8)
Ballina Shire Council	74.5	25.5 (Lismore 13.1; Byron 5.3; Richmond Valley (3.5)
Byron Shire Council	73.9	26.1 (Ballina 11; Tweed 7.2%; Lismore 4.1)
Richmond Valley Council	75.5	24.5 (Lismore 11.1; Kyogle 6.2; Ballina 4.3)

Source: Australian Bureau of Statistics, Census of Population and Housing 2016.

Most IPART applications use neighbouring councils within the same Group as the benchmark to justify a proposed SV. However, because Lismore is a Regional City it is also appropriate to compare Group 4 Regional Cities to gauge the levels of service delivery that is expected of Lismore City Council from their respective neighbouring Councils.

When comparing the Socio Economic Index for Areas (SEIFA) score, it is important to note that these are derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations. It is also important to examine the underlying characteristics that can affect the score as they can differ markedly between areas with similar SEIFA scores and shed light on the type of disadvantage being experienced. A higher score on the index means a lower level of

disadvantage. A lower score on the index means a higher level of disadvantage. This score is standardised against a mean of 1000 with a standard deviation of 100. This means that the average SEIFA score will be 1000 and the middle two-thirds of SEIFA scores will fall between 900 and 1100 (approximately).

The SEIFA index is within the middle range for Lismore City Council LGA (954). By comparison to other Group 4 inland local government areas in the region such as Richmond Valley (902) and Clarence Valley (926), Lismore City Council's SEIFA is higher (indicating a relatively lower level of disadvantage). Interestingly, both Richmond Valley and Clarence Valley have had their IPART applications approved within the last 5 years despite their low SEIFA scores.

By comparison the SEIFA score for coastal Group 4 Councils Ballina (1003), Byron (1003) are much higher than the inland councils as there has been considerable investment in the coastal local governments pursuant to the 2006 NSW Inquiry into Infrastructure provision in Coastal Growth Areas. In addition, these two coastal LGA's are characterized by their retail-based economies as opposed to being dependent upon the drought affected agricultural sector as the inland LGA's are.

The below table shows the socio-economic descriptors and associated Council service provision for the north region inland LGA's of NSW.

LGA	Byron	Clarence Valley	Lismore City Council	Ballina	Richmond Valley
Population	33,987	51,750	43,905	43,457	23,317
Socio Economic Index rating 2016	98	16	45	92	6
% Pensioner residential rate	15	26.5	23.1	22.7	25.7
Average Taxable Income (\$)	41,450	43,451	43,735	48,108	49,918
Total road length (km)	605.5	2,446.3	1,223	693.1	1,007.5
Road length/capita (m)	17.8	47.4	27.9	15.9	46.2
Infrastructure Backlog ratio (%)	6.9	3.9	13.6	1.9	1.9
Own Source revenue %	61.6	67.3	71.4	59.7	64
Grants and Contributions revenue%	38.4	32.7	28.6	40	35.8

Source: NSW Office of Local Government – Measuring Local Government Performance 2017/18

What is important to note from the above table is that the median income is lower in Byron, but their Socio-Economic Index ranking is much higher than Lismore LGA. The Socio-Economic Index rating (compiled by the Australian Bureau of Statistics), has been used by the NSW Office of Local Government to rank order each of the LGA's from 1 (least advantaged) to 128 (most advantaged). The average income in Richmond is also higher than Byron, yet it ranks at a very low 6 in the state of NSW. This infers that other variables must be considered (such

as access to material and social resources, and the ability to participate in society), when examining the relativity of Socio-Economic Index rating within regions and between LGA's. The consideration of how much dependency that an LGA has upon its own source revenue and grant money highlights that both Ballina and Byron LGA's are far more dependent upon grant funds to support their material and social service delivery (40% and 38.4% respectively).

All the north regional councils listed above have successfully applied to IPART for an SV in the past 4 years. Richmond Valley (19/2020) increased its permanent rate base by 23.88% (cumulative); Clarence Valley Council (2018/19) by 15.54% (cumulative); Byron Shire Council by 33.55% (cumulative); and Ballina by 15.54% (cumulative). However, Lismore applied for a permanent SV of 3.8% (cumulative) in 2016/17 for the Biodiversity Management Strategy that applied to all properties except for urban residential and in 2018/19 renewed an expiring SV for businesses properties of 2.71% for a period of 5 years. Lismore has not applied for an SV to permanently increase its rates base evenly across all rate categories. As a regional centre Lismore City Council has additional cost burdens such as supporting the Richmond Tweed Regional Library services (on behalf of four LGA's of Tweed, Byron, Ballina and Lismore), maintaining the wide range of sports and recreational facilities that facilitate national and regional events that the neighbouring shires utilise and benefit from and managing the region's waste facility. These have been funded through the Lismore City LGA rate revenue (see above table), and unlike its regional neighbours has been much less dependent upon external grants and contributions.

The below table highlights the difference between average rates and the proportion of revenue that is derived from each of the rate categories in the northern group of Councils. What this highlights is that the majority of the rate revenue for all of the LGA's is from the residential category. The data from the below table shows that it is important to describe the proportion of income relative to the average rate in each category. While Byron LGA may have a lower average business rate, they have a higher proportion of their rate base in this category by comparison to all of the LGA's in the northern rivers. Similarly, Richmond Shire has a lower farmland average rate, but gains a higher proportion of its rate revenue from this rate category than any of the other LGA's in the northern rivers. Lismore LGA has a lower proportion of its rate revenue coming from the residential rate category by comparison to Byron and Ballina LGA's.

	Residential		Business		Farmland	
	average rate \$	% of rate base	average rate \$	% of rate base	average rate \$	% of rate base
Lismore City Council	1,289	83	5,144	7	2,460	10
Ballina Shire Council	1,101	88	3,788	7	1,700	5
Byron Shire Council	1,334	87	3,577	9	2,283	4
Richmond Shire Council	1,015	79	2,978	6	1,695	15

Source: NSW Revenue Professionals (2018/19)

Regional City Comparisons

The below table uses more appropriate benchmarks that compares Group 4 Regional City LGA's (Office of Local Government 2017/18 comparative data). The data from the below table shows that Lismore LGA has a comparable size population to its Regional City counterparts, high road length to maintain per capita, very high infrastructure backlog ratio and a very high proportion of pensioners receiving a residential rate rebate.

LGA	Lismore City Council	Albury City Council	Orange City Council	Armidale Regional Council
Population	43,905	52,949	41,468	30,594
Socio Economic Index rating 2016	45	64	77	87
% Pensioner residential rate	23.1	16.9	16.6	17.1
Average Taxable Income (\$)	43,735	50,857	56,382	47,386
Total road length (km)	1,223	581.1	506.9	2,041.1
Road length/capita (m)	27.9	11	12.2	66.7
Infrastructure Backlog ratio (%)	13.6	3.1	0.9	8.1
Own Source revenue %	71.4	79.5	72.7	71.3
Grants and Contributions revenue%	28.6	20.5	27.3	28.7

Source: NSW Office of Local Government – Measuring Local Government Performance 2017/18

Armidale Regional Council have resolved to apply for an SV in 2021 to replace the expiring multiyear SV's (Guyra 8% and Armidale Dumaresq 12.3%). Neither Albury City nor Orange City Council have applied for an SV in the past 5 years. These Regional Cities are far more dependent upon their own rates revenue (79.5% and 72.7% respectively) than external grants to support the range of services that their respective communities and adjoining LGA's demand. However, Lismore City will not be able to provide the range of regional services to the broader region and fund road renewal from its current rate base. The local economy in Lismore LGA has suffered significantly from the effects of a series of catastrophic natural disasters and the condition of its extensive road network has been in a steady decline for at least 10 years as a consequence.

The below table highlights the difference between average rates in each of the rate categories across the Group 4 Regional Cities. Lismore LGA is more suited to comparison with Regional Cities in terms of its regional responsibilities and in doing so demonstrates that it is lower than Albury and Orange in two rate categories and higher than Armidale except for Farmland rates. However, while Lismore LGA has higher average residential rates than Armidale and the proportion of its income from residential rates is similar, Armidale has significantly higher average farmland rates and a higher proportion of its rate revenue is generated from this category. Albury and Orange City have much lower proportions of rates from their farmland category, but higher residential and business rates and higher proportions of their rate revenue is derived from these categories.

	Residential		Business		Farmland	
	average rate \$	% of rate base	average rate \$	% of rate base	average rate \$	% of rate base
Lismore City Council	1,289	83	5,144	7	2,460	10
Albury City Council	1,346	92	6,461	7	4,164	1
Orange City Council	1,448	91	6,149	7	1,891	2
Armidale Regional Council	1,026	83	3,725	5	3,188	12

Source: NSW Revenue Professionals (2018/19)

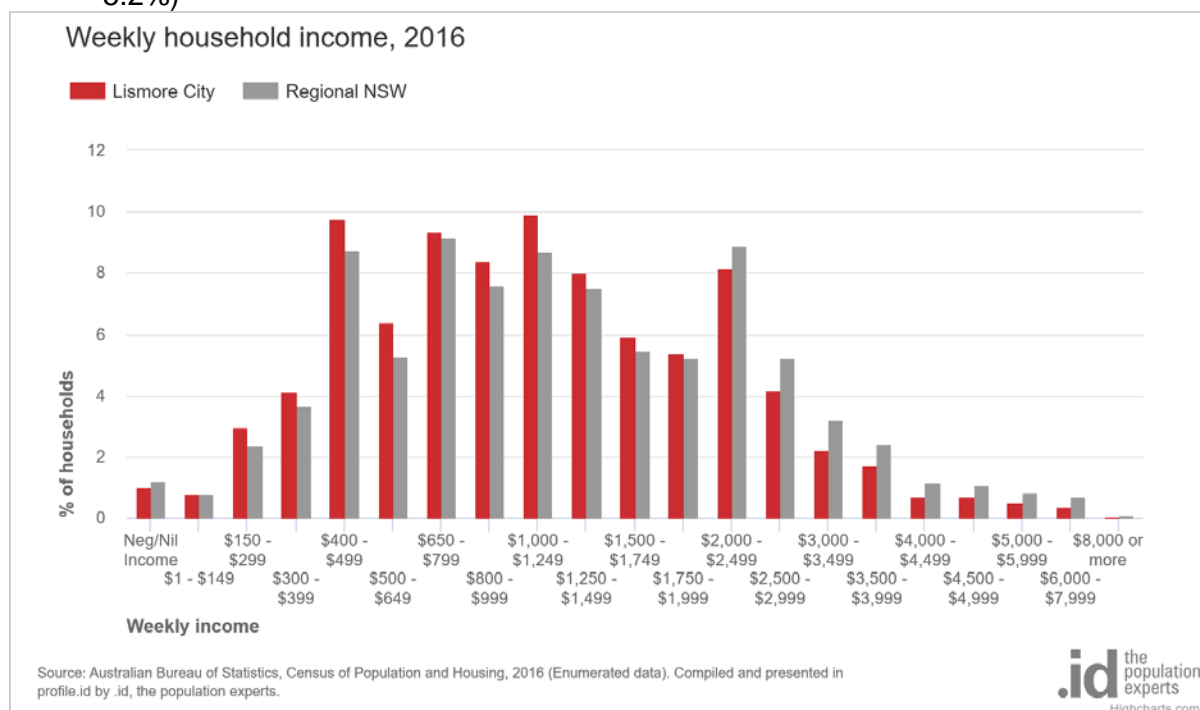
Demographic Profile

Weekly Household Income

The graph below illustrates household income levels in the Lismore City in 2016 compared to Regional NSW and shows that there was a smaller proportion of high-income households (those earning \$2,500 per week or more) and a higher proportion of low-income households (those earning less than \$650 per week). Overall, 10.4% of the households earned a high income and 25.0% were low income households, compared with 14.6% and 22.0% respectively for Regional NSW.

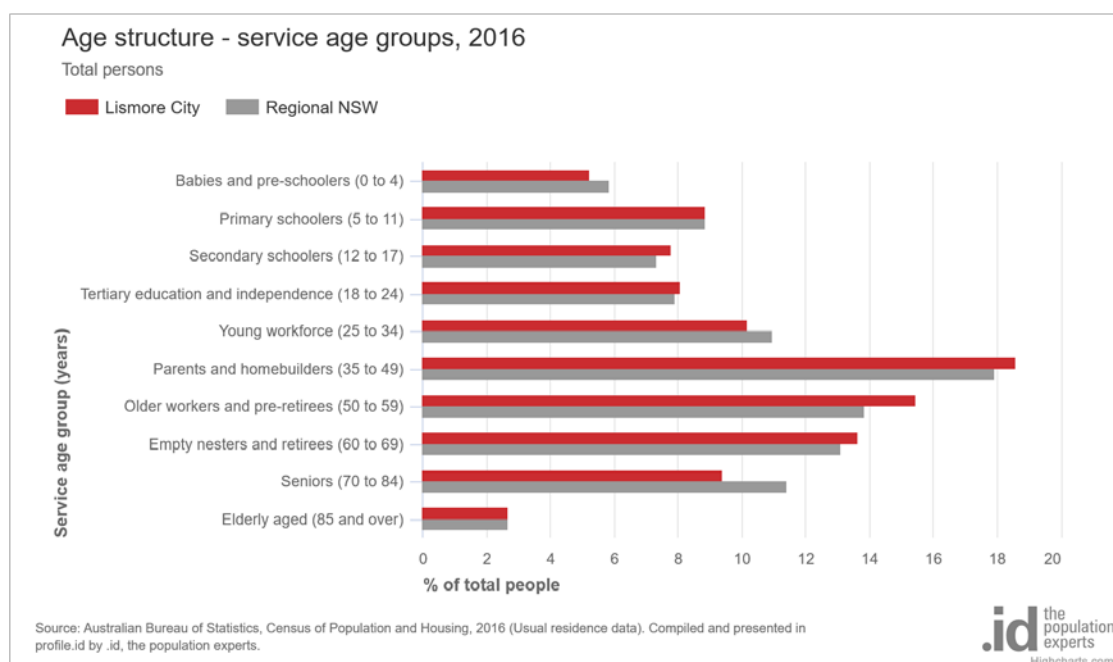
The major differences between the household incomes of the Lismore LGA and Regional NSW were:

- A larger percentage of households who earned \$1,000 - \$1,249 (9.9% compared to 8.7%)
- A larger percentage of households who earned \$500 - \$649 (6.4% compared to 5.3%)
- A smaller percentage of households who earned Not stated (9.4% compared to 10.7%)
- A smaller percentage of households who earned \$2,500 - \$2,999 (4.2% compared to 5.2%)



Age Structure

The differences in income can be in part explained by the age structure of the Lismore LGA. When comparing the service age groups (below graph), it is evident that Lismore has a higher representation in the tertiary education/independence, older workers and retirees and the empty nesters and retirees than Regional NSW experiences. In between the last two census periods Lismore LGA has gained 1,333 Empty nesters and retirees and 506 Seniors. However, in this same period the Lismore LGA also lost 597 Parents and homebuilders and 364 babies and pre-schoolers.



Worker Productivity

The below table highlights the source of wages and salaries. The industries in grey shade highlights the industries that have suffered significant productivity losses in the past 5 years. This data compares the income in 2018/19 to provide a more contemporary consideration of the capacity of the residents to pay for the rate increase. The economic development component of the proposed SV will be used to create new industries and support the existing industries.

Productivity per worker (annual) by industry					
Lismore City - Constant prices	2018/19		2013/14		Change
Industry	\$	Regional NSW \$	\$	Regional NSW \$	2013/14 to 2018/19
Agriculture, Forestry and Fishing	67,152	81,720	114,671	135,484	-47,520
Mining	400,712	495,926	165,810	503,858	+234,901
Manufacturing	84,060	94,982	75,784	97,059	+8,277
Electricity, Gas, Water and Waste Services	205,673	256,228	225,800	282,921	-20,127
Construction	83,412	101,324	105,889	122,182	-22,477
Wholesale Trade	110,370	128,184	85,075	100,290	+25,295
Retail Trade	53,795	52,540	53,383	53,603	+412
Accommodation and Food Services	42,805	47,161	42,053	44,960	+753
Transport, Postal and Warehousing	77,215	115,694	85,013	118,513	-7,798
Information Media and Telecommunications	139,816	148,920	108,778	113,612	+31,039
Financial and Insurance Services	266,236	242,231	230,675	229,898	+35,562

Rental, Hiring and Real Estate Services	302,606	286,778	193,178	208,680	+109,428
Professional, Scientific and Technical Services	87,371	106,853	85,965	104,912	+1,406
Administrative and Support Services	122,720	118,358	110,457	108,974	+12,263
Public Administration and Safety	110,271	104,088	93,551	106,005	+16,721
Education and Training	74,473	71,456	77,490	71,803	-3,017
Health Care and Social Assistance	71,473	69,910	66,548	66,698	+4,925
Arts and Recreation Services	40,349	59,608	31,846	53,162	+8,503
Other Services	55,770	60,859	57,387	59,462	-1,617
Total Industries	83,102	99,961	80,744	104,321	+2,358

Source: National Institute of Economic and Industry Research (NIEIR) ©2019. Compiled and presented in economy.id. Data are based on a 2016-17 price base for all years. NIEIR-ID data are inflation adjusted each year to allow direct comparison, and annual data releases adjust previous years' figures to a new base year.

IPART Comparative Table

The below table has been developed from the 2017/18 Office of Local Government data 'Your Council' website. It preempts the analysis that IPART will undertake independently and that may be completed using more recent data. What these comparative data highlights is:

- That outstanding rates ratio varies significantly across the Group 4 Councils and shares no relationship with income (capacity to pay higher rates), average residential rates or SEIFA rank.
- The average rates to median income ratio are high for Lismore LGA, but not as high as Byron. Byron LGA, however, has a very high SEIFA rank, implying that it has greater access to social and economic opportunities than Lismore or Richmond. Note that the average taxable income is lowest in Byron – despite its high SEIFA rank.
- The average business rate for Lismore is high by comparison to the northern region councils, but lowest in comparison to the Regional Cities.
- The average residential rate in Lismore LGA is high by comparison to the northern region councils, but second lowest in the Regional Cities.
- Lismore LGA has a highly dispersed residential population by comparison to Albury and Orange City Councils – this has significant ramifications for road renewals (the more dispersed the population the more roads needed to connect communities to services) and the financial imperatives of road renewals upon Council revenue sources. Neither Albury or Orange City have applied for an SV in the past 4 years. While the remainder of the LGA's have all applied (Armidale will lodge in 2020/21) to support their rate base and keep their infrastructure backlog ratios within the NSW benchmarks.

Council	Average Residential Rate	Average Business Rate	Average taxable income	Average rates to median income	Outstanding rates ratio	SEIFA index NSW Rank	Population Density (residents/k m ²)
Lismore	\$1,172	\$4,443	\$45,735	2.6	9	45	34
Ballina	\$954	\$3,139	\$48,108	2.0	3.4	92	90

Byron	\$1,137	\$2,822	\$41,450	2.7	3.6	98	60
Richmond	\$857	\$2,280	\$43,918	2.0	6	6	8
Albury	\$1,236	\$6,228	\$50,857	2.4	10.7	64	173
Orange	\$1,254	\$6,336	\$56,382	2.2	1.7	77	146
Armidale	\$899	\$7,623	\$47,836	1.9	6.7	87	4

Source: NSW Office of Local Government – Measuring Local Government Performance 2017/18

The data from the above table should be read in conjunction with the tables that show the proportion of rate revenue from each of the rate categories.

Rate Relief

Of the total 18,694 rate assessments that are levied in Lismore City Council LGA 3,526 (18.9%) are issued with pensioner rebates by Council. Of the Pensioner assessments, the majority are for Residential properties (3,311), followed by Farmlands (210) and Business (5).

Outstanding Rates and Charges

Council has seen a significant improvement to the reduction of outstanding rates in the last 7 financial years:

Year	% Overdue
2018/19	6.13
2017/18	7.77
2016/17	9.63
2015/16	9.97
2014/15	11.11
2013/14	11.38

This is evidence that the community has the capacity to pay their rates when they are due and capacity to pay additional rates.

3.3 How does the council intend to address hardship?

Does the council have a Hardship Policy?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If Yes, is an interest charge applied to late rate payments?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

In the text box:

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

Indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided).

a)

Councillors were provided with a confidential briefing on the status of outstanding Rates and Water Accounts (as at 30/06/2019) on the 17th of September 2019. The briefing provided an annual update on the outstanding Rates and Water Accounts, the number of pensioner rebates provided and the number of hardship applications that have been sought and approved. Councillors were also provided with a range of options regarding potential debt recovery such as sale of land for unpaid wind up and bankruptcy. Staff were not instructed to take any action to amend the Rates and Charges Hardship Policy.

The purpose of the policy is to make concessions to pensioners and ratepayers who are experiencing genuine financial hardship including hardship as a result of a general revaluation. Since the current Rates and Charges Hardship Policy (see **ATTACHEMNT 19 - Lismore City Council Rates and Charges Hardship Policy**) was introduced in 2009, Council has received 181 applications. Council (staff or the elected Council) has approved 27 of those, including 11 that have a current Hardship arrangement that is being monitored on an annual basis (interest is then written off if the arrangement is being met).

The Rates and Charges Hardship Policy provides policy direction in relation to identifying the nature of the hardship, the range of responses that may be made to avoid substantial hardship (payment arrangement or write off accrued interest charges) and the circumstances that the ratepayer may experience (recipient of Commonwealth pension or benefit/allowance).

Council takes the management of hardship very seriously and takes significant measures to assist those that are experiencing hardship. This has included supporting ratepayers at independent tribunals, introducing government statutory bodies such as the State Trustees to assist ratepayers and maintaining regular personal contact with ratepayers that have been in hardship.

The below table highlights the number of 'Hardship' applications that have been made to Council in the past 5 years. The hardship criterion applies to any ratepayer in the LGA who lives on the residential property and is experiencing financial hardship. If the resident lives on business or farmlands, then the policy does not apply. However, if the ratepayer is a pensioner, then the reduction applies irrespective of the rate category if the applicant lives in the property for residential purposes.

Year	Pensioners			Hardship		Overdue %
	Residential	Farmland	Business	Applications received	Approved	
2018/19	3311	210	5	29	4	6.13
2017/18	3224	223	5	32	5	7.77
2016/17	3220	220	5	34	3	9.63
2015/16	3384	250	8	28	5	9.97
2014/15	3373	245	8	33	6	11.11

The Rates and Charges Hardship Policy has been written to acknowledge the significant proportion of residential ratepayers who receive a pension (18.9%) or 3,311 rateable properties.

If this IPART application is approved, Council will create a monitoring system that will benchmark the number of future Hardship applications based on the 2018/19 (above) and monitor the impact upon the rate categories to inform future amendments to its Rates and Charges Hardship Policy.

The rates and Charges Hardship Policy is not referenced in Councils IP&R documents. The Policy and Application form are on Councils website.

https://lismore.nsw.gov.au/cp_themes/default/page.asp?p=DOC-QZY-14-08-60

Council will commence a review of its CSP in 2020 and this policy will be reviewed and incorporated into the published IP& R framework and its documents.

Attachments for Criterion 3

In **Table 3.1** list all attachments relevant to your response for Criterion 3. Use the council-assigned number shown in Table 8.1.

Table 3.1 Attachments relevant to response for Criterion 3

Council-assigned number	Name of document	Page references ^a
19	Lismore City Council Rates and Charges Hardship Policy	
14	SV Community Engagement Material	

^a If document only relevant in part.

4 Criterion 4: Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

The relevant IP&R documents must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general revenue.

To complete the questions for Criterion 4: Exhibition of IP&R documents refer to IPART's Application Guide for SV Application Form Part B.

Refer also to the IPART Fact sheet *-The Year Ahead – Special Variations in 2020-21*.

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

In the text box outline the council's IP&R processes as they relate to public exhibition and adoption of the IP&R documents relevant to the council's application for the SV.

Council commenced its development and focus on IP&R in 2012 and has continued to meet all requirements from the State Government framework during this period.

A community satisfaction survey conducted in 2012 identified significant service/satisfaction deficits for roads. This was confirmed with the results of the 2016 community satisfaction survey which found that the priorities for road maintenance remained, as well as generating local employment opportunities, attracting and supporting local businesses and maintaining the town/CBD remained a priority.

In the original Imagine Lismore Delivery Program 2017-2021, adopted by Council in June 2017, Council proposed to apply to IPART for the continuation and expansion of an SV (0.76% for business promotion – applicable to Business Urban and Inner CBD rated properties only) to commence from 1 July 2018. Additionally, the 2017-2021 Imagine Lismore Delivery Program also included a proposed application to IPART to increase rates for the rehabilitation of sealed and unsealed roads to be applicable from 1 July 2019.

The application to IPART for the continuation of the SV for business promotion was resolved by Council in 2018 to proceed to an application to IPART. However, Council did not support the essential community consultation associated with completing an IPART application for a roads SV.

Findings of an external review handed down in January 2019 further highlighted Council's lack of funding to address its roads backlog and the need for funding to stimulate economic development. Despite ongoing and widespread austerity measures across all areas of Council, including the cancellation and deferral of 33 projects during the 2019/20 budget process, Council's ability to meet the roads backlog and/or stimulate economic development within its recurrent funds remains challenged.

This evidence was used to develop the proposed Special Variation options and the decision to make an application for an SV.

From 24 May 2019 – 24 June 2019, Council placed its draft key IP&R document, the Imagine Lismore Revised Delivery Program 2017-2021 on public exhibition which included the proposal of a Special Variation for Roads and Economic Development spread over two years.

An addendum to the Revised Delivery Program 2017-2021 and Operational Plan 2019-2020 was developed and placed on public exhibition from 11 December 2019 to 7 January 2020. This addendum details changes to the Special Variation information that was printed in the adopted Delivery Program. It includes the additional third Special Variation proposal spread over four years and the impact on ratepayers.

The Long-Term Financial Plan (LTFP) was developed after the audited financial statements were endorsed by Council on 26 November 2019. The LTFP was developed through December 2019 – January 2020 and was placed on exhibition between 21 January and 10 February 2020.

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

Complete Table 4.1 for the mandatory IP&R documents. If other IP&R documents are relevant to the council's application, also complete Table 4.2.

As required by Section 6 of the SV Guidelines, councils should provide web links to all relevant IP&R documents in Table 4.3.

Mandatory IP&R documents

Table 4.1 Other IP&R documents (if relevant)

	Date(s)
Community Strategic Plan	
Exhibition	10 May 2017 – 7 June 2017
Adoption by council	20 June 2017
Placed on council website	21 June 2017
Delivery Program	
Exhibition	24 May 2019 – 24 June 2019
Adoption by council	25 June 2019
Placed on council website	26 June 2019
Long Term Financial Plan	
Revised LTFP endorsed by council	To be endorsed on February 11 th 2020
Placed on council website	January 21 st 2020

	Date(s)
Asset Management Strategy / Plan(s)	
Exhibition	N/A
Adoption by council	11 March 2014
Placed on council website	15 December 2015
Operational Plan for 2019-20	
Endorsed by council	25 June 2019
Placed on council website	26 June 2019

Table 4.2 Website links for council's IP&R documents

Document	Website link
Community Strategic Plan	https://issuu.com/lismorecitycouncil/docs/imagine_lismore_community_strategic?e=7144101/51081481
Delivery Program	https://www.lismore.nsw.gov.au/cp_themes/default/page.asp?p=DOC-ZXD-57-42-13
Long Term Financial Plan	https://www.lismore.nsw.gov.au/cp_themes/default/page.asp?p=DOC-NQC-03-87-68
Asset Management Strategy / Plan(s)	https://www.lismore.nsw.gov.au/cp_themes/default/page.asp?p=DOC-NQC-03-87-68

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

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

The Revised Imagine Lismore Delivery Program 2017-2021 and Operational Plan 2019-2020 was exhibited for 28 days from 24 May 2019 to 21 June 2019. The proposed SV was clearly stated and the impact on each rating category was illustrated. Council adopted the Revised Imagine Lismore Delivery Program 2017-2021 and Operational Plan 2019-2020 on 25 June 2019.

Council received 163 written submissions throughout the exhibition period, of which 61 opposed the proposed SV (amongst other matters). The Revised Imagine Lismore Delivery Program 2017-2021 and Operational Plan 2019-2020 was adopted, subject to the following amendments:

- a) Including the reworded activity in the revised Delivery Program 2017-2021:
A4.4.4 Provide AUSLAN interpreter services at Lismore Regional Gallery events and other Council events upon request. A3.3.2 Maintain the Lismore, Goonellabah and Nimbin Skate parks to be reinstated into the operational plan and delivery program.

Council commenced community consultation for the proposed SV on 31 July 2019. However, after two weeks of monitoring community feedback it became apparent that the proposed SV increase and the two-year spread was not acceptable to the community. Following advice from IPART, Council put forward another option of a lower increase spread over a four-year period as a response to this community feedback – referred to as Round 2. The second round of consultation commenced on the 3 September 2019.

The resolution related to Council's decision to proceed with an application to IPART was resolved on 19 November 2019 (see **ATTACHMENT 16** - *Minutes of 19 November 2019 Extra Ordinary Meeting*) and stated:

2. In order to meet Independent Pricing and Regulatory Tribunal requirements, Council place the amended Delivery Program on public exhibition for 28 days with the inclusion of all three rates options considered in the community consultation process and report back to Council.

Following advice from IPART, Council did not place an amended version of the Delivery Program on public exhibition as the amendments were deemed NOT to be 'significant' because:

- a) the Revised Imagine Lismore Delivery Program 2017-2021 and Operational Plan 2019-2020 discussed the proposal to apply to IPART for an SV for the purposes of road maintenance and economic development;
- b) the Revised Imagine Lismore Delivery Program 2017-2021 and Operational Plan 2019-2020 included the tables that quantified the impact of the proposal upon the rating categories; and
- c) the community had been extensively consulted about the three options from 3 September to 30 September 2019.

Instead, it was deemed prudent to create an Addendum to the Revised Imagine Lismore Delivery Program 2017-2021 and Operational Plan 2019-2020 (see **ATTACHMENT 20** Addendum to Revised Delivery Program 2017-2021 – Rating Strategy Special Rate Variation) which included the additional proposed SV option that was extensively consulted on throughout Round 2 of the SV community consultation. This Addendum was publicly exhibited from 11 December 2019 to 7 January 2020.

4.4 Where is the proposed special variation referred to in the council's IP&R documents?

Complete Table 4.4 with all relevant page (or section) references in the mandatory IP&R documents for material related to each criterion. Add rows for other IP&R documents if necessary.

Table 4.3 References to proposed SV in the council's IP&R documents

IP&R document	Page reference(s)
Criterion 1: Financial need	
Revised Delivery Program 2017-2021 and Operational Plan 2019-2020	Pages 18-21
Criterion 2: Community awareness and engagement	
Revised Delivery Program 2017-2021 and Operational Plan 2019-2020	Page 26
Criterion 3: Impact on ratepayers	
Revised Delivery Program 2017-2021 and Operational Plan 2019-2020	Pages 24-26

An addendum to the Revised Delivery Program 2017-2021 and Operational Plan 2019-2020 was developed and placed on public exhibition from 11 December 2019 to 7 January 2020. This addendum details changes to the Special Rate Variation information that was printed in the adopted Delivery Program. It includes the additional third Special Rate Variation proposal spread over four years and the impact on ratepayers. (see **ATTACHMENT 20** - Addendum to Revised Delivery Program 2017-2021 – Rating Strategy Special Rate Variation)

Attachments for Question 4

In **Table 4.5** list all attachments relevant to your response for Criterion 4. Use the council-assigned number shown in **Table 8.1**.

Table 4.4 Attachments relevant to response for Criterion 4

Council-assigned number	Name of document	Page references ^a
16	Minutes of 19 November 2019 Extra Ordinary Meeting	
20	Addendum to Revised Delivery Program 2017-2021 – Rating Strategy Special Rate Variation	

^a If document only relevant in part.

5 Criterion 5: Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

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

To complete the questions for Criterion 5: Productivity improvements and cost containment strategies refer to IPART's Application Guide for SV Application Form Part B.

Refer also to the IPART publication *The Year Ahead – Special Variations in 2020-21 – Fact sheet*.

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

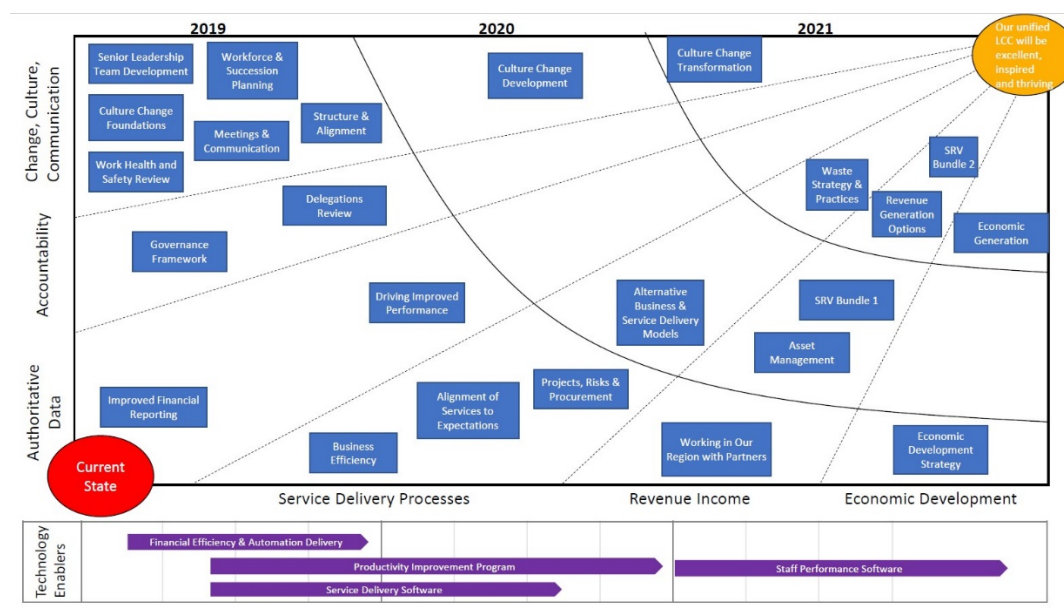
In the text box explain the council's overall approach to improving productivity, containing costs, increasing own source revenue in the context of its operations and IP&R resource planning.

Council has been proactively addressing its financial sustainability challenges by introducing a range of cost saving, cost containment and productivity improvements across the entire organization on a project by project basis since 2013. This work was carried out by directive but was not informed by a whole of organization productivity strategy. It resulted in managers participating in productivity initiatives such as training, formation of a productivity and resource allocation committee in 2014, internal productivity reviews in 2016 and lean 6 sigma in 2018/19. These standalone initiatives contained staff numbers, reduced operating costs and improved cash flow.

In 2019 each of these approaches was brought together under “The Transformational Programme”. This plan is a whole of organisation plan that was compiled by the Senior Leadership Team and endorsed by council in March 2019, to:

- Delivers a step change in the productivity of the organisation
- Address inefficiencies across the organization,
- Eliminates duplication,
- Immediately remediate short term cash reserves
- reduce poorly performing assets
- Identify two high level primary functions of council being “infrastructure” and “services”
- Implement a vision, mission and strategic plan that is driving improved service delivery to the community, end to end visibility of decisions and better reporting to councillors
- Reconfigure the organisation to support service outcomes and remove industrial silos
- Establish a program that delivers authoritative sources of data
- establishment of a program that focuses on digital by default to reduce cost of service delivery and improve outcomes

This is a three-year program of work that will transform the way we do business and optimize efficiencies. The program of work is outlined in the Transformation Map below:



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

In the text box:

- a) Explain initiatives undertaken in the past few years to improve productivity and contain costs.
- b) Outline the outcomes which have been achieved.
- c) Where possible, quantify the gains these past initiatives have realised.

a)

The table below provides an overview of the cost containment and productivity strategies that have been undertaken by Lismore City Council since 2013. In 2019 these approaches were brought together in a Transformation strategy that will deliver a completely reformed and more efficient organisation.

b)

The most significant cost containment strategies have been:

- Recruitment amnesty – each time a job role becomes vacant the business area must leave the role vacant for 6 months* and then make a business case to management for refilling of this role. The budget process monitors the cost savings across the organisation
- 5% budget cuts occurred across the entire organisation in the 17/18 year.

Productivity savings have been achieved through:

- Reduced operational costs for the Lismore Memorial Baths and GSAC
- Service Review of Parks and Gardens
- Zero Based budgeting
- LED street lights
- Implementation of PV Solar systems
- Implementation of vendor panel for ongoing procurement savings.

Additional cash flow has been created through:

- sale of assets
- commencement of the CDS
- cancellation or deferral of 33 projects

The table below details the full range of projects and their outcomes.

These have been reported at the following council meetings over the period 2018/2019 including:

- 20 June 2017
- 14 August 2018
- 25 June 2019

#	Strategy	Outcome Type	Service	FTE Impact (#)	2013-2016 (\$)	2017/18 Impact (\$)	2018/19 Impact (\$)	2019/20 Impact (\$)
1	Recruitment amnesty	Cost reduction	Org wide	80		300,000	300,000	300,000
2	5% across the board budget cuts	Cost reduction	Org wide			1,440,000	Superseded \$6.1m rec program.	
3	Business divestment - Sale of Goonellabah childcare business	Cashflow improvement	Assets	3		63,585		
4	Asset Sale - Goonellabah childcare property	Cashflow improvement	Assets		368,000			
5	Asset Sale - Lismore Club	Cashflow improvement	Assets		330,000			
6	Asset Sale - Bounty Street property	Cashflow improvement	Assets		357,500			
7	Asset utilisation - Commercial lease on old council building	Cashflow improvement	Assets			40,100	41,800	43,300

8	Asset utilisation - Small plant and fleet leaseback	Cashflow improvement	Commercial Services					1,650,000
9	Reduced operational costs for Lismore Memorial Baths	Cost reduction	Assets				137,100	140,500
10	Reduced library opening hours	Service level change	RTRL			51,000		
11	Reduced maintenance of Council offices and buildings	Service level change	Assets			15,000	15,000	15,000
12	Altered community information service delivery	Service level change	Media	0.5	100,000			
13	Service review of Northern Rivers Quarries (NRQ) - new operating model	Cost reduction	Commercial Services			23,000	17,000	35,000
14	Service review of Parks & Gardens - reduced park maintenance services	Cost reduction	Civic Services				260,000	260,000
15	Transformation - Zero-based budgeting adopted	Cost reduction	Org wide					2,100,000
16	Altered NRQ production - utilisation of existing stockpiles	Service level change	Commercial Services					30,000
17	Service review of GSAC - reduced operational costs	Cost reduction	Recreation	6				470,000
18	Service review of Materials Recovery Facility - value stream mapping	Cost reduction	Commercial Services					savings interrupted by fire
19	Discontinuation of Annual Community Grants Scheme	Service level change	Integrated Planning					85,100
20	Discontinuation of Rural Community Panels	Service level change	Integrated Planning					21,000
21	Discontinuation of Lismore Business Panel	Service level change	Events					17,500
22	Efficiency measures - LED streetlight retrofit to save in energy costs	Cost reduction	Assets					188,000
23	Efficiency measures - Installation of PV solar systems, solar farms	Cost reduction	Assets		117,000	83,000	96,000	112,000
24	Commencement of Container Deposit Scheme	Additional revenue	Commercial Services					370,000
25	Reframing of waste supply contracts	Cost reduction	Commercial Services					315,000
26	Implementation of Vendor Panel to increase value & reduce risk	Risk reduction	Procurement					150,000
27	Automation of Dial Before You Dig response processes	Service delivery change	IT					

28	Cancellation/deferral of 33 projects from Delivery Program	Service level	Org wide					258,000
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* This does not include roles that relate to safety or urgent service delivery

c)The gains have been articulated in the table above

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

In the text box summarise the council's approach to improving efficiency in the future.

- a) Explain the initiatives which the council intends to implement.
- b) Estimate their financial impact.
- c) Indicate whether these have been incorporated in the council's Long-Term Financial Plan.

a)

In 2019 Lismore City Council adopted a Transformation Programme. The revised, 2020 version of the Programme incorporates wider initiatives to deliver productivity and efficiency improvements and to modernise the organisation. A roadmap showing the projects included in the Transformation Programme is attached. (see **ATTACHMENT 21 - Transformation Programme Road Map**)

The Transformation Programme now considers efficiency outcomes in terms of the resources is being used to deliver a process, service or activity. Council undertook specific efficiency reviews in the following areas of business activity:

1. Infrastructure Services – Roads
2. Infrastructure Services – Quarries
3. Infrastructure Services – Parks & Gardens
4. Partnerships, Planning & Engagement – Goonellabah Sports & Aquatic Centre (GSAC)

The aim of these reviews was to map measurable improvements in the efficiency and effectiveness of Council processes with the aim of eliminating waste, saving money, saving time, staying safe and maintaining quality, and to up-skill staff to continue process optimisation once the formal process mapping was completed.

The following review has been completed:

- Sealed Roads Rehabilitation: various situational, systematic and strategic actions such as the following have been identified and progressed
 - Review road defect intervention levels;
 - Three-monthly pro-active network inspections;
 - Accurate monthly and two-weekly work schedules;
 - Wet weather buffer management system;
 - Central stores process for common materials (pipes etc);
 - Streamline plant booking process (fleet services);
 - All work accomplishments entered on a weekly basis;
 - Monthly reporting on CRM performance (14 days response time);
 - Crystal reports;
 - Monthly reporting on outstanding defects/jobs (backlog);
 - Monthly reporting on responsiveness against agreed level of service for defects; and
 - Create link between Reflect (jobs) and Authority (customer response).

The review below has produced the following outcome:

- GSAC
 - Initiatives delivering \$470,000 savings in operational costs.

The following provides an outline of other efficiency work that has been undertaken over the past two years.

Finance

- Establishment of a zero-based budget to effect immediate cost savings in the 19/20 budget and to improve awareness and ownership of program budgets.
 - An uplift of finance engagement within the organisation to ensure greater accuracy of financial data to inform improvements.
 - Introduction of mandatory forecasting disciplines reported on each month.
-

-
- Introduction of a month end hard close to improve the accuracy and timeliness of financial information.
 - Whole-of-life costing for financial transactions extending over more than one financial year.
 - Major upgrade of the Authority finance system back that is enabling integration and reporting.
 - Mandatory training in 'finance for non-finance managers' has been conducted for managers and the senior leadership team.
 - Monthly reporting from finance to all program areas with accountability for results.

People and Safety

- Accountability Framework and created KPI dashboards for managers implemented.
- Established a single source of the truth HR organisation chart in Authority to inform staffing, payroll, and systems, reducing duplication and error.
- Complete rework and refocus on Work Health and Safety resulting in reduced lost time injuries and insurance claims. Our efforts in this regard have contributed to a reduction compared to budget of our workers compensation insurance premium of \$926,278.
- Implemented new WHS system VAULT as a self-reporting tool for all staff, reducing cost of reporting and improved outcomes.
- Emergency preparedness plans updated across all Council facilities.

Procurement

- Undertook a review of all contracts and procurements and identified significant duplication and rework.
- Implemented Vendor Panel to enable visibility of all procurement activities, reduce risk, achieve greater value for money and reduced time spent on procurement
- Procurement has been centralised reducing cost of processing and risk to Council.

Technology & Customer Services

- The IT desktop environment has been improved so that staff can login at any site and work remotely resulting in reduced travel movements between sites, reduced travel time, reduced paper movements across sites, and greater productivity.
- Implemented appropriate security network controls (Essential 8 maturity level 1 attainment and firewall network security upgrades).
- Implemented single sign on for users to improve efficiency of access
- Changed the model of procuring IT assets to enable better asset planning.
- Reduced number of digital signature system, reducing maintenance and management
- Replaced end of life PABX with functioning new phone solution significantly reducing maintenance and license costs and improving outcomes.
- Implemented Online Facilities Booking System reducing manual processing and improving outcomes
- Forms Online has commenced with Dial before you dig as the first form reducing manual processing saving 600 hrs labour per annum

Project Management Office

It is standard practice to have project management disciplines across infrastructure, assets and planning. These disciplines increase efficiency, provide consistent deliverables and contain costs. To this end we have done the following:

- Project Management Office established and staffed.
 - Project Management office identified significant improvements in roads planning and a remediation program is being implemented.
-

b)

Key outcomes of the Transformation Programme will be the establishment of appropriate governance over all Council activities and a project management culture. A 12% efficiency improvement is estimated as a result of bringing together administration functions. An uplift in our ability to deliver organisational outcomes of 8% of the ordinary expenses line has been forecast as part of the 2nd round of transformation. This is being ground-truthed at the strategy planning session of the leadership team in late February 2020 and the final outcomes will be integrated into the 20/21 budgets realised savings.

c)

Council's 2018 Long-Term Financial Plan (LTFP 2018) was submitted to TCorp in October 2018 as part of a review of Council's capacity to borrow funds. TCorp were not supportive of the application due to the cash position and the state of the Asset Backlog. A detailed review of the financial position of council in December 2018 highlighted, amongst other things a deficit of \$6.1m.

A TCorp review and report of Council's financial position was undertaken in October to December 2019 (see **ATTACHMENT 10** - 2019 TCorp Lismore City Council Financial Assessment and Sustainability Report)

Following this review, a new Long-Term Financial Plan was developed in the period December 2019 to January 2020. (see **ATTACHMENT 22** – Long Term Financial Plan 2019-2029)

Savings will be quantified and finalised in the 2020/2021 Financial Year budget.

The underlying finance system has required a complete overhaul. The back-end database was in the process of being upgraded during the period of this application (September 2019 to February 2020). Work is currently underway to ensure that the data that informs the Transformation Programme projects is consistent and aligns to the current and future budgets. We propose to continue with the recruitment moratorium and increase the number of trainees and apprentices. We will be looking to identify the best business model/service providers for delivering services to the community as part of the realisation of efficiencies

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

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

Lismore City Council has worked tirelessly over the last 15 months to address the weaknesses identified by a number of reviews in its governance, systems, processes and policy.

An Audit Risk and Improvement Committee and an internal audit capability have been established. This has ensured that evidence-based reviews of business and process areas are reported in a structured way to formal committees that can provide guidance and direction to ensure stated outcomes are achieved. Delegations have been reviewed and an Enterprise Risk Management Framework is well advanced. We have addressed the most obvious weaknesses in our IT security and are working to further raise our IT security maturity. New IT policies and frameworks have been developed and implemented to enable staff to adopt more modern and efficient processing practices.

Council strengthened its procurement system to ensure that we deliver greater control of our procurement activities, improved compliance and are delivering better value for money outcomes for Council. Improvements we have made in our contract development and management are fundamental to our ability to more effectively manage contract execution and delivery.

We have established a Project Management Office (PMO) and an experienced manager has been appointed to run it. A new project management framework is being implemented across all parts of the organization to ensure that disciplines are applied to the management of projects that will reduce over runs, increase delivery to time and budget and accelerate the startup phases of projects.

One of the first tasks of the new Manager of the PMO has been providing assistance and advice to project managers in Roads and Assets This has already created a common way of reviewing projects, highlighted areas of waste and established much needed common models of pricing and operating.

After a market search and consultation with Roads and Maritime Services we have purchased an estimating tool to enable us to better plan and reduce the risks associated with pricing our roads and bridges projects.

We have faced up to our weaknesses in managing the delivery of large roads projects on time and on budget and taken steps to address those weaknesses, thereby ensuring that we are on the path to efficiency and greater productivity. We now have developed frameworks and processes for more effectively engaging and managing outside contractors to do work that is beyond the capability of our own resources to execute, meaning we can choose the best cost, efficiency and quality provider of services

Along with these changes there have been major changes in personnel with a new General Manager, new Director of Partnerships, Planning and Engagement, new Director Infrastructure Services and a new Director Corporate Services who collectively bring a much more disciplined approach to the management of Council activities and projects. Financial reporting on a monthly basis is now mandatory and there are regular reviews of program and financial performance by program unit and project by the Senior Leadership Team, the General Manager and the Manager of Finance.

Since 2012 Council has resolved to adopt a cost cutting approach to its financial challenges. These cuts have been detailed in other areas of our submission and the table below highlights some of the impacts these cuts have had and compares Lismore to other councils.

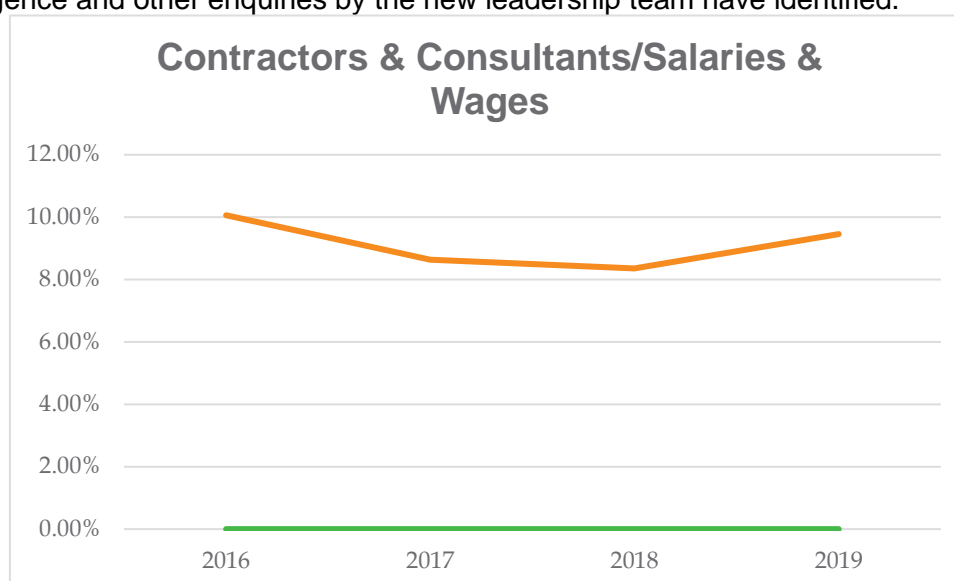
	Lismore		NSW Councils Median	
	2016	2018	2016	2018
Employee costs as a percentage of total operating expenses	29%	27%	37%	35%
Span of control ('other staff' per manager)	7.1	4.1	3.0	3.3
Cost of finance as a percentage of revenue	1.2%	1.1%	2.3%	2.0%
Capital expenditure per resident	\$670	\$1,110 [#]	\$800	\$790
IT spend per employee	\$3,900	\$3,600	\$5,500	\$6,100

Major project - South Lismore Sewage Treatment Plant

Other relevant data:

Council	Population	Staff (FTE)	Population per FTE
Tweed	94,857	704	135
Lismore [#]	43,905	363	121
Tamworth	61,571	537	115
Byron Shire	33,987	305	111
Armidale	30,594	275	111
Orange	41,468	410	101
# FTE excludes 61 RTRL FTE			

The graph below shows the percentage of Council's salary and wages costs of contractors and consultants used by Council. The long-term trend is a reduction in the use of contractors and consultants. The upturn in 2019 is a consequence of the need for the Due Diligence investigation and other enquiries and assistance required to address the key issues that the Due Diligence and other enquiries by the new leadership team have identified.



Improving productivity or efficiency is not just about cutting costs. There have been many impacts of cost cutting at Lismore City Council. One of these is the council's core finance system which was outdated, poorly supported, unable to provide council with satisfactory information, required multiple duplicate processes and large amounts of duplicate data entry.

Work has commenced on the following reviews that are yet to be completed:

- Sealed Roads Re-surfacing
 - Roads Customer Request System and REFLECT (roads asset management system)
 - Roads Construction Process
 - Quarry Processes.
-

Attachments for Criterion 5

In **Table 5.1** list all attachments relevant to your response for Criterion 5. Use the council-assigned number shown in Table 8.1.

Table 5.1 Attachments relevant to response for Criterion 5

Council-assigned number	Name of document	Page references ^a
21	Transformation Programme Roadmap	
10	2019 TCorp Lismore City Council Financial Assessment and Sustainability Report	
22	Long Term Financial Plan 2019-2029	

^a If document only relevant in part.

6 Criterion 6: Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

The Guidelines provide further that:

IPART will assess each application based on its merits against the assessment criteria. In doing so, IPART may consider:

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

To complete the question for Criterion 6: Other relevant matters refer to IPART's Application Guide for SV Application Form Part B.

In the text box the council **may** provide information in addition to that provided elsewhere in the Application Form which it would like IPART to consider when assessing its proposed SV.

Attachments for Criterion 6

In **Table 6.1** list all attachments relevant to your response for Criterion 6. Use the council-assigned number shown in Table 8.1.

Table 6.1 Attachments relevant to response for Criterion 6

Council-assigned number	Name of document	Page references ^a

^a If document only relevant in part.

7 Council certification and contact information

To prepare the Council certification and provide council information refer to IPART's Application Guide for SV Application Form Part B.

Certification of application

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

APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Office

Name of council: Lismore City Council

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

General Manager (name): Shelley Oldham

Signature and Date: _____
x

Responsible Accounting Officer (name): Graeme Towers

Signature and Date: _____
x

Council contact information

Complete Table 7.1.

Table 7.1 Council contact information

General Manager	Shelley Oldham
General Manager contact phone	████████████████████
General Manager contact email	████████████████████
Primary council contact	
Council contact phone	Sharon Harwood
Council contact email	████████████████████
Council email for inquiries about the SV application	council@lismore.nsw.gov.au

8 List of attachments

To prepare the List of attachments refer to IPART's Application Guide for SV Application Form Part B.

Table 8.1 is the list of all attachments to the council's SV Application Form Part B.

To complete Table 8.1 (adding rows as necessary):

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

Table 8.1 List of Attachments to the council's application

Council-assigned number	Name of Attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
23	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
24	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
16	Council resolution to apply for the proposed special variation	<input checked="" type="checkbox"/>
25	Certification of Application	<input checked="" type="checkbox"/>
If applicable for Description and Context Question 4		
	Instrument for expiring special variation	
	OLG advice confirming calculation of amount to be removed from the council's general income	
If applicable for Description and Context Questions 5 and 6		
7	Declaration by General Manager	<input checked="" type="checkbox"/>
5	Instrument of approval for 2018-19 special variation application IPART	<input checked="" type="checkbox"/>
6	Instrument of approval for 2016-17 special variation application IPART	<input checked="" type="checkbox"/>
8	Extract from Lismore City Council Annual Report 2018-2019 – SV Expenditure for Business Promotion and Biodiversity Management	<input checked="" type="checkbox"/>
Mandatory public supporting material (ie, to be published on IPART's website)		
26	Imagine Lismore Community Strategic Plan 2017-2027	<input checked="" type="checkbox"/>

Council-assigned number	Name of Attachment	Is the document included in the application as submitted?
27	Revised Delivery Program 2017-21 and Operational Plan 2019-20	<input checked="" type="checkbox"/>
22	Long Term Financial Plan 2019-2029	<input checked="" type="checkbox"/>
14	SV Community Engagement Material	<input checked="" type="checkbox"/>
13	Community Feedback	<input checked="" type="checkbox"/>
19	Lismore City Council Rates and Charges Hardship Policy	<input checked="" type="checkbox"/>
Other public supporting material		
28	Asset Management Strategy 2014	<input checked="" type="checkbox"/>
10	2019 Lismore City Council TCorp Financial Assessment and Sustainability Report	<input checked="" type="checkbox"/>
1	2013 TCorp Lismore City Council Financial Assessment, Sustainability and Benchmarking Report	<input checked="" type="checkbox"/>
2	Community Satisfaction Surveys – Performance gap Analysis and Priority Issues	<input checked="" type="checkbox"/>
3	Office Local Government (OLG) Lismore City Council Improvement Proposal	<input checked="" type="checkbox"/>
4	Innovate Lismore Economic Development Strategy 2019-2024	<input checked="" type="checkbox"/>
9	2017/18 Lismore City Council Audited Financial Report	<input checked="" type="checkbox"/>
11	Economic Snapshot	<input checked="" type="checkbox"/>
12	Minutes of 25 June 2019 Extra Ordinary Council Meeting – Resolution to adopt revised Delivery Program 2017-2021	<input checked="" type="checkbox"/>
13	Community Feedback	<input checked="" type="checkbox"/>
14	SV Community Engagement Material	<input checked="" type="checkbox"/>
15	Minutes of 12 November 2019 Ordinary Council Meeting	<input checked="" type="checkbox"/>
16	Minutes of 19 November 2019 Extra Ordinary Meeting	<input checked="" type="checkbox"/>
17	Triple ZZZ invoice	<input checked="" type="checkbox"/>
18	Minutes of 26 November 2019 Ordinary Council Meeting Notice of Rescission	<input checked="" type="checkbox"/>
20	Addendum to Revised Delivery Program 2017-2021 – Rating Strategy Special Rate Variation	<input checked="" type="checkbox"/>
21	Transformation Programme Roadmap	<input checked="" type="checkbox"/>

Council- assigned number	Name of Attachment	Is the document included in the application as submitted?
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Confidential supporting material (ie, not to be published on IPART's website)

	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>

Important information for completing and submitting Special Variation Application Form Part B for 2020-21

Submitting the application online

Applications must be submitted through the Council portal by Monday, 10 February 2020.

- ▼ A file size limit of 10MB applies to the Part B Application Form.
- ▼ For supporting documents (Attachments) a file size limit of 70MB applies to public documents, and another 50MB to confidential documents.

Confidential content in applications

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

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

Publishing the council's application

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