



SPECIAL VARIATION APPLICATION FORM PART B

FOR 2021-22

LIVERPOOL PLAINS SHIRE COUNCIL



Application Form

December 2020

Local Government

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

Sheridan Rapmund (02) 9290 8430

Albert Jean (02) 9290 8413

Contents

Council information	1
About this application form	2
Description and Context	3
1 Criterion 1: Need for the variation	8
1.1 Case for special variation – How did the council establish the need for the special variation?	8
1.2 Financial sustainability of the council – What will be the impact of the proposed special variation?	15
1.3 Financial indicators – What will be the impact of the proposed special variation on key financial indicators over the 10-year planning period? Error! Bookmark not defined.	
2 Criterion 2: Community awareness and engagement	19
2.1 How did the council engage with the community about the proposed special variation?	19
2.2 How did the council present the impact of the proposed special variation in the consultation material?	21
2.3 How effectively did the council’s various consultation strategies engage the community about the proposed special variation?	22
2.4 How did the council respond to feedback from community consultation	26
3 Criterion 3: Impact on ratepayers	27
3.1 What is the impact on rates of the proposed special variation?	27
3.2 How has the council considered affordability and the community’s capacity and willingness to pay?	29
3.3 How does the council intend to address hardship?	29
4 Criterion 4: Exhibition of IP&R documents	32
4.1 What IP&R processes did the council use in determining to apply for a special variation?	32
4.2 When did the council meet the formal requirements for all relevant IP&R documents?	35
4.3 What, if any, relevant issues arose in the public exhibition of the IP&R documents?	37
4.4 Where is the proposed special variation referred to in the council’s IP&R documents?	37
5 Criterion 5: Productivity improvements and cost containment strategies	39
5.1 What is the council’s strategic approach to improving productivity in its operations and asset management?	39

5.2	What outcomes has the council achieved from productivity improvements and cost containment strategies in past years?	40
5.3	What productivity improvements and cost containment strategies are planned for future years?	41
5.4	How have the council's levels of productivity and efficiency changed over time, and compare with those of similar councils?	43
6	Criterion 6: Other relevant matters	44
	Council certification and contact information	46
	List of attachments	47

Council information

Council name	Liverpool Plains Shire Council
Date submitted to IPART	08 February 2021
Primary Council contact person	Cian Middleton
Primary Council contact phone	
Primary Council contact email	

About this application form

IPART has revised the Application Form to be completed by councils applying to IPART for a special variation (SV) for 2021-22, 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 2021-22, councils should refer to the following:

- ▼ [IPART's Application Guide for SV Application Form Part B.](#)
- ▼ [OLG's SV Guidelines issued in November 2020.](#)

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**.

Council is requesting a s508A special variation of 8% each year for three consecutive financial years (8% in 2021-22, 8% in 2022-23 and 8% in 2023/24), a cumulative percentage of 25.97%, to be a permanent increase to the general rate.

Table 0.1 The council's proposed special variation

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Percentage increase	8.0%	8.0%	8.0%				
Cumulative percentage increase for s 508A	25.97%						
Permanent or temporary?	Permanent						

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.

- Improving financial sustainability by addressing a significant operating deficit in the general fund
- Increased revenue from the general fund operations will enable maintenance to be completed as required by the asset management plan and to respond to the demands from the community for improved maintenance.
- Generating additional cash from operations will increase Council's capacity to renew deteriorating assets.
- Reduce a heavy reliance upon grant funding for asset renewals.

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 2021? 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? _____

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? _____

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 2021-22?

Refer to:

- ▼ OLG's SV Guidelines Section 5.2.
- ▼ IPART Fact sheet – *The Year Ahead – Special Variations in 2021-22.*

Does the council have a s 508A multi-year SV instrument that applies in 2021-22? 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.

Click here to enter text.



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.
-

[Click here to enter text.](#)



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 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

Question 9: Does the council have deferred rate increases available to it?

Does the council have deferred rate increases available to it from one or more previous years under section 511 of the Local Government Act Yes No

If Yes, has the collection of these additional rates been included in the Council's LTFP Yes No



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 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 2021-22* and Information Paper – Special Variations in 2021-22 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 case for a special variation for LPSC was initially established during the NSW Government's *Fit for the Future* (FFTF) program.

The FFTF outlined that the TCorp assessment for LPSC was a "Weak FSR" with a "Negative Outlook". In the Financial Assessment, Sustainability and Benchmarking Report

(see **Attachment A**), TCorp summarises that – “*In the short to medium term, Council’s financial position is weak and its long term performance is highly dependent on being able to achieve its desired outcomes in respect of its proposed SRV’s.*”

During the FFTF, IPART explored options with Liverpool Plains Shire Council of “Council in Namoi JO” or a merger with the neighbouring Gunnedah Shire Council (see **Attachment B**).

While the assessment was that the Council was “not fit”, with the strong support of the community (87% of total respondents indicated they would prefer to stand-alone) the Council was able to remain an independent and not be amalgamated. Council was able to satisfy the sustainability criteria based on implementing an Improvement Plan (see **Attachment C**) to achieve the operating performance ratio and own source revenue ratios by 2019/20. Council’s forecasts were contingent upon assumed efficiency improvements and the successful application for and adoption of a special variation from 2017-18 of 19.1% cumulative over three years (11.4% above the rate peg).

Over the past four years, Council has worked hard to achieve efficiencies and productivity improvements, to continue managing infrastructure and delivering services, in line with community expectations. The community expectations are reflected in the Liverpool Plains Community Strategic Plan 2017-2027 (see **Attachment D**) and the Liverpool Plains Delivery Program 2017-2021. However, Council did not apply for a SRV of 19.1 per cent from 2017-18 as originally planned. Since the *Fit for the Future* reforms, Council has continued to produce significant operating deficits, while maintaining - and in some cases, expanding and improving - the services provided. A majority of the initiatives outlined in the FFTF Implementation Plan remain incomplete.

In preparation of the 2019/20 Operational Plan and Budget, the current Council engaged external consultants (CT Management Group) to prepare a Long-Term Financial Plan. Council was advised of a deteriorating general fund, which if not addressed would lead to a negative cash position in the general fund. Furthermore, with insufficient cash being generated in the general fund to renew assets, Council’s deteriorating assets would accelerate the deteriorating operating position.

Council prepared and approved the combined Delivery Program 2017-2021 and Operational Plan 2020-2021 (see **Attachment E**) which included the LTFP in the 2020-21 Budget. In the approved IPR planning documents (page 10 of the Combined Delivery Program 2017-2021 and Operational Plan 2020-2021), Council clearly indicates the intention to seek community feedback on a proposal to apply to IPART for a Special Rate Variation – see *Figure 1* below.

Council has included an action in the combined Delivery Program and Operational Plan (**Attachment E**), at Action 2.5.2.4, to develop a proposal for a SRV and undertake community consultation to test community support for that proposal.

Funding our Future

In 2014, the State Government commenced the *Fit for the Future* process, aimed at improving the long-term financial sustainability of the Local Government sector. Through this process, the Independent Pricing and Regulatory Tribunal (IPART) identified Liverpool Plains Shire Council as lacking the scale and capacity to be "fit for future".

As part of the *Fit for the Future* reforms, a merger between the Liverpool Plains and Gunnedah Shire Councils was considered. However, after undertaking significant consultation with our community, Council elected to remain a stand-alone council and subsequently adopted a Council Improvement Plan (CIP) outlining how we would strengthen our financial position and achieve efficiencies.

Despite Council's attempts to achieve long-term financial sustainability; our roads, footpaths, buildings, drainage and other community assets are ageing, and their quality is deteriorating. To improve and maintain our public assets, Council needs to spend more money on renewing and upgrading them to ensure they meet the needs of our community.

In 2020-2021, Council will seek community feedback on a proposal to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV). While we understand that rate rises are never welcome, we believe a SRV is necessary to meet the needs of our community.

Figure 1 – Extract (pg10) from the Combined Delivery Program 2017-2021 and Operational Plan 2020-2021

2.5 Our local government is efficient, sustainable and fit for the future.				
Delivery Program 2017-2021 Activity	Operational Plan 2020-2021 Action	Measure/Target	Responsible Executive	Budget Program
	2.5.2.4 Develop and seek community feedback on a Special Rate Variation (SRV) proposal, prior to making application for a SRV to the Independent Pricing and Regulatory Tribunal (IPART).	SRV proposal/ developed Community consultation conducted	GM	General Manager

Figure 2 – Extract (pg30) from the Combined Delivery Program 2017-2021 and Operational Plan 2020-2021

In the 2019/20 financial year, Council reported a consolidated net operating loss of - \$6.392million, a deterioration from the -\$2.138million loss in 2018/19 – see **Attachment G Annual Report 2019-20**. The deterioration is mainly due to an increase in the depreciation recognised. With capital grants removed, the underlying operating deficit for 2019/20 was - \$8.501 million. Furthermore, over the past five years, Council has only been able to renew 56 per cent - or just over half – of assets as they fall due.

Council's water fund operates at a sustainable operating surplus, as evident by Council's ability to fund a \$32 million water treatment plant renewal, including \$10 million in borrowings. The sewer fund operates at close to a net operating position, with an

acknowledged risk that the sewer fund will need to address deteriorating assets in the network in future years. A large operating deficit in the general fund is the reason for the consolidated operating deficit.

Liverpool Plains Shire Council

Financial Statements 2020

Notes to the Financial Statements for the year ended 30 June 2020

Note 26. Result by fund

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	8,488	2,144	1,373
User charges and fees	1,527	1,403	1
Interest and investment revenue	283	184	143
Other revenues	437	2	26
Grants and contributions provided for operating purposes	7,880	35	–
Grants and contributions provided for capital purposes	2,109	–	–
Rental income	217	–	–
Total income from continuing operations	20,699	3,768	1,543
Expenses from continuing operations			
Employee benefits and on-costs	8,911	839	268
Borrowing costs	155	208	–
Materials and contracts	4,643	1,215	602
Depreciation and amortisation	11,585	1,044	725
Other expenses	2,140	1	–
Net losses from the disposal of assets	88	–	–
Total expenses from continuing operations	27,502	3,307	1,593
Operating result from continuing operations	(6,803)	461	(50)
Net operating result for the year	(6,803)	461	(50)
Net operating result attributable to each council fund	(6,803)	461	(50)
Net operating result for the year before grants and contributions provided for capital purposes	(8,912)	461	(50)

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Figure 3 – Extract (pg72) from the Annual Report 2019-20

Council's adopted LTFF 2020-2030 (see **Attachment F**) outlines three scenarios:

- A. Base Case (Unsustainable Short- and Long-Term)
- B. Alternative Scenario 1 (Sustainable)
- C. Alternative Scenario 2 (Unsustainable Long-Term)

The Base Case (see explanation in LTFF on page 19) predicts Council's position to maintain levels of service and address the demands of the Asset Management Plans without the proposed SV. The General Fund is projected to be in a cash deficit position by the end of the 2022/23 financial year (refer page 36) and the consolidated Council cash

position to be negative in the 2024/25 financial year (refer page 3). The Base Case is not acceptable and will not be allowed to occur, but only through further constraining the levels of service and renewal of assets and deferring a sustainable solution.

Alternative Scenario 2 (Unsustainable Long-Term) is explained in the LTFP on page 23 and includes a permanent SV of 6% in 2021/22 and 6% in 2022/23. While this increases the revenue for the general fund, it is not sufficient to avoid a cash deficit which is predicted to accumulate to a cash deficit of \$3.121 million at the end of the 2029/30 financial year.

Alternative Scenario 1 (Sustainable) – see page 22 of the LTFP – outlines how Council can be sustainable through a successful SV application - proposed to increase the general rate permanently by 8 per cent in 2021/22, 8 per cent in 2022/23 and 8 per cent in 2023/24. In total, this is an accumulative increase of 26 per cent over three years. Council's Asset Management Plans (AMP) have been reviewed to reflect this proposed SRV.

At its Ordinary Meeting held 27 November 2020, Liverpool Plains Shire Council resolved the following:

That Council:

- 1. Confirm, and request the General Manager notify the Independent Pricing and Regulatory Tribunal of, its intent to apply under section 508A of the Local Government Act 1993, for a Special Rate Variation of 8.0 per cent (including the rate peg) per annum, over three years, to be a permanent increase which will be retained within the rate base, for the purposes of maintaining existing services, enhancing financial sustainability, and funding infrastructure maintenance and renewal.*
- 2. Request the General Manager undertake community consultation to ensure community awareness of the need for, and extent of, a rate rise.*
- 3. Authorise the expenditure of \$97,000 from General Fund Reserves for the delivery of the community consultation process and completion of the Service Efficiency Plan and Organisation Review.*
- 4. Receive a report on the community consultation outcomes, along with the completed Improvement Plan and Organisation Structure Review, prior to application for a Special Rate Variation being made.*

Council engage CT Management Group to complete a Service Efficiency and Improvement Plan (see **Attachment N**) and an Organisation Structure Review (see **Attachment M**). The purpose of both documents was to review the current services, resourcing and organisation and to provide Council with recommendations for improvements.

The Service Efficiency and Improvement Plan outlines some 22 recommendations to Council to optimise the operating position. While the report recommends Council to review

a range of non-core services that are contributing to the annual operating loss in the general fund, the report also highlights and cautions Council of past adopted strategies and plans that further risk increasing operational expenditure should they be implemented in full. Council has considered the Services Efficiency and Improvement Plan prior to making a decision on the need to apply for the proposed SV.

The Organisational Review has highlighted issues with the current organisation of human resources and in particular the requirement for enhanced planning, management and control of resources necessary to deliver on sustainable services. The Council considered the report prior to making a decision on the need to apply for the proposed SV.

At its Ordinary Meeting held 03 February 2021, Liverpool Plains Shire Council resolved to:

Service Efficiency Plan:

That Council:

- 1. Receive the Service Efficiency and Improvement Plan prepared by CT Management Group Pty Ltd, contained at Annexure A.*
- 2. Note that Management will prepare responses to each of the recommendations contained in the Service Efficiency and Improvement Plan.*

Organisation Structure Review:

That Council:

- 3. Receive the Organisation Structure Review prepared by CT Management Group, contained at Annexure A.*
- 4. Pursuant to section 333 of the Local Government Act 1993, determine the organisation structure contained at Annexure B to be adopted.*
- 5. Pursuant to section 332 of the Local Government Act 1993, determine the following roles within the organisation structure to be Senior Staff positions:*
 - (1) Director Corporate and Community Services; and*
 - (2) Director Infrastructure and Environmental Services.*
- 6. Note that the organisation structure will be reviewed within 12 months following the next ordinary election, consistent with section 333 of the Local Government Act 1993.*

Prior to deciding upon the application for an SV, Council adopted the amended Long-Term Financial Plan and the Asset Management Plans at the Ordinary Meeting held 03 February 2021:

RESOLUTION 2021/2

Moved: Cr Ken Cudmore

Seconded: Cr Ian Lobsey OAM

That Council:

- 1. Adopt the draft Long-Term Financial Plan contained at Annexure A, as exhibited, and repeal the Long-Term Financial Plan adopted 22 July 2020.*
- 2. Adopt the draft Transportation Asset Management Plan contained at Annexure B, as exhibited, and repeal the Bridges, Footpaths and Roads Asset Management Plans adopted in 2012.*
- 3. Adopt the draft Buildings and Recreation Asset Management Plan contained at Annexure C, as exhibited, and repeal the Buildings and Other Structures Asset Management Plan adopted in 2012.*
- 4. Adopt the draft Aerodrome Asset Management Plan contained at Annexure D, as exhibited, and repeal the Airport and Facilities Asset Management Plan adopted in 2011.*

CARRIED

At its Ordinary Meeting held 03 February 2021, Council resolved to submit an application to IPART for the proposed SV in the following:

RESOLUTION 2021/3

Moved: Cr Ken Cudmore

Seconded: Cr Paul Moules

That Council:

- 1. Receive the Community Engagement Strategy and Outcomes Report on Council's proposed Special Rate Variation Application, contained at Annexure A.*
 - 2. Receive the 14 public submissions received on Council's proposed Special Rate Variation Application, contained at Annexure B, and request the General Manager respond to each submission received.*
 - 3. Note that an application for a Special Rate Variation is a key strategy from its Fit for the Future Council Improvement Plan, adopted 24 June 2015.*
 - 4. Make application to the Independent Pricing and Regulatory Tribunal under section 508A of the Local Government Act 1993 for increases to the ordinary rate income of 8 per cent in 2021/22 (including the rate peg of 2 per cent), 8 per cent in 2022/23 (including an estimated rate peg of 2 per cent) and 8 per cent in 2023/24 (including an estimated rate peg of 2 per cent), representing a total*
-

cumulative increase of 25.97 per cent over the three-year period, to be a permanent increase retained within the rate base.

In Favour: Crs Ken Cudmore, Doug Hawkins OAM, Ian Lobsey OAM and Paul Moules

Against: Cr Virginia Black

CARRIED 4/1

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

By the end of the three-year period of SV increases, it is projected that the rate revenue in the General Fund will increase above the rate peg by \$1.5 million annually. While this does not address in full the operating deficit in the General Fund, it is sufficient to fund the necessary asset maintenance and renewals outlined in the Asset Management Plans and the Capital Works Plan and avoid the General Fund from deteriorating into a cash deficit position. This is outlined in the LTFP (see **Attachment F** on page 22 and pages 50-52)

Other service efficiencies and improvements implemented – outlined in **Attachment M Organisation Structure Review** and **Attachment N Service Efficiency and Improvement Plan** – will ensure the operating position of the general fund is maintained sustainable by ensuring services are sustainable and appropriate financial controls and management of resources are established.

b) Fund specific projects or programs of expenditure, or

Click here to enter text.

c) Achieve both outcomes

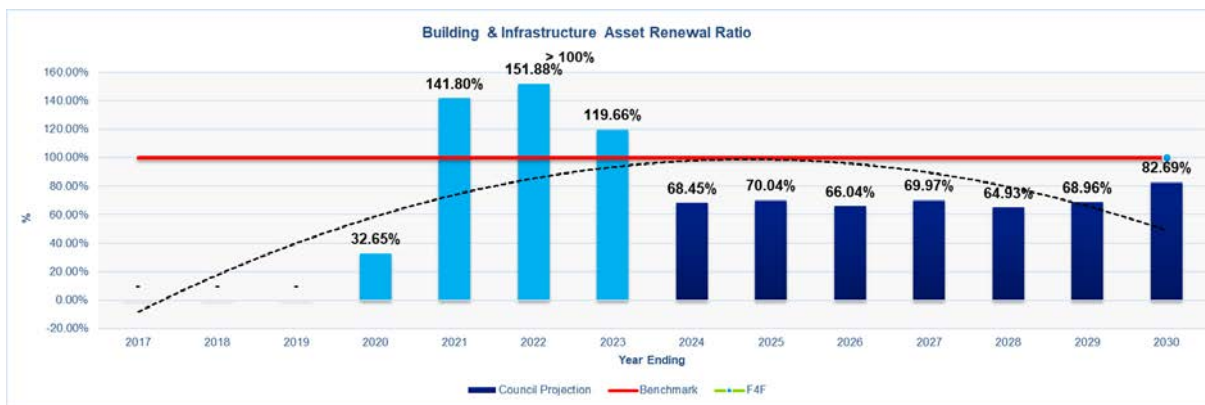
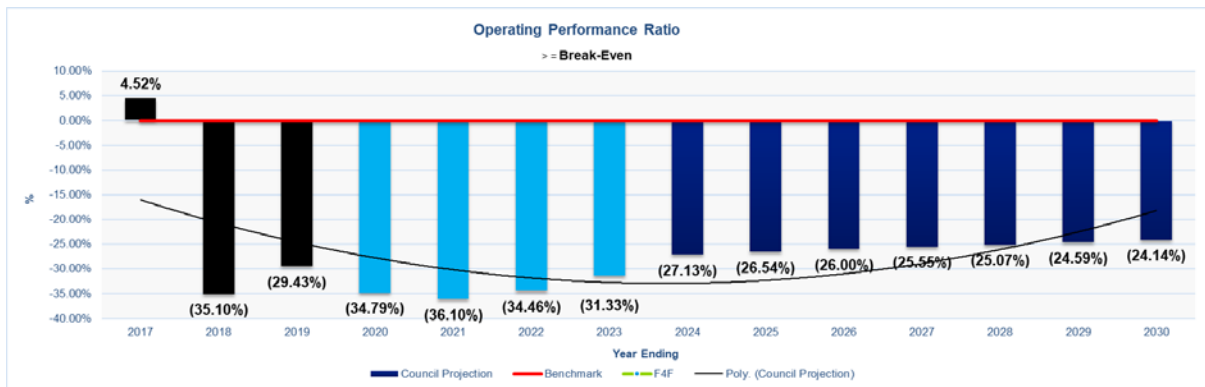
Click here to enter text.

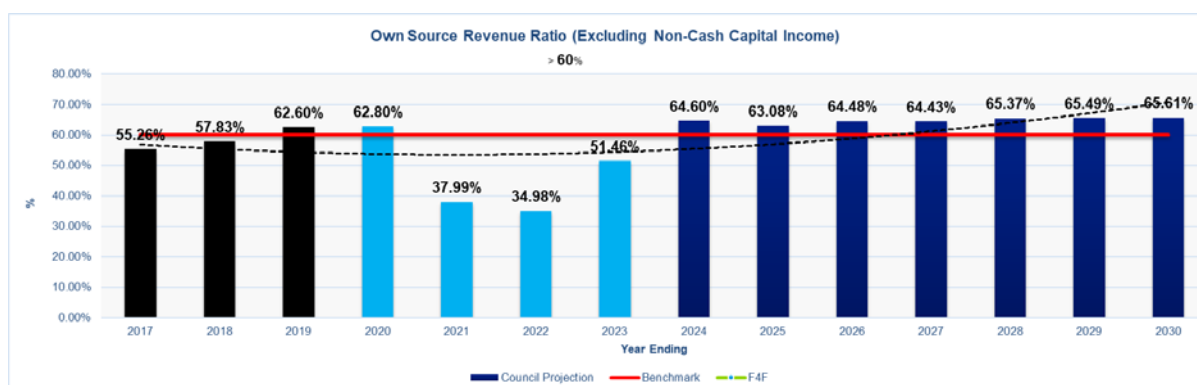
1.3 Financial indicators – What will be the impact of the proposed special variation on key financial indicators over the 10-year planning period?

- ▼ In the text box provide details on the council’s key financial indicators and indicate if the proposed SV has been included in the Long Term Financial Plan.
- ▼ You may **also/alternatively** provide the information for part a) by **populating Table 1.1**, for as many years as relevant for the council’s proposed SV.

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

Refer also to Table 1.1 for the indicators.





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

While the LTFFP is very detailed, it does not include the indicators over the 10-year period.

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	-34.79	-36.1	-34.46	-31.33	-27.13	-26.54
Own source revenue ratio	62.8	37.99	34.98	51.46	64.6	63.08
Building and asset renewal ratio	32.65	141.8	151.88	119.66	68.45	70.04
Infrastructure backlog ratio	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%
Asset maintenance ratio	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt service ratio	4.1%	5.1%	5.7%	5.4%	5.3%	5.2%

1.4 Deferred rate increases available under section 511 of the Local Government Act

In the text box explain:

a) The quantum, rationale and timing of any deferred rates the council has incurred.

Nil.

b) When council plans to include these deferred rates through the catch up provisions and whether this been included in the LTFP.

Click here to enter text.

c) How do these deferred rates impact on the council's need for the special variation and its cumulative impact on ratepayers' capacity to pay

Click here to enter text.



Attachments for Criterion 1

List attachments relevant to your response for Criterion 1 in **Table 1.2**. 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
D21/2899	Attachment A – TCorp FSR Report	
D20/12152	Attachment B - Fit for the Future Assessment Summary	
D20/23866	Attachment C - LPSC Fit for the Future Improvement Plan Framework	
D17/27	Attachment D - Community Strategic Plan 2017-2027	
D20/7650	Attachment E - Combined Delivery Program 2017-2021 and Operational Plan 2020-2021	
D21/2906	Attachment F - Long Term Financial Plan 2020-2030	
D21/259	Attachment G - Annual Report 2019_20	
D20/26099	Attachment H - Asset Management Plan Aerodrome 2020	
D20/26101	Attachment I - Asset Management Plan Buildings and Recreation 2020	
D20/26103	Attachment J - Asset Management Plan Transportation 2020	

^a If document only relevant in part.



Criterion 2

Community engagement and awareness

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 2021-22 – Fact sheet*
- ▼ *Special Variations in 2021-22 – Information Paper*
- ▼ *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.

Refer **Attachment K** *Community Engagement Strategy and Outcomes Report*.

Council has formalised its dedication to ongoing community engagement and recognises the importance of community participation in decision making, through its adopted Community Engagement Policy and Framework. This policy and framework underpin all community engagement activities carried out by Council and has formed the basis of the Proudly Independent community engagement strategy.

The *Proudly Independent* community engagement strategy was developed with the assistance of CT Management Group Pty Ltd and was guided by the International

Association of Public Participation (“IAP2”) spectrum of public participation. The principles utilised in the community engagement strategy included:

Inform: to provide the community with balanced and objective information to assist them in understanding Council's long-term financial sustainability and the need for the SRV Application.

Consult: to obtain community feedback on analysis, alternatives and/or decisions regarding Council's long-term financial sustainability and the need for the SRV Application.

Council is also committed to the social justice principles of access, equity, participation and rights and have used these as guiding principles for the development of the Proudly Independent community engagement strategy. We purposefully provided a range of engagement opportunities to allow equitable access to information and participation in the decision-making process.

In addition to social justice principles and IAP2 participation principles, we also considered IPART's Community Awareness and Engagement Guidelines when developing our community engagement strategy. These guidelines identify the need to ensure that the community is aware of the need for and extent of a rate rise; and that an appropriate variety of engagement methods are used to ensure ample opportunities for community awareness and input to occur.

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.

The Proudly Independent community engagement strategy employed a range of communication and consultation methods to ensure that our target audiences were aware of the proposed SRV Application and the various engagement opportunities to provide feedback and input prior to Council determining to submit the SRV Application to IPART for assessment and determination.

The Liverpool Plains Shire is geographically large, and as a result, Council acknowledges that providing opportunities for all community members to participate in the Proudly Independent community engagement was difficult. Additionally, we appreciate that delivering – and participating in – engagement activities over the Christmas-New Year period is challenging. With this in mind, we purposefully utilised a range of communication and consultation methods to ensure the community had every possible opportunity to participate in the process.

The communication and consultation methods utilised included:

- Council reports;
 - Direct correspondence (mail-out);
 - Flyers;
 - Media releases;
-

- Newspaper advertisements;
- Community information sessions;
- Website content;
- Social media posts; and
- Telephone and online survey

Each of the communication and consultation methods is detailed in **Attachment K Community Engagement Strategy and Outcomes Report** (refer pages 9-24).

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.
 - ▼ **Attach** representative examples of the consultation material.
-

For examples of the consultation material see **Attachment K Community Engagement Strategy and Outcomes Report** (pages 27-54).

Across the range of engagement methods the following information was conveyed – see the attached Community Meeting Presentation which outlines most of the information presented:

- The proposed increase, including the annual increases and the cumulative amount
 - Explanation of what a special variation is
 - What the need is for Council to apply for a special variation
 - Councils current and projected financial position
 - What expenditure was required to address the asset renewal and maintenance requirements
 - Encouragement for the community members to review the LTFP and Asset Management Plan on the OurSay website
 - What the additional revenue will be spent on, including a list of improvements required to maintain the assets.
 - What will happen if the special variation is not approved, including impact on levels of service and continued deterioration of assets.
-

- What the impact will be on the average rates
 - How the average rates for residential, business, farmland and mining compares to other Councils with and without the SV
 - What the next steps in the application process are
 - Dates and times for the community meetings.
 - Encouragement to participate in the survey and provide feedback.
-

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

- ▼ **In the text box** provide details on the level of community involvement, consultation strategies used and feedback from the community.
 - ▼ **Attach** survey results and other examples of feedback from the community.
-

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.

See **Attachment K** – Community Engagement Strategy and Outcomes Report (pages 9-24).

The community meetings were attended by 308 community members. A record of the questions asked by the community members is included in **Attachment K** – Community Engagement Strategy and Outcomes Report (pgs 55-62)

The telephone survey provided 307 completed surveys – see pages 63 to 101 of **Attachment K** for a detailed report on the telephone survey

Online survey was completed by 215 respondents - see pages 102 to 136 of **Attachment K** for a detailed report on the online survey.

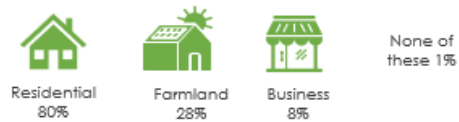
Fourteen (14) formal submissions were received and considered by Council prior to decision to proceed with the SV application.

Sample Profile - Online

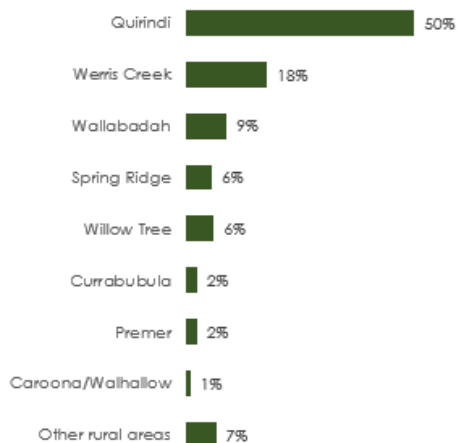
Gender



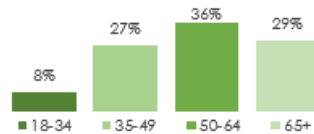
Type of rates paid*



Suburb



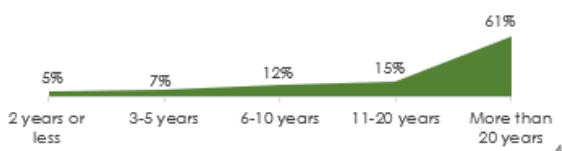
Age



Ratepayer status



Time lived in the area

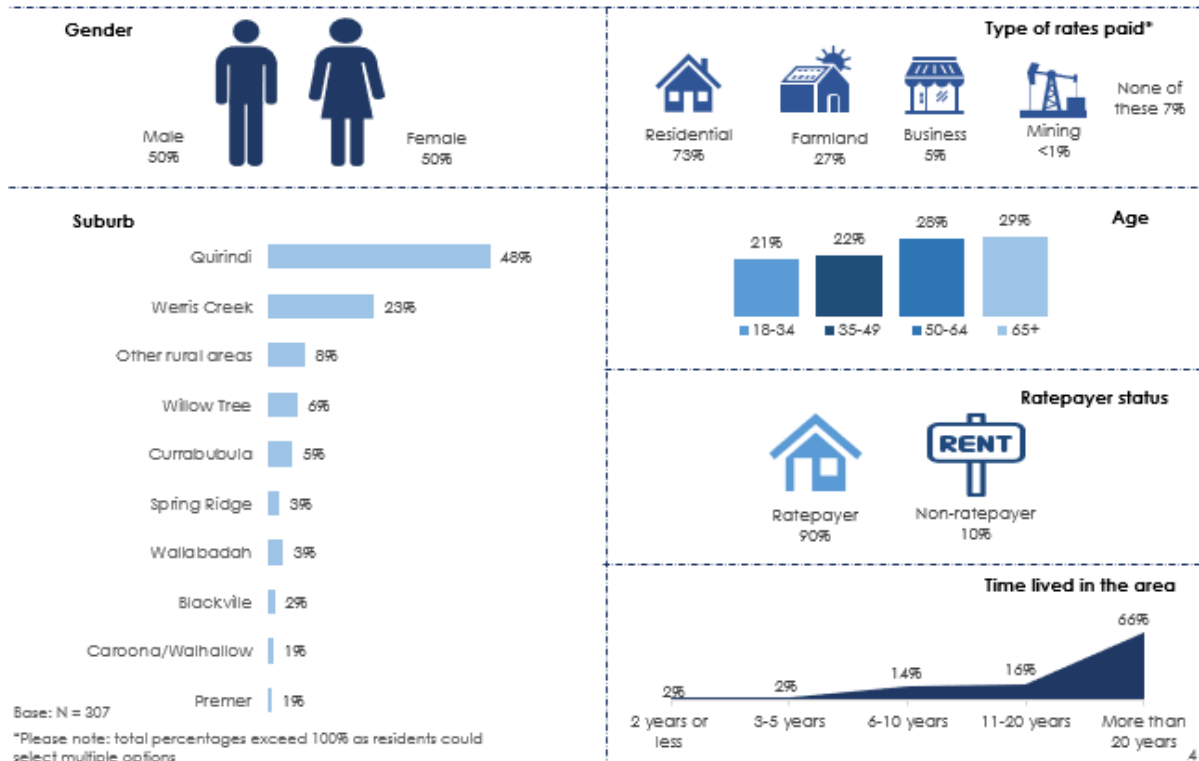


Case: N = 215

Please note: total percentages exceed 100% as residents could elect multiple options

Sample Profile - Telephone

The sample was weighted by age and gender to reflect the 2016 ABS community profile of Liverpool Plains Shire Council.






b) Outline the nature of the feedback the community provided on the proposed SV.



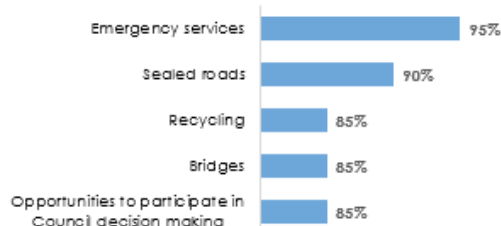
Summary Stats – Liverpool Plains Shire Council

Key Priorities For the Area

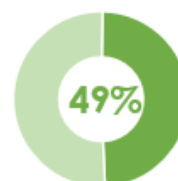
-  Concerns with Council e.g. overall, financial management, planning, lack of communication, and staffing
-  Condition/maintenance of roads and supporting infrastructure
-  More/improved community services, facilities, and activities

High 5 – Importance Areas

(Top 2 box % important/very important)

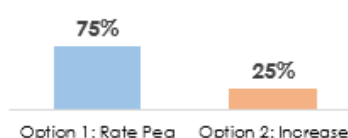


Overall Satisfaction



Are at least somewhat satisfied with the performance of Council over the last 12 months

SRV Preference



Awareness of SRV



Summary of SRV Findings - Online

We have identified some clear differences between the results of the representative phone survey results and the non-representative online survey results.

Respondent who took part in this online survey tended to be much less satisfied with Council on nearly all comparable measure. This is to be expected as opt-in respondents tend to have stronger more polarised views.

Only 50% of online respondents claimed previous awareness of the proposed SRV. This is a curious anomaly, as nearly 90% of residents in the phone survey who claimed awareness.

- 81% of online respondents selected **Option 1: Rate Peg** as their first preference. The primary reasons were affordability and mistrust of Councils financial management.
- 19% of online respondents selected **Option 2: Increase** as their first preference. They indicated that they believed that improvements are needed in the area and that any increase will ultimately benefit the whole 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.

All feedback that was provided by the community was considered by Council prior to making a decision to proceed with the application. All Councillors were provided with a copy of each formal submission, as well as **Attachment K Community Engagement Strategy and Outcomes Report**. On 01 February 2021 a workshop was facilitated with all Councillors present to discuss the community consultation, including a presentation by the consultants that facilitated the engagement process.



Attachments for Criterion 2

List attachments relevant to your response for Criterion 2 in **Table 2.1**. Use the council assigned number shown in Table 8.1.

Table 2.11 Attachments relevant to response for Criterion 2

Council-assigned number	Name of document	Page references ^a
D21/2037	Attachment K - Community Engagement Strategy and Outcomes Report	

^a If document only relevant in part.



Criterion 3 Impact on ratepayers

Criterion 3 in the SV Guidelines is:

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

- clearly show the impact of any 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 2021-22 – Fact sheet*
- ▼ *Special Variations in 2021-22 – Information Paper*
- ▼ *Community awareness and engagement for special variations – Information Paper*

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.

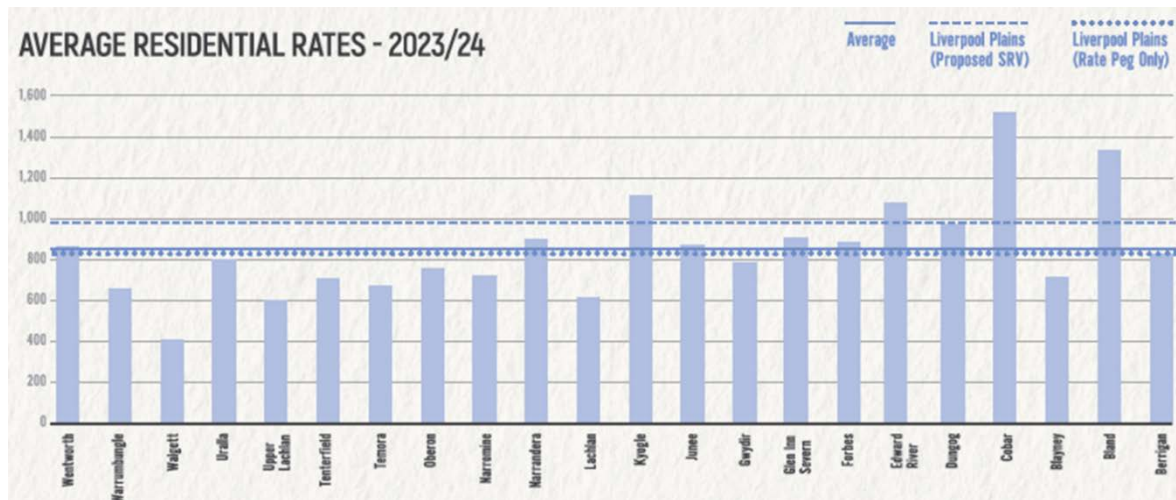
Council provided information to the community on the impact of the proposed special variation for each category.

The rate increase each year for the three years of the special variation was outlined (see figure below) for each category in the slide presented to the community, as well as provided in newspaper advertisements and the flyers provided to the community.

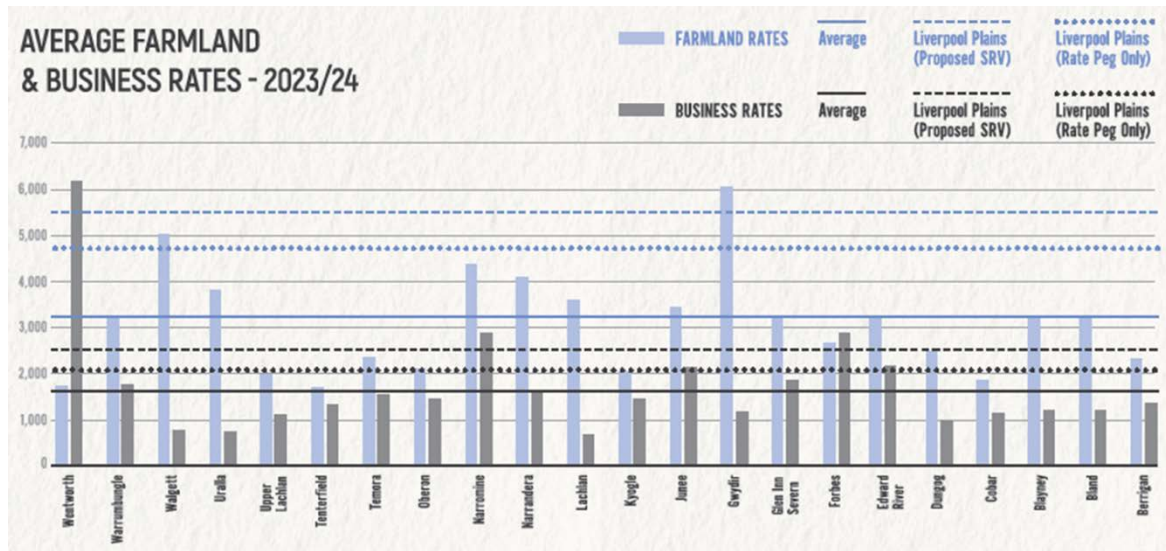
General rates will increase by 8% each year for three years - a cumulative increase of 26%.



The impact of the increase in rates lifts the average residential rate into the upper level of Group 10 OLG Councils. In the 2023/24 the average rate will be the fifth highest of the OLG Group 10 Councils.



LPSC is characterised by a strong agricultural economy and that is reflected by currently being the third highest average farmland rate in the OLG Group 10 councils. In the year 2023/24 with the SV implemented LPSC will be the second highest average rate for farmland, lower than Gwydir Council.



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 is very cognisant of the impact an increase in the rates will have upon the community. However, by assessing where the average rates will be compared to other councils, Liverpool Plains Shire Council is confident that the community has the capacity.

It is unsurprising that a majority of community members provided feedback against the proposed special variation. However, the problem of operating deficits needs to be addressed for the sustainability of Council and, although a majority of the community may not be willing to pay more rates, Council is of the view that there is the capacity to pay.

3.3 How does the council intend to address hardship?

Does the council have a Hardship Policy? Yes No

If Yes, is an interest charge applied to late rate payments? Yes No

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.

The Hardship Policy (see **Attachment L**) establishes guidelines for assessment of a hardship application applying the principles of fairness, integrity, confidentiality and compliance with statutory requirements. It applies to all applications for waiving, alternative payment arrangements or writing off rates, annual charges and interest accrued on such debts.

The General Manager has the delegated authority to assess applications due to hardship and payment arrangement plans from any customer after receiving a written request and in cases of genuine hardship each case is to be referred to Council for consideration in accordance with Council's adopted policy.

Accrued interest on rates or charges payable by a person may be written off under section 567 of the *Local Government Act 1993*, if payment of the accrued interest would cause the person hardship.

Pensioner ratepayers will be assisted in keeping their rate accounts current by waiving any interest charges raised during the year provided their account has no arrears of rates and charges owing as at the first day of the rating year (i.e. 01 July) and the current year's rates and charges are all paid by the last day of the rating year (i.e. 30 June).

Section 577 of the *Local Government Act 1993* enables Council to make an order deeming certain persons who are jointly liable with an eligible pensioner(s) or solely liable, but who are not themselves eligible, to be eligible pensioners for the purpose of a mandatory reduction in rates and charges to avoid hardship.

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

The following extract is from Attachment E – Combined Delivery Program 2017-2021 and Operational Plan 202-2021 (page 88)-

Waiver or Reduction of Fees

Section 610E of the Act allows Council to waive payment of, or reduce, certain fees if it is satisfied that the case falls within a category of hardship or any other category that Council has determined.

Council will directly, or through delegated authority, assess and make determinations on requests for the reduction or waiver of fees in accordance with the following principles:

- (a) compliance with relevant legislation;
- (b) compliance with any applicable Council policy or procedure;
- (c) fairness, consistency and equity; and
- (d) transparency.



Attachments for Criterion 3

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

Table 3.11 Attachments relevant to response for Criterion 3

Council- assigned number	Name of document	Page references ^a
D21/2894	Attachment L - Hardship Policy	

^a If document only relevant in part.



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 Information Paper – *Special Variations in 2021-22*.

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 adopted its current Community Strategic Plan and Delivery Program in 2017.

Council's decision to develop the proposed SRV Application has been guided and informed by our IP&R framework; in particular, by our Community Strategic Plan, Delivery Program, LTFFP and Asset Management Plans.

The following Table of Council Reports is extracted from **Attachment K Community Engagement Strategy and Outcomes Report** and outlines the process by which Council has determined to apply for a special variation.

Table 1: Council reports		
Meeting Date	Report Details	Content
25 March 2020 Ordinary Meeting	Special Rate Variation 2021/22	<p>This report informed Council of the process of applying for an SRV in 2021/22 and recommended that Council agree in principle to consider making an SRV Application in the 2021/22 year.</p> <p>Council subsequently resolved to agree in principle to consider making application for an SRV in the 2021/22 year [res. 2020/41].</p>
08 May 2020 Extraordinary Meeting	Draft combined Delivery Program 2017-2021 and Operational Plan 2020-2021	<p>This report recommended that Council place the draft combined Delivery Program 2017-2021 and Operational Plan 2020-2021 ("the draft combined Delivery Program and Operational Plan") on public exhibition, in accordance with the IP&R requirements contained in the <i>Local Government Act</i>.</p> <p>The draft combined Delivery Program and Operational Plan included commentary on Council's intention to develop a proposed</p>
		<p>SRV Application in the 2020/21 year (pp. 10-11), as well as an Operational Plan action (p. 30) committing Council to developing an SRV Application proposal and undertaking community consultation on that proposal.</p> <p>Council subsequently resolved to place the draft Delivery Program and Operational Plan on public exhibition and receive a further report following the exhibition period [res. 2020/82].</p>
17 June 2020 Extraordinary Meeting	Adoption of the combined Delivery Program 2017-2021 and Operational Plan 2020-2021	<p>This report recommended that Council adopt the draft combined Delivery Program and Operational Plan, as exhibited.</p> <p>The report noted that four (4) public submissions were received during the exhibition period. None of the submissions commented on the proposed SRV Application.</p> <p>Council subsequently resolved to adopt the draft combined Delivery Program and Operational Plan as exhibited [res. 2020/136].</p>
22 July 2020 Ordinary Meeting	Adoption of the Long-Term Financial Plan 2020-2030	<p>This report recommended that Council adopt the draft LTFP.</p> <p>The report noted that the draft LTFP contained three scenarios (consistent with the IP&R Guidelines), including two alternative scenarios which modelled the implementation of an SRV.</p> <p>Council subsequently resolved to adopt the draft LTFP [res. 2020/136].</p>

27 November 2020 Ordinary Meeting	IPART Notification of Special Rate Variation	<p>This report recommended that Council formally resolve to notify IPART of its intention to apply for an SRV under section 508A of the Act and authorise the General Manager to commence a community consultation program to inform the community of the proposed SRV Application and seek feedback on that proposal.</p> <p>The report detailed the consultation requirements associated with the SRV Application process and provided an overview of the various activities that were proposed to be delivered via the consultation program. The report confirmed that the proposed SRV</p>
		<p>Application would be for 8% in 2021/22, 8% in 2022/23 and 8% in 2023/24, to be a permanent increase retained within the rate base.</p> <p>Council subsequently resolved to notify IPART of its intention to apply for an SRV and authorise the General Manager undertake community consultation to ensure community awareness of the need for, and extent of, the proposed rate rise [res. 2020/249].</p>
16 December 2020 Ordinary Meeting	Public Exhibition of draft Long-Term Financial Plan and Asset Management Plans	<p>This report recommended that Council place the revised draft LTFP and three Asset Management Plans (Transportation; Buildings and Recreation; Aerodrome) on public exhibition.</p> <p>The report noted that the LTFP, and the three scenarios contained within it, had been further revised since July 2020, to better reflect Council's financial position and to align with the revised draft Asset Management Plans, which were appended to the report. The report confirmed that Alternative Scenario 1 (being the introduction of an SRV of 8% in 2021/22, 8% in 2022/23 and 8% in 2023/24) was the preferred scenario for the purposes of Council's SRV Application.</p> <p>Council subsequently resolved to place the draft LTFP and Asset Management Plans on public exhibition and receive a further report following the exhibition period [res. 2020/264].</p>

As outlined in section 1.1 of this application, at the Ordinary Meeting held 03 February 2021, Liverpool Plains Shire Council resolved to adopt the revised LTFP and repeal the previous version and to adopt the revised Asset Management Plans and repeal the previous versions.

At the Ordinary Meeting held 03 February 2021, Liverpool Plains Shire Council also resolved to receive the Community Engagement Strategy and Outcomes Report, the public submissions and to make application to IPART under section 508A of the *Local Government Act 1993* for the proposed permanent increase in rates.

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 7 of the SV Guidelines, councils should provide web links to all relevant IP&R documents in Table 4.3.

Table 4.1 Mandatory IP&R documents

Document	Date(s)
Community Strategic Plan	
Exhibition	25 May 2017 - 22 June 2017
Adoption by council	28 June 2017
Placed on council website	04 July 2017
Delivery Program	
Exhibition	25 May 2017 - 22 June 2017
Adoption by council	28 June 2017
Placed on council website	04 July 2017
Long Term Financial Plan	
Revised LTFP endorsed by council	03 January 2021
Placed on council website	04 January 2021

Table 4.1 Other IP&R documents (if relevant)

Document	Date(s)
Asset Management Strategy / Plan(s)	
Exhibition	16 December 2020 – 22 January 2021
Adoption by council	03 January 2021
Placed on council website	04 January 2021
Operational Plan 2020-21	
Exhibition	08 May 2020 – 08 June 2020
Adoption by council	17 June 2020
Placed on council website	01 September 2020

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

Document	Website link
Community Strategic Plan	http://www.lpsc.nsw.gov.au/index.php/my-council/council-plans-reports
Delivery Program	http://www.lpsc.nsw.gov.au/index.php/my-council/council-plans-reports
Long Term Financial Plan	http://www.lpsc.nsw.gov.au/index.php/my-council/council-plans-reports
Asset Management Strategy / Plan(s)	http://www.lpsc.nsw.gov.au/index.php/my-council/council-plans-reports

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.

There were no issues that arose in the formal submission with respect to the IP&R.

Issues with respect to the range of services, efficiency within Council and organisation structure were raised during the community meetings, which are addressed in the Service Efficiency and Improvement Plan (refer **Attachment N**) and Organisation Structure Review (refer **Attachment M**).

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.

IP&R document	Page reference(s)
Criterion 1: Financial need	
Attachment E – Combined Delivery Program and Operational Plan 2020-2021	Pages 10-11, 30
Attachment F – Long Term Financial Plan 2020-30	Pages 7, 8, 14, 17, 19, 22, 23, 27
Criterion 2: Community awareness and engagement	
Attachment E – Combined Delivery Program and Operational Plan 2020-2021	Pages 10-11, 30
Criterion 3: Impact on ratepayers	

**Attachments for Criterion 4**

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

Table 4.35 Attachments relevant to response for Criterion 4

Council- assigned number	Name of document	Page references ^a
D20/7650	Attachment E – Combined Delivery Program and Operational Plan 2020-2021	
D21/2906	Attachment F – Long Term Financial Plan 2020-30	
D21/2037	Attachment K - Community Engagement Strategy and Outcomes Report	

^a If document only relevant in part.



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 *Special Variations in 2021-22 – Information Paper*

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.

In its *Fit for the Future* Improvement Plan (see **Attachment C**), Council's strategic approach was focused around the following key elements:

- A program of modernisation;
- Building fiscal responsibility;
- Introduction of a Service Review program;
- Investing in its workforce and implementing a cultural change program;
- Providing greater structure around the management of capital projects; and
- Improving its interactions with the community and focusing on community engagement.

Actions planned to be undertaken at listed in the Attachment C for each of the above strategies listed above.

More recently, Council engaged CT Management Group Pty Ltd ("CT Management") to prepare a Service Efficiency and Improvement Plan detailing recommendations to optimise Council's financial performance. The Plan was requested by Council to assist the consideration of this Application. The Service Efficiency and Improvement Plan (appended at **Attachment N**) recommends that:

- Council undertakes service reviews across a range of non-core services with the intention to operate the services with an operational surplus, otherwise to disinvest in the non-core services.

- As reinforced in the asset management plans, to pursue a condition-based and prioritised approach to the maintenance and renewal of assets.
- Council to review a range of commitments made to service strategies and asset planning (outlined in **Attachment N Service Efficiency and Improvement Plan**), particularly where services enhancements or asset enhancements will result in additional operational expenditure.

Council has also adopted a new organisational structure as recommended in **Attachment M Organisation Structure Review** which will provide more capacity and capability in the planning, management and control of resources.

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.

Through the FFTF program, Council developed an Improvement Plan Framework (see **Attachment C**) to improve the productivity, contain costs and increase rate revenue through a SV. It is noted that not all initiatives contained in the Improvement Plan, including implementation of a proposed SV, were implemented. The Improvement Plan has directed some internal service reviews; however the overall effectiveness of the Improvement Plan has been minimal.

Over the past three financial years, Council has delivered reduction in operating expenditure through a general cost containment approach – that is, reducing expenditure in an ad hoc manner.

Most recently, Council has initiated a service and systems approach to improving productivity and containing costs, which is outlined in **Attachment M Organisation Structure Review** and **Attachment N Service Efficiency and Improvement Plan**.

b) Outline the outcomes which have been achieved.

Council has achieved a reduction in net operating expenditure of approximately \$500,000 – comparing the 2017/18 services expenditure to the 2019/20 result.

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

- Operational expenditure in Day Care Centre has reduced from \$746,360 to \$633,222
 - IT Operations has decreased from \$478,882 to \$423,248
 - Library operation expenditure has reduced from \$419,922 to \$365,807
 - Recreation Centre expenditure has reduced from \$352,881 to \$301,651
 - Stores operating expenditure has reduced from \$151,630 to \$128,569
-

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

In the text box summarise the council's ongoing efficiency measures.

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

Prior to making this Application, Council engaged CT Management Group Pty Ltd ("CT Management") to develop a service efficiency and improvement plan and undertake an external review Council's organisation structure.

Please refer to the following **confidential** documents, which are considered confidential as they relate to commercial-in-confidence matters and discuss matters relating to Council's workforce:

- **Attachment M** *Organisation Structure Review*, and
- **Attachment N** *Service Efficiency and Improvement Plan*.

As at the time of this Application being submitted, Council had adopted a revised organisation structure and the General Manager had commenced a broader organisation review aimed at achieving efficiencies and realising productivity improvements.

While CT Management had identified various potential productivity improvements in its review (refer **Attachment N** *Service Efficiency and Improvement Plan*), Council has yet to determine which of the potential improvements will be implemented.

At its Ordinary Meeting held 03 February 2021, Liverpool Plains Shire Council resolved to:

Service Efficiency Plan:

That Council:

- 1. Receive the Service Efficiency and Improvement Plan prepared by CT Management Group Pty Ltd, contained at Annexure A.*
- 2. Note that Management will prepare responses to each of the recommendations contained in the Service Efficiency and Improvement Plan.*

Organisation Structure Review:

That Council:

3. *Receive the Organisation Structure Review prepared by CT Management Group, contained at Annexure A.*
 4. *Pursuant to section 333 of the Local Government Act 1993, determine the organisation structure contained at Annexure B to be adopted.*
 5. *Pursuant to section 332 of the Local Government Act 1993, determine the following roles within the organisation structure to be Senior Staff positions:*
 - (1) *Director Corporate and Community Services; and*
 - (2) *Director Infrastructure and Environmental Services.*
 6. *Note that the organisation structure will be reviewed within 12 months following the next ordinary election, consistent with section 333 of the Local Government Act 1993.*
-

b) Estimate their financial impact.

As outlined in **Attachment N Service Efficiency and Improvement Plan**, while there is likely to be productivity improvements achieved through eliminating operational losses through non-core services and more efficient operations; Council will need to complete detailed service reviews to accurately estimate the financial impact.

Council is also aware of additional expenditure required to implement historical commitments (including new and upgraded assets) and to enhance the deficiencies or gaps in Council's operations (also outlined in **Attachment M Organisational Structure Review**) which will also require further analysis to accurately estimate.

See pages 20-34 in **Attachment N Service Efficiency and Improvement Plan** for estimates of individual service operating losses and other efficiency opportunities that the recommendations address.

See page 28 of **Attachment M Organisation Structure Review** for financial impact of the recommendations.

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

As at the time of this Application being submitted, Council has not determined which of the recommended service efficiencies and productivity improvements outlined in **Attachment N Service Efficiency and Improvement Plan** are to be implemented. It is likely that further service reviews and community consultation will be required before Council can determine which of the recommended initiatives will be implemented. As such, none of the recommended initiatives have been incorporated into Council's LTFP.

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.

As evidenced by the recent financial years reported operating results, LPSC has not significantly improved the overall efficiency of the general fund services. As outlined in the Refer to Section 5 of the Attachment N – Service Efficiency and Improvement Plan the initiatives outlined in the Fit for the Future Improvement Plan Framework (attachment C) remain a priority for Council to achieve financial sustainability.

Refer to Section 5 of the Attachment N – Service Efficiency and Improvement Plan for an explanation of the benchmarking with other Councils that was completed.

Council invited 10 other Councils to participate in a detailed service benchmarking exercise. Unfortunately, only two Councils were able to provide information to LPSC to inform this application – Bland and Warrumbungle.



Attachments for Criterion 5

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

Table 5.11 Attachments relevant to response for Criterion 5

Council- assigned number	Name of document	Page references ^a
D21/1792	Attachment M – Organisation Structure Review – Interim Report (Confidential)	
D21/1857	Attachment N - Service Efficiency and Improvement Plan (Confidential)	

^a If document only relevant in part.



Criterion 6 Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

6.1 Reporting requirements SV compliance

In the text box propose additional SV compliance community awareness in addition to the requirements in the IP&R documentation.

Council will report on the expenditure funded through the SV in the required Special Schedules of the Annual Report and Financial Statements.

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.

[Click here to enter text.](#)



Attachments for Criterion 6

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

Table 6.11 Attachments relevant to response for Criterion 6

Council- assigned number	Name of document	Page references ^a

a If document only relevant in part.

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 6.3 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		
D21/1920	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
D21/1921	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
Res. 2021/3	Council resolution to apply for the proposed special variation	<input checked="" type="checkbox"/>
D21/2891	Certification	
If applicable for Description and Context Question 4		
N/A	Instrument for expiring special variation	<input type="checkbox"/>
N/A	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
If applicable for Description and Context Questions 5 and 6		
N/A	Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
N/A	Relevant instrument(s) for past special variations (if applicable)	<input type="checkbox"/>
N/A	Evidence of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
Mandatory public supporting material (ie, to be published on IPART's website)		
D17/27	Community Strategic Plan – Relevant extracts	<input checked="" type="checkbox"/>
D20/7650	Delivery Program – Relevant extracts	<input checked="" type="checkbox"/>
	Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	<input checked="" type="checkbox"/>

Council-assigned number	Name of Attachment	Is the document included in the application as submitted?
D21/2037	Consultation material, eg copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation	<input checked="" type="checkbox"/>
D21/2896	Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
N/A	Willingness to pay study (if applicable)	<input type="checkbox"/>
D21/2894	Hardship Policy	<input checked="" type="checkbox"/>
Other public supporting material		
D21/2899	Attachment A – TCorp FSR Report	<input checked="" type="checkbox"/>
D20/12152	Attachment B - Fit for the Future Assessment Summary	<input checked="" type="checkbox"/>
D20/23866	Attachment C - LPSC Fit for the Future Improvement Plan Framework	<input checked="" type="checkbox"/>
D17/27	Attachment D - Community Strategic Plan 2017-2027	<input checked="" type="checkbox"/>
D20/7650	Attachment E - Combined Delivery Program 2017-2021 and Operational Plan 2020-2021	<input checked="" type="checkbox"/>
D21/2906	Attachment F - Long Term Financial Plan 2020-2030	<input checked="" type="checkbox"/>
D21/259	Attachment G - Annual Report 2019_20	<input checked="" type="checkbox"/>
D20/26099	Attachment H - Asset Management Plan Aerodrome 2020	<input checked="" type="checkbox"/>
D20/26101	Attachment I - Asset Management Plan Buildings and Recreation 2020	<input checked="" type="checkbox"/>
D20/26103	Attachment J - Asset Management Plan Transportation 2020	<input checked="" type="checkbox"/>
D21/2037	Attachment K - Community Engagement Strategy and Outcomes Report	<input checked="" type="checkbox"/>
D21/2894	Attachment L - Hardship Policy	<input checked="" type="checkbox"/>
Confidential supporting material (ie, not to be published on IPART's website)		
D21/1792	Attachment M – Organisation Structure Review – Interim Report (Confidential)	<input checked="" type="checkbox"/>
D21/1857	Attachment N - Service Efficiency and Improvement Plan (Confidential)	<input checked="" type="checkbox"/>
		<input type="checkbox"/>

Important information for completing and submitting Special Variation Application Form Part B for 2021-22

Submitting the application online

Applications must be submitted through the Council portal by Monday, 8 February 2021.

- ▼ 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.