



Special Variation Application Form Part B

Federation Council

Application Form

2025-26

Local Government >>



Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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Council Information

Please fill out the table below.

Council name	Federation Council
Date submitted to IPART	29 January 2025

1 About this application form

This application form is to be completed by councils applying for a special variation (SV) to general income for 2025-26 under section 508(2) or 508A of the *Local Government Act 1993* (LG Act). The application form is in two parts:

1. Application Form [Part A](#) (separate Excel spreadsheet)
2. Special Variation Application Form Part B (this MS Word document)

The SV Application Form Part B collects:

- Description and Context information for the SV
- Evidence against:
 - 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

It also provides a List of attachments and checklist to assist councils.

When completing this Application Form, councils should refer to:

- The 'Apply for a SV or minimum rates (MR) increase' page of IPART's [website](#)
- The Office of Local Government (OLG) [Guidelines](#) issued in November 2020
- IPART's SV Guidance Booklet – *Special Variations: How to prepare and apply* available on our [website](#).

We encourage Councils to contact IPART early in their preparation to apply, or potentially apply, for an SV.

2 Description and Context

These questions seek information not tied to a specific criterion in the OLG guidelines.

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

In Table 1, please use the checkboxes to indicate the type of SV the council is applying for. In Table 2, please provide, rounded to **1 decimal place**, unless otherwise specified in Table 3:

- the total percentage increase (including the rate peg) and,
- for a section 508A SV, the cumulative percentage increase over the SV period.

The percentage increases applied for should match any percentages specified in the council resolution to apply for an SV. That is, the council resolution should be specified to 1 decimal place unless the council specifically wants a different number of decimal places.

Should an SV be approved, the instrument will list the approved percentage(s) and the maximum permitted cumulative increase. If the cumulative increase is not specified in the council resolution, we will use 1 decimal place unless a different number of decimal places is specifically requested in Table 3.

If applying for a Crown Land Adjustment (CLA), please **do not** include the CLA percentage in Table 2. Information about CLAs is collected in Question 2 below.

In Table 3, please explain if the council would like its instrument issued to a different number of decimal places and if it has used an assumed rate peg that is not 2.5%.

Our [Guidance Booklet - Special variations: How to prepare and apply](#) has an example of these questions completed.

Table 1 Type of special variation

What type of SV is this application for?	<input type="checkbox"/> Section 508(2)	<input checked="" type="checkbox"/> Section 508A	
Are you applying for Permanent or Temporary?	<input checked="" type="checkbox"/> Permanent	<input type="checkbox"/> Temporary	<input type="checkbox"/> Permanent + Temporary

Table 2 The council's proposed special variation

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Is this year in the SV period?	yes	yes	no	no	no	no	no
Percentage increase	52.01%	11.80%					
Rate peg	4.80%	4.50%					

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Cumulative percentage increase over the SV period for s 508A	52.01%	69.94%					
Indicate which years are permanent or temporary	Permanent	Permanent					

Table 3 Further questions

Question	The council's response
Does the council wish its potential SV instrument to be issued with a different number of decimal places?	Two decimal places please.
If the council used an assumed rate peg that is not 2.5%, please briefly justify why it did so.	We received written advice from Professor Drew, Professor Ferreira and Professor Miyazaki that 4.50% was more reasonable given economic theory and projections at the time of formulation.

Question 2: Is the council applying for a Crown Land Adjustment (CLA) in 2025-26?

Please fill out the table below if the council is also applying for a CLA, otherwise leave it blank.

Is the council also applying for a CLA?	No
If so, by what percentage?	X.X%
What is the dollar (\$) value for the CLA?	\$Click to enter amount
Who was the prior owner of the Crown Land?	Click or tap here to enter text.
Briefly outline the reason for the land becoming rateable.	Click or tap here to enter text.

Question 3: What is the key purpose of the requested SV?

In the text box below please summarise the key purpose(s) of the proposed SV.

The purpose of the SRV is to continue Federation Council's journey to improved financial sustainability, subsequent to the 2016 amalgamation, addressing infrastructure maintenance and renewal shortfalls and maintaining other legislated services and non-legislated services where possible.

Question 4: Is the council proposing to increase minimum rates in conjunction with the special variation?

Complete Table 4 if the council proposes to increase minimum ordinary and/or Table 5 if the council proposes to increase special rates in conjunction with the SV for 2025-26. Otherwise, leave it blank. IPART will also use data provided in Application Form [Part A](#) to understand the details of the proposed SV and minimum amounts of rates.

In some situations, a minimum rates increase will be subject to IPART approval. In these cases, councils will need to also complete *Minimum Rate Increase Application Form Part B 2025-26* (Word document) available on our [website](#). Please see Table 2.4 of the [Guidance Booklet - Special variations: How to prepare and apply](#) for further information on when an additional MR increase application may be required. Councils do not need to submit another Application form Part A (Excel document).

Table 4 Minimum rates increase for ordinary rates

Does the council have an ordinary rate(s) subject to a minimum amount?	No
Does the council propose to increase the minimum rate(s) above the statutory limit for the first time? (If yes, you must complete a separate minimum rate increase application form.)	No
Does the council propose to increase the minimum rate(s) above the proposed SV percentage(s)? (If yes, you must complete a separate minimum rate increase application form, even if the council has been approved to increase its minimum rate above the statutory limit in the past.)	No
Has the council submitted an application for a minimum rate increase?	No

In the text box below, provide the council's proposed minimum rates increase (both in percentage and dollar terms) and to which rating category (or sub-category) the increase is to apply for each year (this can be in table form).

Not Applicable.

Worksheets 4, 5 and 7 (WS 4, 5 and 7) of the [Part A](#) application form collects more detailed information about the proposed minimum rates increase.

Table 5 Minimum rates increase for special rates

Does the council propose to increase the minimum amount of a special rate above the statutory limit?	No
What will the minimum amount of the special rate(s) be after the proposed increase?	\$Click to enter amount
Has the council submitted an application for a minimum rate increase?	No

The council must ensure that it has submitted [MR Increase Application Form Part B](#), if required. No separate Part A is required.

Question 5: Does the council have an expiring SV?

Complete the table below if the council has a temporary SV which is due to expire:

- on 30 June 2025, or
- at the end of any year in the period the requested SV would apply.

To calculate the amount to be removed from general income when the SV expires, councils must follow the terms of the relevant condition in the SV instrument. Councils may find the example in Attachment 1 to the [OLG SV Guidelines](#) useful. The OLG's SV Guidelines also specify that councils must contact the OLG to confirm the calculation of this amount.

Does the council have an SV which is due to expire on 30 June 2025?	Yes
Does the council have one or more SV/s due to expire during the proposed SV period?	No
If Yes to either question: a. When does the SV expire?	30/06/2025
b. What is the percentage to be removed from the council's general income?	21.70%
c. What is the dollar amount to be removed from the council's general income?	\$2,806,676
Has OLG confirmed the calculation of the amount to be removed?	Yes

Attachments required:

- Instrument(s) approving any SV which expires at 30 June 2025 or during the period covered by the proposed SV.
- OLG advice confirming calculation of the dollar amount to be removed from general income as a result of the expiring SV.

Question 6: Does the council have an existing (ongoing) section 508A special variation which applies in 2025-26?

Complete this question if the council has an existing section 508A multi-year SV instrument which approves an increase to general income above the rate peg for 2025-26 and future years within the period covered by the council's SV application.

If the council has an ongoing section 508A SV and is seeking additional changes to general income during the term of that existing SV, IPART will need to vary the original instrument if the application is approved, rather than issuing a separate SV instrument to apply for 2025-26 (or later years).

Does the council have a section 508A multi-year SV instrument that applies in 2025-26?	No
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If yes to the above question, in the text box below:

- 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 relevant to the conditions in the instrument since it was issued.

Supporting documents could include extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Not applicable

Attachments required:

- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument on the council's official letterhead.

- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument. For example, extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Question 7: Has IPART ever approved a special variation (including additional special variations in 2022-23)?

Complete this question if IPART has ever approved an SV for the council.

You **do not need** to complete the text box for this question if the relevant information has been provided in the council's response to Question 6.

Does the council have a section 508(2) or 508A SV which IPART has approved?	Yes
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If yes, in the text box below, for each SV approved by IPART, briefly:

- Specify the type of SV and the increase to general income approved.
- Outline the council's actions in complying with conditions in the SV instrument(s) or where the council has failed to comply with the conditions, provide reasons and list the corrective actions undertaken.
- Describe any *significant* changes relevant to the conditions in the SV instrument(s) since it was issued.

Supporting documents could include extracts from annual reports (or webpage hyperlinks to them) or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

SV 2021/22

Council was granted a permanent increase under section 508A of The Act to increase general rates income in 2021-22 by 8%. The additional income from the SRV is to assist in funding the ongoing operating expenditure of the newly constructed Corowa Aquatic Centre.

In complying with the instrument issued by IPART, Council have reported in the Annual Report the following items:

- Program of expenditure actually funded
- Outcome achieved as a result of the additional rates income
- Actual revenues, expenses and operating result against projections

The details are available in page 109 to 111 of the 2024 Annual Report.

ASV 2022/23

Council was granted a permanent increase under section 508A of The Act to increase general rates income in 2022-23 by 2.5%. Given a rate peg of 1.6%, the additional income from the ASV is to assist in funding the ongoing operating expenditure of the Council.

In complying with the instrument issued by IPART, Council have reported in the 2022-2023 Annual Report the following items:

- Actual revenues, expenses and operating result against projections
- Additional income raised by additional special variation.

The details are available in page 68 to 69 of the 2023 Annual Report (Attachment 8. Annual-Report-2022-2023).

SV 2023/24

Council was granted a temporary 2-year increase under section 508A of The Act for the period from Year 2023-24 to Year 2024-25. Increase in the general income in the first year is 19% followed by 17% in the subsequent year, a cumulative increase in general income by 39.2%.

In complying with the instrument issued by IPART, Council have reported in the 2023-2024 Annual Report the following items:

- Projects funded by the Additional Income, and highlight any differences between actual expenditure and proposed;
- Explain any significant differences between the Council's actual against projection outlined in the Long-Term Financial Plan;
- Highlight outcomes achieved as a result of the Additional Income; and
- Productivity savings and cost containment measures the Council has in place, the annual savings achieved through these measures, and what these savings equate to as a proportion of the Council's total annual expenditure.

The details are available in page 113 to 121 of the 2024 Annual Report (Attachment 9. Annual-Report-2023-2024).

Attachments required:

- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s).
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s). For example, extracts from annual reports or any other publications in which compliance with the conditions of the SV instrument has been reported to ratepayers.
- If applicable, supporting documents providing evidence of the corrective actions undertaken in the event of a failure to comply with the conditions in the SV instrument(s).

Question 8: Does the council have deferred general income increases available to it?

Complete the question box below if the council has decided not to apply the full percentage increases to general income available to it in one or more previous years under sections 506, 508(2) or 508A of the LG Act.

Does the council have deferred general income increases available to it from one or more previous years under section 511 of the LG Act?	No
If Yes, has the collection of this additional income been included in the Council's Long Term Financial Plan (LTFP)?	Choose an item.

In the text boxes also explain:

<p>a. The quantum, rationale and timing of any deferred increases in general income.</p> <p>Click here to enter text.</p>
<p>b. When council plans to catch up on the deferred general income through the catch-up provisions and whether this been included in the LTFP.</p> <p>Click here to enter text.</p>
<p>c. How does this deferred income impact on the council's need for the SV and its cumulative impact on ratepayers' capacity to pay? The council may also wish to further expand on this question in Table 6 in the OLG Criterion 1 section below.</p> <p>Click here to enter text.</p>

3 OLG SV Criterion 1 – Financial need

Refer to the [OLG SV Guidelines](#) as needed, and section 3 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section.

In Table 6 below, please explain how the council met each component of Criterion 1. Please also provide a reference to evidence in the IP&R documents.

The [Part A](#) application form also collects information for this criterion in Worksheets 9 (WS 9 - Financial), 10 (WS 10 - LTFP) and 11 (WS 11 - Ratios).

Table 6 OLG Criterion 1 components

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<p>The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the SV) is clearly articulated and identified in the council's IP&R documents.</p>	<p>The need for additional revenue was clearly indicated in the suite of current IP&R documents, in particular within the DPOP and the LTFP (section 5.2). This is consistent with practice in previous years. A risk assessment was also prepared on the different rate path scenarios identifying the significant risk associated with no permanent SRV^a. This is contained in section 5.1 of the LTFP.</p> <p>The need for additional revenue was also clearly articulated and communicated to the community during public forums in 2023 and 2024, conducted as part of the independent review by the University of Newcastle's Professor Drew.</p>	<p>The need and purpose are articulated in section 5.2 of the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) on page 22 and the DPOP (Attachment 11. DP&OP 2022 - 2026 version 5) pages 103 to 106.</p> <p>The different revenue path is identified in section 4.1 of the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) on pages 14 to 15.</p> <p>The risk assessment is contained in section 5.1 and the appendix of the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) on pages 21, 162 to 171.</p>

^a Attachment: Risk Assessment of SRV options 24-47517

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.	Alternatives were canvassed, such as delaying maintenance, discontinuing grants, and other efficiencies (which are a work in progress).	Section 5.3 and 5.7 of the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) on pages 23 to 27.
In demonstrating this need, councils must indicate the financial impact in their LTFP by applying the baseline and special variation scenarios.	The financial impact of various scenarios is clearly indicated in the LTFP.	Table in section 5 of the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) on page 19 to 20.
Evidence of community need/desire for service levels/projects and limited council resourcing alternatives.	Over 69% of respondents who completed the SRV survey indicated that they were either dissatisfied or very dissatisfied with infrastructure maintenance. Over 40% of respondents were dissatisfied with the levels of service provided by Council. Over half of respondents were reticent to increase public debt, and 76% very concerned about implicit liabilities at Federation. Many of the comments in the SRV surveys and public forums focussed on the need to urgently redress infrastructure shortfalls, before they became insurmountable. All of this evidence is summarised in both the Pre-Consultation and Community Engagement Reports produced by the University of Newcastle.	Section 2 of the 'Community Engagement Report (Attachment 20. Community-Engagement-Report-24-40443) on pages 5 to 10.
Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies	<p>On behalf of the University of Newcastle, Professor Drew, Professor Miyazaki and Professor Ferreira conducted an independent comprehensive study of Council's financial sustainability in 2023. This culminated in a number of well attended community forums and also involved extensive discussions with various groups that had been prominent during the earlier Temporary SRV situation. The three professors submitted their full report of Financial Sustainability to Council, including 77 recommendations, in late 2023, which was accepted by the Council. Since then, Federation has been working steadily through the long list of 77 recommendations, adopting most and steadily implementing improvements- and we note that the report authors themselves consistently stated to the community that it would take some time for all recommendations to be worked through. A number of the recommendations have already been actioned and this is detailed in the IP&R documents as well as quarterly reports to Council^b.</p> <p>One of the recommendations of the 2023 report was for Council to engage suitable independent experts to lead a SRV project. Given the comprehensive work undertaken through the independent review, Council selected the University of Newcastle to work with Council to progress an application for a permanent SRV.</p>	Section 4 of the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) on pages 14 to 17.

^b Attachment: Independent Review recommendations - status update - September 2024

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>Professor Drew, Professor Ferreira, and Professor Miyazaki conducted the sophisticated analysis of Capacity to Pay^c, Efficiency^d, Debt Capacity^e, and Sustainability^f more generally. The full reports are all appended to this application and clearly outline the need for this application.</p> <p>The professors also spent weeks interrogating Council's LTFP with both junior and senior staff and recommended revision to a number of previous assumptions. These recommendations have been implemented into the LTFP. The professors have publicly endorsed the current LTFP as being as accurate as possible given present information.</p> <p>There can be no reasonable doubt that the SRV is absolutely required and supported by unimpeachable evidence, as detailed in the reports provided by the University of Newcastle.</p>	
<p>If applicable, has the council not applied the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act? If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the SV.</p>	<p>Not applicable</p>	<p>Click or tap here to enter text.</p>

^c Attachment 21: Capacity-to-Pay-Report-24-40442

^d Attachment 27: Efficiency-Report-24-40445

^e Attachment 28: Debt-Capacity-Report-24-40444

^f Attachment 26: Financial Sustainability Report – August 2024 – 24-40446

3.1 Additional information required for councils with an existing SV applying for an additional percentage increase

If the council has **an existing SV**, then explain the need for **a variation to that SV** to increase the annual percentage increases.

This SRV replaces and extends the Temporary SRV granted by IPART and dated 13th June, 2023.

3.2 Any other factors that demonstrate the council's financial need (optional)

In the text box please give a brief explanation of any other factors not already mentioned that may be relevant to demonstrate the council's need.

For instance, the council may wish to discuss the impact of **non-rateable** properties.

As the comprehensive reports prepared by the University of Newcastle– both in 2023 and 2024 – show, the need for a different rate path was flagged back before the 2016 amalgamations (2015, to be precise) and summarised in the journey report by the independent reviewer. Indeed, this need – from both the former Corowa and Urana councils – was confirmed by IPART in their review of the Fit for the Future proposals in their report dated 2015.

As part of their recent comprehensive work (in 2024) the three professors show that only in the 2023/24 financial year (after the levying of the temporary SRV that this application seeks to make permanent) did rate revenue finally and marginally exceed what would have been collected had the proposals put to IPART back in 2015 been actioned. In the interim, Council has been deprived of almost \$12 million in revenue. This work was based on the financial statements of both the constituent councils (and their plans for rate increases in 2015), compared to actual tax take at Federation.

Unfortunately, the appointment of the Administrator and the legislated rate freeze prevented prudent action in 2016. It is noted in the reports done for us that 2016 would have been a far more propitious time in terms of macro-economic conditions.

Furthermore, it is an established fact in the scholarly literature that the amalgamations resulted in an increase to unit costs (a decrease in efficiency). This is hardly surprising given that the amalgamations resulted in inefficient over-scaling as well as extreme heterogeneity (see peer reviewed works at Public Management Review, the Australian Journal of Public Administration, The Economic Review, Public Administration Quarterly etc).

As the Professors note, delaying prudent tax increases often result in the exponential growth of implicit debts. Most notably, when funds are not available to re-seal roads at an appropriate time, then roads can completely fail resulting in a 700% increase to costs.

The delays caused by the amalgamation, as well as the decrease to efficiency attendant upon same, have clearly exacerbated already existing need for considerable additional income.

Many in the community are now aware of this and asked IPART in their survey comments to approve the proposed SRV in full – indeed, in the post meeting surveys more people asked for a larger SRV than those who asked for a smaller one. People at Federation understand the threat to the entire community if Council does not gain sufficient permanent funds through a SRV so that they can proceed with confidence on the Strategic Asset Management Plan. This was evident through the survey results from the University of Newcastle SRV engagement.

On a further note, Council's Audit, Risk and Improvement Committee (ARIC) has maintained oversight of Council's financial sustainability journey culminating in ARIC formally resolved its support for this SRV application⁹ (Attachment 29: ARIC minutes 13 December 2024 – extract).

Worksheet 12 (WS 12) in the [Part A](#) Excel application form can also be used to provide additional data.

⁹ Attachment 29: ARIC minutes 13 December 2024 - extract

4 OLG SV Criterion 2 – Community awareness and engagement

Refer to the OLG SV Guidelines as needed, and section 4 of IPART’s [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and materials for completing this section. Please also note that section 4 of IPART’s [Guidance Booklet - Special variations: How to prepare and apply](#) is the IPART fact sheet referred to in the OLG SV Guidelines under Criterion 2 that provides guidance to councils on the community awareness and engagement criterion for special variations.

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

In Table 7 please provide evidence as to how the councils community engagement met Criterion 2.

Table 7 Evidence of the council's community engagement demonstrating Criterion 2

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
<p>Evidence that the community is aware of the need for and extent of a rate rise.</p>	<p>Council’s recent Community Satisfaction Survey^h provides independent evidence of community awareness of the need for a significant rate rise. Council engaged Micromex Research to conduct a survey to gauge community satisfaction with Council’s performance. A sample size of 201 residents was utilised, providing a maximum sampling error of plus or minus 6.9% at 95% confidence. Respondents were selected by means of a computer based random selection process. The survey results found that 73% of residents were aware that Council was considering applying to IPART for a large increase to rates.</p> <p>Interestingly, of those who were unaware of the rate increase application, 78% indicated that they would prefer to be communicated with via mail-outs and 71% by community discussions. It is highlighted to IPART that Council did provide a mailout to all residents and a rates flier to all ratepayers, along with a range of public forums for discussions.</p> <p>There is evidence that the community has been aware of the need for the rate rise since at least 2023. The original application to IPART in 2023 resulted in over 250 submissions from the community in relation to Council’s SRV proposal.</p>	<p>Attachments 14-18 SRV Project - Evidence Catalogue – Introduction, Chapter One, Chapter Two, Chapter Three, Chapter Four, covering</p> <ul style="list-style-type: none"> • Council Reports • Narrative on engagement journey • SRV Community Engagement Strategy • Website content • EDM content • Socials content • Paper copy content • Hard copy mail outs • Snippets • Video updates • Media clippings <p>Attachment 30: Community Satisfaction Survey – Federation Council – 2024</p> <p>Attachment 19. 6.6.24 report on pre-engagement with stakeholder groups)</p>

^h Attachment 30: Community Satisfaction Survey – Federation Council – 2024

	<p>The IPART decision in 2023 made it clear to the community that the Temporary SRV had been granted so that council would have further time to investigate matters and produce a more robust proposal.</p> <p>Following this, in November 2023 the University of Newcastle review into Council's Financial Sustainability made it clear that a SRV 'would be absolutely necessary'. Many hundreds of community members attended the public forums in 2023 and heard this message directly from Professor Drew, and this was also disseminated widely in the local media.</p> <p>Third, in May 2024, after its appointment and initial SRV work, the University of Newcastle conducted a number of extensive pre-consultations with community groups from around Federation. This included the Federation Ratepayers Association, as well as progress associations, and the business chamber.</p> <p>All the while council posted many articles, reports and videos to its website. Councillors also were very active in the local media, as were citizens commenting on the prospect.</p> <p>In July 2024 we posted out a comprehensive fact sheet and survey to 6,200 residents via Australia Post. We also placed the documents on the Council website.</p> <p>From the 22nd of July to the 25th July 2024, we conducted various listening groups in Mulwala, Urana, Corowa, and Howlong. These were attended by some 100 residents.</p> <p>From the 29th of July until the 31st of July 2024 Professor Drew conducted six community forums, each of which went for around two hours. In so doing, travelling some 460km.</p> <p>On Thursday 1st August Professor Drew conducted an online forum that went for around two hours.</p> <p>The Pre-Consultation Engagement Summary and Community Engagement Reports from the University of Newcastle are appended as are append copies of Council communications.</p>	<p>Attachment 20. Community-Engagement-Report-24-40443</p>
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<p>The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.</p>	<p>Council provided the full cumulative percentage in all of its communications. As discussed with IPART in a meeting in May 2024, there were two complications for this messaging. First, the engagement occurred prior to the finalisation of the audit process because of the local government election and caretaker period provisions. As acknowledged by IPART staff, this might mean a minor change to the headline cumulative figure. All of Council's forums and communications have made it clear that the headline cumulative percentage might change (and the reasons why). The second complication is that with a Temporary SRV expiring at the end of the 2024/25 financial year two legitimate ways of looking at matters arise. According to both the advice that Council received from citizen groups in our pre-consultation, and also the advice of IPART in May, Council provided tables from both potential perspectives (but emphasised the first). This messaging was considered to be the most comprehensive manner to communicate a situation which the OLG itself, describes as 'very complex'. We reiterate that we were very careful to emphasis the larger headline figure in all communications, including the forums.</p> <p>Council wrote to the OLG for confirmation, as instructed, on 9 July 2024, receiving approval on 17 September 2024.</p> <p>Council provided dollar increases for average ratepayers for each category in specific response to the 'best practice' exemplars provided by IPART staff following the May 2024 meeting. Council did, however, make it clear to the community that this way of presenting matters could be misleading (because of both significant skewing and a long list of unknowables (e.g., future valuations)).</p> <p>In early February 2025, Council intends to write to residents via Australia Post (6,200 lodgements) to provide notification of the final decision of Council to proceed with an application of 69.94% to IPART. This communication provides reference to previous material disseminated via Australia Post and Council's digital channels in July 2024 and makes reference to the IPART website, inclusive of the IPART process following lodgement of the application. This communication is appended to this application and contained in the SRV Project - Evidence Catalogue - Introduction, Chapter One, Chapter Two, Chapter Three and Chapter Four.</p>	<p>Pages 110 to 111 of the DP&OP 2022 – 2026 (Attachment 11. DP&OP 2022 – 2026 version 5)</p> <p>Attachments 14-18 SRV Project - Evidence Catalogue - Introduction, Chapter One, Chapter Two, Chapter Three, Chapter Four, covering</p> <ul style="list-style-type: none"> • Council Reports • Narrative on engagement journey • SRV Community Engagement Strategy • Website content • EDM content • Socials content • Paper copy content • Hard copy mail outs • Snippets • Video updates • Media clippings
<p>The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category.</p>	<p>The Delivery Program includes a section titled <i>Planned Scenario Future Special Variation</i> and contains the analysis of the impact of the proposed special variation by rating category in both total notional income and average rates. Comparison of average rates were made between Baseline and SV scenarios by % and by weekly, and yearly quantum.</p> <p>The LTFP provides a full suite of the financial statements for the General Fund under several scenarios to demonstrate the impact of the rate rise.</p>	<p>Page 110 and 111 of the DP&OP 2022 – 2026 (Attachment 11. DP&OP 2022 – 2026 version 5) analyse impact by rating categories.</p> <p>Section 10 in the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) for full suite of financial statements from page 48 to 161 of documents.</p>

<p>Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV.</p>	<p>Council appends several documents to this application which attest to this task being conducted with the utmost of diligence.</p> <p>In 2023 Council engaged the University of Newcastle to conduct a comprehensive robust and independent study of our financial sustainability which included an evaluation of efficiency and a list of almost eighty recommendations - this is appended.</p> <p>It will be noted from the aforementioned work that Federation Council was already performing extremely close to the efficient frontier when measured precisely with local intertemporal full disposability hull analysis with reference to the audited financial and other data of the cohort of rural NSW local governments. In view of this evidence, it is clear that there is relatively little scope for improving matters – without pushing the efficient frontier for the whole cohort forward in a significant way. Nevertheless, we have engaged with the recommendations thoroughly and are progressing matters as detailed in the Delivery Program, LTFP and Independent Review report.</p> <p>The sophisticated efficiency analysis was repeated by one of the world leaders in this field – Professor Ferreira from IST Portugal – in 2024. This analysis is appended in the 2024 efficiency report and was also reviewed by Professor Drew and Professor Miyazaki (Saitama University Japan). The evidence – based on audited financial data of Federation and all other rural NSW local governments – showed, beyond any reasonable doubt, that Federation has moved even closer to the efficient frontier in the most recent financial year.</p> <p>In the Efficiency Report, Professor Drew provides a comment on the likely future outcomes from current work still in the process of implementation. He believes that Federation will move precisely onto the frontier and then start pushing it forward in the next few years. He also states categorically, that 'no amount of efficiencies could possibly substitute for the current SRV proposal'. In his view it would be unreasonable to expect double digit improvements beyond anything that any council in rural NSW has been able to achieve over the last ten years or more. Instead, his opinion as one of the leading scholars in this field – and his intensive study of Federation's processes during a period of over twelve months – is that future efficiencies will only mitigate the size of the next SRV which he expects will be required within the next five years. To be clear, the consensus of independent professors is that this proposal is absolutely needed in full, irrespective of what future efficiencies or improvement to grant flows might take place. Indeed, Professor Miyazaki from Saitama University in Japan in his peer review of the reports stated that:</p>	<p>Page 15 of the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) refers to efficiency recommendation number 60 in the 'The-Advantages-and-Disadvantages-of-Amalgamation-and-Federation-Council's-Financial-Sustainability-Journey-Recommendations' report (Attachment 25. The-Adv-and-Dis-of-Amalgamation-and-Federation-Council's-Financial-Sustainability-Journey-Recommendations)</p> <p>'Efficiency-Report-24-40445' (Attachment 27. Efficiency-Report-24-40445) for analysis of Council efficiency against councils that the OLG deem to be in the same cohort.</p> <p>File 'MM-Peer-Review-Letter-24-40447' (Attachment 34. MM-Peer-Review-Letter-24-40447) for Professor Miyazaki's letter.</p>
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	<p>'Federation is close to the efficient frontier. What this means is that only marginal savings could be made from this area. Anyone claiming that the SRV could be reduced because of potential efficiencies is not thinking about the evidence'.</p> <p>Professor Miyazaki's peer review letter is appended to Council's application.</p> <p>These documents were all provided to the public and discussed at length in videos, public forums, and other communications.</p>	
<p>The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.</p>	<p>IPART Guidelines list mail-outs, fact sheets, media releases, online surveys, written surveys, public meetings, listening posts, resident workshops, and discussions with community groups as ways that 'council may provide information and capture community feedback' (P25). Council did all of these things and have appended evidence to this application.</p> <p>In addition to the suggestions listed by IPART, Council also provided comprehensive written reports to the community – both the work conducted on financial sustainability broadly in 2023, and also specific reports on each of the elements deemed critical from OLG documentation (financial sustainability, efficiency, liability capacity, and capacity to pay). These reports were produced independent of Council by the University of Newcastle.</p> <p>Council provided regular videos on topics directly relevant to our SRV journey, as well as Facebook posts, website homepage banner alerts, council reports, electronic newsletters, website project updates, hard copy mail outs, hard copy survey mail outs, media releases, radio interviews, hard copy paid advertising, and hard copy newsletter SRV project update inclusions. Council also conducted a community satisfaction survey awareness analysis related to the SRV to measure effectiveness of awareness initiatives undertaken throughout the course of the project. Evidence of this and the results of this analysis is appended to this application and contained in the SRV Project - Evidence Catalogue – Introduction, Chapter One, Chapter Two, Chapter Three and Chapter Four.</p> <p>Council's materials made reference to the IPART website and advised people that they could also provide feedback directly to IPART.</p> <p>Council did not conduct an online discussion forum due to the risk to staff and representative health and safety (including mental health). This was on the advice of the University of Newcastle and some of the comments in the anonymous survey ably attest to the wisdom of this advice.</p>	<p>Attachments 14-18 SRV Project - Evidence Catalogue – Introduction, Chapter One, Chapter Two, Chapter Three, Chapter Four, covering:</p> <ul style="list-style-type: none"> • Council Reports • Narrative on engagement journey • SRV Community Engagement Strategy • Website content • EDM content • Socials content • Paper copy content • Hard copy mail outs • Snippets • Video updates • Media clippings <p>Attachment 30. Community Satisfaction Survey - Federation Council – 2024</p> <p>Attachment 26. Financial Sustainability Report – August 2024 – 24-40446</p> <p>Attachment 27. Efficiency-Report-24-40445</p> <p>Attachment 21. Capacity-to-Pay-Report-24-40442</p>

<p>Explain the action, if any, the council took in response to feedback from the community</p>	<p>According to the suggestion made in the last IPART feedback Council's independent project leaders – University of Newcastle – held extensive consultations with a range of community groups, including those who objected most strenuously to the 2022 proposal. These pre-consultations were based on a draft recommendation by the university and are reported in the Pre-Consultation Report.</p> <p>On the basis of this feedback, the University of Newcastle altered its draft recommendation by reducing the proposed SRV by 1% and 1.2% for the respective two years. Their feedback was that the community would likely prefer a two-year duration (to minimise risk) and would welcome having details provided of the specific increase with respect to extant Temporary levels also.</p> <p>The Council endorsed the recommendation unanimously.</p> <p>In response to capacity to pay conversations with the pre-consultation groups, the University of Newcastle also advised the Council that they should cease applying the SRV (including the 2024/25 component of the Temporary approval) to the Base Rate, and provided examples of how this was impacting on the most vulnerable residents. Council did not apply the SRV to the base rate for the 2024/25 year.</p> <p>Furthermore, in response to feedback, the professors recommended a comprehensive review of distributive equity for the future, but acknowledge that work of this kind would take a year or more to accomplish. Council have taken an initial step by proposing 4 alternative distribution of rate increases with combination of different base rate and ad valorem options when considering the draft Revenue Policy. This gives the choice of acceptable level of increasing in rates on properties with higher values. This is an approach that allows Council to consider in responding to the increasing cost of living situation and support more vulnerable ratepayers (capacity to pay). For 2024/25 Council determined to apply 0% increase to the base rate and a 25% increase to the ad valorem rates, effectively minimising the impact of the temporary 17% SRV increase on properties with lower values.</p> <p>In response to feedback from the community pre-consultations, the professors also advised Federation Council that they should review their Hardship Policy. They provided Council with a copy of the Hardship Policy for Port Stephens which IPART had approved as a good example in the previous year. Federation Council subsequently reviewed the hardship provisions in the Debt Management and Hardship Policy (to align with this best practice exemplar which had previously been approved by IPART, adding in a Rates Assistance Program and a mechanism to allow aged pensioners to defer rates to their estate.</p>	<p>Reduction of proposed SRV is incorporated in the revised LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)) adopted in January 2025.</p> <p>Proposed rate increase structure options in pages 7 to 9 of the Revenue Policy 2024-2025 (exhibited version) (Attachment 35. REVENUE POLICY 2024-2025 (exhibited version))</p> <p>Review of the Debt Management and Hardship policy (Attachment 22. Debt Management and Hardship policy v2.0 final) with updates on pages 7 and 8.</p> <p>Attachment 35. REVENUE POLICY 2024-2025 (exhibited version)</p>
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	<p>Professor Drew conducted the later Community Forums and personally reviewed and considered each and every comment written by residents. Notably 84% of informed residents accepted the proposal, and the overwhelming majority agreed with both the timing (60%) and size (74%).</p> <p>Professor Drew wrote that 'we have not been presented with any evidence or compelling reasons to make further changes to the SRV proposal (beyond those already made following the extensive pre-consultations)'. Council accepted the advice of the University of Newcastle – and the strong endorsement of the community – and made no further adjustments to the proposal.</p>	
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In the text box below, provide any other details about the council's consultation strategy, timing or materials that were not captured in Table 7.

Council wishes to draw IPART's attention to the fact that this was an extraordinarily well telegraphed and lengthy journey. The community first became aware of Council need in 2021, reminded by the 2023 IPART decision, reinforced by the University of Newcastle work commencing June 2023, and then alerted again after the appointment of independent SRV process leaders from January 2023.

The other things to emphasise is the high level of independence, world leading analysis, and intensive scrutiny applied by three professors to the operations of Council over a period exceeding twelve months.

We also remind IPART of the timing problem where constraints were in place due to both an expiring Temporary SRV, a local government election and the caretaker provisions.

4.2 Proposed average rates outlined in the council's community consultation materials

<p>Are the average rates provided in the council's community consultation materials the same as what has been inputted into Table 7.2, Worksheet 7 of the Part A application form?</p>	<p>Yes</p>
<p>If no, please explain why.</p>	<p>Click or tap here to enter text.</p>

4.3 Additional information (optional)

In the text box below, please provide any other details about the community's involvement in, engagement with or support of or opposition to the proposed SV not captured in Table 7.

All surveys were open to all residents, but only some residents self-selected to respond. Council notes the extensive scholarly literature – referred to in the reports of the professors – around negativity bias. In short, people are more likely to act on sentiment when they feel that it has a negative effect on their lives. For a SRV of almost 70%, negativity bias is clearly considerable.

This is important when interpreting the survey evidence as well as any responses that IPART might receive from their own IPART survey. It would be unreasonable to expect neutral responses or positive responses – indeed, responses of this kind would be at odds with the huge literature on behavioural economics going back to at least Kahneman and Tversky's well-known work.

It is also important to be mindful that Council's independent process leaders went out of their way to engage with previous opponents and have them contribute to making the SRV proposal the best that it could possibly be. Indeed, this invitation was actively provided to the entire community. No individual was able to provide compelling good reasons to improve the proposal after the initial pre-consultation period (despite many opportunities). It is possible that people may later argue for changes to IPART, but if this does happen, it would be important to understand why these comments had not previously been provided at a time when the independent process leaders were asking for people to help construct a proposal that was the best that it could be.

Council emphasises the importance of the fact that more of the informed residents requested an increase to the SRV, than a reduction. This, in combination with the high proportion of people who advised that they had changed their mind, is ample testament of the effectiveness of the process we undertook.

Council has also sought to increase community understanding of its financial performance and position. Numerous reports were presented to Council, by Council officers and consultants, to provide comprehensive financial and asset management information in open council meetings with a view to having a more informed community. An example of this is the explanation provided for a common public misconception that the improvement in Council's operating performance ratio to 16.45% in 2023/24 was as a result of improved financial performance and therefore an SRV is not warranted. Attachment 32. Operating performance ratio QwN January 2025 provides a detailed explanation on the impact of NSW Government funding that was provided for roads and was required to be recognised as operating revenue in 2023/24. The associated operating expenditure will be recognised as maintenance on roads is undertaken in 2024/25 and 2025/26.

Please list out any other attachments in Table 8 that the council has relied on to respond to Criterion 2 that was not otherwise outlined in Table 7.

Table 8 Other Criterion 2 attachments

Attachment number	Name of document	Page references
32	Attachment 32. Operating performance ratio QwN January 2025	1-3

5 OLG SV Criterion 3 – Impact on ratepayers

Refer to the [OLG SV Guidelines](#) as needed, and section 5 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section. The [Part A](#) application form also collects information for this criterion in Worksheet 7 (WS 7 - Impact on Rates).

5.1 How did the council clearly show the impact of any rate rises on the community?

Please articulate in the text box below how the council demonstrated this question.

In your response, please include references to the Delivery Program, LTFP and relevant community consultation materials to support the council's claims.

Council went to considerable effort to clearly communicate how the proposed SRV would impact on ratepayers in cognisance of both the feedback in the 2023 decision, and also the advice received in our May 2024 meeting with IPART. However, the fact of the matter is that no council can accurately predict the effect of the SRV in the future. Future land valuations, and future decisions by a Council yet to be elected (regarding the distribution of the burden) are just two of the considerable obstacles to predicting the impact on particular ratepayers. Moreover, for most rural local governments land values are heavily skewed to the upside which mean that average rate data is likewise skewed. Thus, average rate data for each category will be significantly misleading on the upside. This problem is even more acute for rural councils with high heterogeneity such as the amalgamated Federation Council.

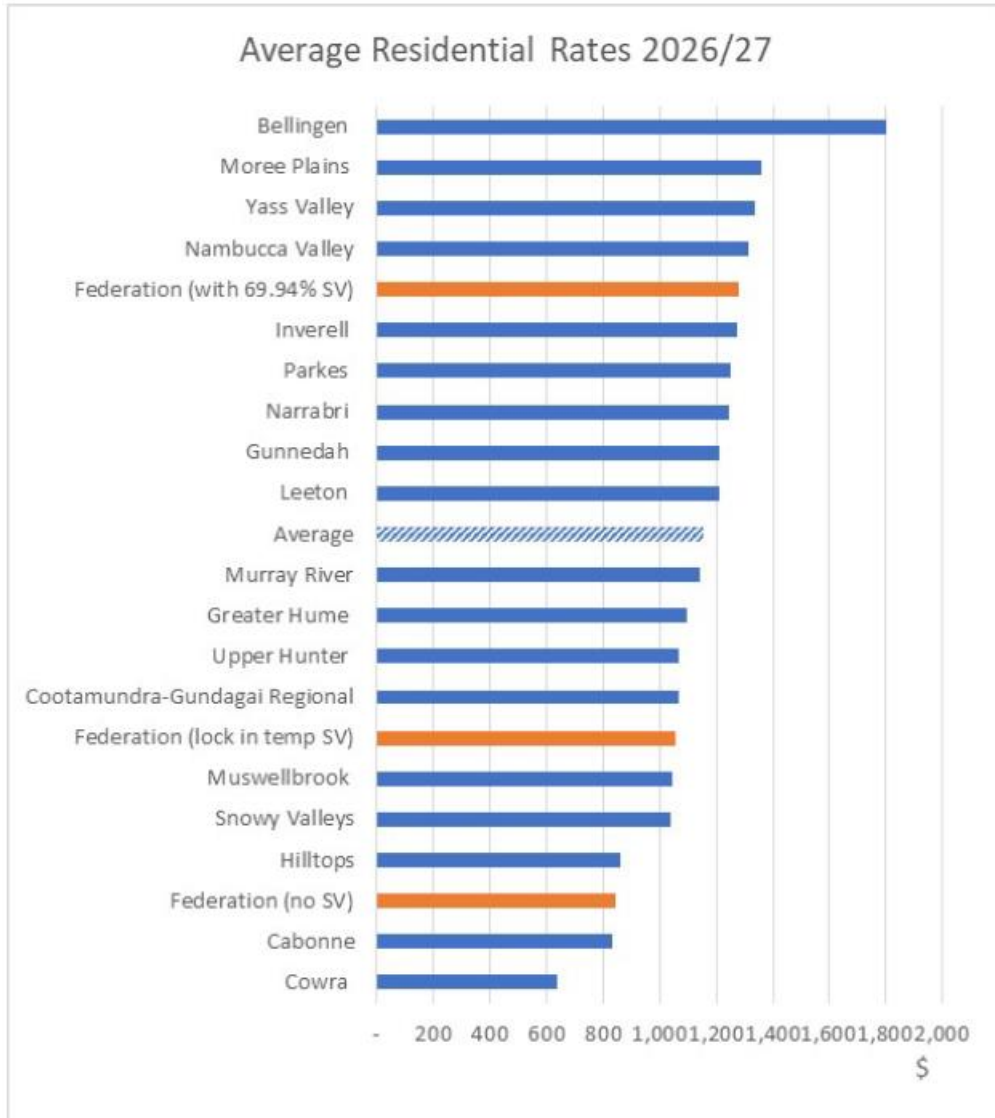
Nevertheless, Council followed the instructions in guidelines as well as the best practice exemplars provided during the May 2024 meeting with IPART. Council provided average rate data for each category according to the 'best practice' examples provided.

Indeed, Council presented two versions of the OLG prescribed tables, after receiving feedback from both the pre-consultation focus groups and also IPART staff. With a temporary SRV due to expire on June 30, 2025 there are two legitimate ways at looking at matters: (i) as an increase above the levels that would occur if the temporary SRV was allowed to expire and rates returned to the previous path, and (ii) as the percentage above the extant temporary levels. Council emphasised the first way (higher figure) in our communications so as to avoid any possibility of misleading people, even though most in the community agreed that the second way made more sense.

All of this information was supported by the public forums and our other extensive and varied communication streams.

The impact of rate rise to ratepayer was expressed in the Delivery Program as a total increase in nominal value and percentage, both in yearly and cumulative quantum. To further illustrate the impact in more relatable perspective, the average increase by residential, farmland and business rating category are expressed in both a yearly and weekly timeframe.

Modelling was also prepared for Council forecasting the impact of the proposed SRV on residential rates over coming years, compared to OLG Group 11 councils (assuming none of these councils apply for an SRV). Whilst rudimentary (as detailed in section 5.2), this analysis found that residential rates in Federation Council would be 11% greater than the average general rates in the final year of the proposed SRV, as displayed in the following graph.



Without the proposed SRV, Federation Council average residential rates would be the third lowest, and 26% below the average for the group of councilsⁱ. The full report is available in the attachments.

ⁱ Attachment 37: Average residential rates by SRV scenario

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

Please articulate in the text box below how the council demonstrated this question.

In your response, please provide references to the Delivery Program, LTFP and community consultation materials where the council has considered the affordability and the community's capacity and willingness to pay.

As previously stated, Council engaged the University of Newcastle to assist with progressing the work required for a permanent SRV application. The University conducted analysis and prepared a detailed Capacity to Pay Report (Attachment 21. Capacity-to-Pay-Report-24-40442).

The executive summary states "This Report demonstrates that ratepayers at Federation would collectively need to pay just over thirty-nine percent in additional taxes to come up to the average tax take expected of a local government area with its particular socio-economic characteristics. Moreover, we show that this large deficiency in local government taxes paid has persisted for many years. Furthermore, there is a long record of past decision-makers realising the need to significantly increase rates. The delay in lifting rates up to the level typically paid by all other residents in NSW rural local governments has contributed to a serious financial predicament. It is now clear that much higher than typical rates will be required for the future.

In this report we also make some observations regarding distributive equity and suggest some measures that might be expected to mitigate matters a little for people at the lower end of the income spectrum."

The three professors have shown – beyond any reasonable doubt – that a comparison of average rate data between councils in the same OLG group is, as they say, 'complete non-sense'. As the report authors show, the land value data, and hence rate data, is skewed considerably and this has the effect of dragging the average up well beyond what any reasonable person would feel to be a typical result. This skewing occurs in each category. The mistake is compounded when comparing to other rural councils which also all have considerable skewing in their data. Analysis of the type conducted in 2022 is simply worthless.

In a similar vein, the professors explained why comparisons of SEIFA indexes are misleading – both because of irrelevant data in the construction of the index as well as information loss in the index construction process.

Instead, the University of Newcastle reviewed a large suite of relevant socio-demographic data, business data, and agricultural production data – which all told a very different story to the erroneous information put before IPART in 2022 (on the advice of Council's then consultants).

^j Attachment 21: Capacity-to-Pay-Report-24-40442

In particular, it was claimed in 2022 that farmers were already paying above average rates compared to similar councils and that they therefore had limited capacity for additional rates. Moreover, IPART noted this (mis)-information in their decision. However, the skewing in farm land values is considerable (there are a number of extreme outliers in a statistical sense) and this dragged the average up beyond anything that could reasonably be considered typical. Moreover, rates are clearly paid out of incomes – we simply learn nothing by comparing average rates (even where they not skewed), without controlling somehow for incomes (which, of course, would differ considerably between local government areas). Indeed, a comparison of revenue efforts – rates paid as a percentage of agricultural product produce by farmers at Federation – showed that they did, in fact, have the *lowest* revenue effort out of the *entire peer group* in both 2016 and 2021. This is based on ABARES census farm product information, combined with the taxation revenue listed in the notes of all the relevant peer councils, and thus beyond reasonable doubt.

Therefore, it is reasonable to conclude that the rudimentary data put forward in 2022, to IPART, was misleading.

The best way to measure capacity to pay is to use sophisticated econometrics which take into account the incomes of people and businesses for each local government area. Using sophisticated fixed effects models the professors were even able to control for time invariant, no-observed variables. The panel regression work spanned five years and covered *all* rural NSW local governments. This means that the work was resistant to both unrepresentative years and also selection bias.

The predictions yielded by the model demonstrated beyond any reasonable doubt that the revenue effort at Federation Council was well below typical – indeed, 39.06 percent below typical levels in 2023 (in nominal terms). It should be noted that these findings were consistent with a very large suite of capacity to pay metrics also covered in the comprehensive work conducted for us in 2024.

In sum, it has been demonstrated beyond reasonable doubt that the community in Federation has capacity to pay the proposed rate unless we feel that other communities in rural NSW do not have capacity to pay the rates that they are *currently* paying.

Notwithstanding the robust empirical evidence of capacity to pay, Council was still very active with the community on this matter. First, on the advice of the professors, Council ceased passing the temporary SRV onto the base rate, but instead applied the entire increase to the *ad valorem*. This is important because the people with the lowest value land – and likely also the lowest capacity to pay – are often captured by the base rate (that is, the base rate effectively sets a floor on their local tax liability). In response to feedback, Council also reminded the community of monthly direct debit options, and offer different payment options on rate and reminder notices.

In addition, Council revised its hardship provisions in the Debt Management and Hardship Policy (Attachment 22. Debt Management and Hardship policy v2.0 final) to mirror the document used by Port Stephens which received positive feedback from IPART in 2023.

Council notes that OLG guidelines make it clear that willingness to pay is *not* a criterion in applications focussed on financial sustainability. This is likely because financial sustainability is an absolute imperative, and also expected by the state government.

Nevertheless, Council did measure willingness to pay in our surveys both before and after the community forums. The full results are detailed in our Community Engagement Report (Attachment 20. Community-Engagement-Report-24-40443). Council remind IPART that whilst all residents were invited to complete the survey, that the actual respondents were self-selected and clearly the results are impacted by considerable negativity bias as per the large corpus of scholarly evidence on this effect. Nevertheless, prior to attending the meetings almost half (49%) of self-selected respondents agreed with the proposal (in previous work at other councils this has typically only been a third). After becoming more informed – through attending the meetings –84% supported the proposal. Indeed, more people now called for a larger SRV (15%), than those who called for a smaller one (11%). Remembering negativity bias and self-selection, this result is a resounding endorsement by the community for the journey thus far as well as the next steps that Council must take towards financial sustainability. The community is not only willing to pay what needs to be paid, but many people in the comments implored IPART and the Council to carry through on the proposal (see the Community Engagement Report - Attachment 20. Community-Engagement-Report-24-40443).

5.3 How has the council addressed (or intend to address) concerns about affordability?

Does the council have a hardship policy?	Yes
If yes, is an interest charge applied to late rate payments?	9%

To inform our assessment, Worksheet 12 (WS 12) in the [Part A](#) application form also collects data on outstanding rates and annual charges (%) and pensioner concessions and ratepayers subject to hardship provisions.

Please provide the council's response in the text boxes below.

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.

As detailed above, Council changed the way that it applied the temporary SRV. This will have the single largest impact on capacity to pay by reducing (in real terms) the floor on rates. Council has also reminded people about the monthly direct debit option. Council has also provided an extraordinary long lead in time for the consultation phase to give people maximum opportunity to adjust. Finally, Council has comprehensively reviewed its hardship provisions which now closely reflects the policy of Port Stephens council that met with the approval of IPART in 2023, adding in a \$300 Rates Assistance Program and a mechanism to allow aged pensioners to defer rates to their estate.

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).

Section 1.8 of the Revenue Policy 2024-2025 (Attachment 36. REVENUE POLICY 2024-2025 (adopted version) on page 11 provide reference to Council's Debt Management and Hardship Policy (Attachment 22. Debt Management and Hardship policy v2.0 final).

c. Please explain how the council makes its hardship policy or other measures known to ratepayers.

The policy has been a feature in all Council's communications - specifically mentioned in public forums, pop ups, and on Fact Sheets (including with a link direct to the policy on Council's website).

The policy is available in all Council customer facing centres, and is featured on Council's website: <https://www.federationcouncil.nsw.gov.au/Living-Here/Rates/Debt-Management-and-Hardship>.

Quarterly communication campaigns occur in line with the release of rates notices to advise residents that rates notices have been issued, and provide information on Council's Debt Management and Hardship policy (Attachment 22. Debt Management and Hardship policy v2.0 final) and how to seek hardship assistance if required. Evidence of this is appended to this application and contained in the Attachment 16. SRV Project - Evidence Catalogue - Chapter Two pages 61 – 62.

5.4 Are there any other factors that may influence the impact of the council's proposed rate rise on ratepayers (optional)?

Describe the impact of any other anticipated changes in the rating structure (e.g. receipt of new valuations), or any changes to other annual ratepayer charges such as for domestic waste management services.

You may also explain how the number of **non-rateable properties** may impact the council's average rates, if relevant to your council.

You can provide additional data using Worksheet 12 (WS 12) in the [Part A](#) Excel application form. For instance, providing the number of non-rateable versus rateable properties.

Seasonal conditions and soft commodity prices also impact on capacity to pay in a rural area. The University of Newcastle conducted an analysis of many factors related to this in the Capacity to Pay report (Attachment 28. Debt-Capacity-Report-24-40444).

Council has already noted the likelihood of being misled by average rates data and this is covered in detail in its Capacity to Pay report (Attachment 28. Debt-Capacity-Report-24-40444). In addition, Council notes the high proportion of pensioner discounts provided, and the large financial impact of this on Council (see the aforementioned report).

Council's 10-year kerbside collection contract expired at the end of the 2023/24 financial year. With the new contract that commenced on 1 July 2024, a three-bin service was extended to town/villages that had the legacy single bin service. It is estimated around 406 residential properties were impacted with the 33% increase in annual charges due to the new service.

Towns with access to Council's water supply network experienced an average 10% increase in the access charge for 2024/25. This is to support Council work towards addressing the gap in funding the increased cost of water service delivery. The residential sewerage access charge was increased by 8% for 2024/25. This is to build adequate reserves to renew ageing sewerage infrastructure when required. Over time with further strategic work, Council will align charges with Best Practice Water Supply and Sewerage guidelines of appropriate split between the revenue generated from access charges to consumption charges (recommended 25/75, currently at 23/77).

Council note that pensions and the like are indexed to CPI twice per year.

6 OLG SV Criterion 4 – Exhibition and adoption of IP&R documents

Refer to the [OLG SV Guidelines](#) as needed, and section 6 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section.

Table 9 seeks information which demonstrates that the council has met the formal requirements (where applicable) for the preparation, exhibition, adoption and publication of the current IP&R documents.

Table 9 IP&R documents

IP&R Document	Exhibition dates	Link to council minutes that outlines the resolution to publicly exhibit	Adoption date	Link to council minutes that outlines the resolution to adopt	Link to the adopted IP&R document on the council's website
Community Strategic Plan	16 May to 13 June 2022	https://www.federationcouncil.nsw.gov.au/Council/Council-Meetings/Minutes-Agendas	28 June 2022	https://www.federationcouncil.nsw.gov.au/Council/Corporate-Meetings/Minutes-Agendas	https://www.federationcouncil.nsw.gov.au/Council/Corporate-Planning/Plans-Strategies
Delivery Program	27 Nov to 24 Dec 2024		21 January 2025		
Long Term Financial Plan	27 Nov to 24 Dec 2024		21 January 2025		
Asset Management Plan (which contain long-term projections of asset maintenance, rehabilitation and replace, including forecast costs).	Not applicable	Not applicable	21 January 2025		

Note: The exhibition and adoption dates must match the dates recorded in the council resolution.

7 OLG SV Criterion 5 – Productivity improvements and cost-containment

Refer to the [OLG SV Guidelines](#) as needed, and section 7 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing for and completing this section.

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

Please provide the council's response in the text box below.

As detailed in the LTFP (Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)), productivity improvements and cost containment initiatives are being progressed in the following areas:

- Increase productivity of employees through training, the use of technology and implementation of different methods of working
- Reduce cost of energy across Council operations
- Dispose underutilised assets
- Protect and increase revenue streams
- Improve financial management practices
- Implement initiatives to reduce risk and avoid costs
- Improve asset management practices.

Further detail on actions undertaken and proposed within these strategies are contained in responses to 7.2 and 7.3.

Of particular note, Council is taking a deliberate and staged approach to improvement in asset management. Central to making strategic progress in this area is Council's ability to increase its capacity for meaningful data collection, and to understand the narrative that is outlined in the data. From there, operational improvement can be achieved by an understanding of the assets and their condition, allowing for the determination of a prioritised list of management actions. Council has recently updated its Strategic Asset Management Plan (Attachment 13. Federation Council SAMP 2025 - Final) to understand the expected level of investment in existing assets. Work is also underway to assess the condition of Council's road network, to enable appropriate prioritisation of Council's investment into road renewal and maintenance.

In addition, in 2023, Federation Council engaged the University of Newcastle Institute for Regional Futures to provide a report into *The Advantages and Disadvantages of Amalgamation and Federation Council's Financial Sustainability Journey* (Attachment 24. The-Adv-and-Dis-of-Amalgamation-and-Federation-Council's-Financial-Sustainability-Journey-Report). This report included seventy-seven (77) recommendations that the Institute believed it was important for Federation Council to consider and activate (resource permitting). Central to these recommendations was recommendation 48:

Establish the mantra 'every dollar counts' and add this to both internal and external communications. Some in the community and staff cohorts doubt that all decision-makers fully grasp the gravity of the financial sustainability predicament. By saying the mantra, acting on the mantra and reinforcing the mantra, we should be able to quickly redress this concern.

The full report and list of recommendations from the University of Newcastle are appended (Attachment 25. The-Adv-and-Dis-of-Amalgamation-and-Federation-Council's-Financial-Sustainability-Journey-Recommendations). It is important to note that it will take Council some time to work through the list of recommendations and that the results, albeit important, would only have a marginal effect on efficiency.

Since receiving the report in 2023, Council has acted to embed the notion of "every dollar counts" in its decision-making. This includes recognising, as a central operational principle, that cost containment does not have to equate to, nor should it equate to, corner-cutting, and recognises that it must do the hard work of improvement in order to drive sustainability. Council hopes that its commitments to these core tenants is obvious in the information provided to address council's strategic approach to improving productivity in its operations and asset management.

One of the interesting findings of the empirical work conducted by the University of Newcastle in 2023 is the level of organisational efficiency already being achieved by Federation Council. This is important because clearly the more efficient a Council already is, the less scope there is for further efficiencies. The report authors also empirically demonstrated that structural inefficiency was introduced as a result of the imposed 2016 amalgamations. Further impacting Council's ability to make savings is the extreme heterogeneity introduced by the amalgamation (an additional matter on top of the over-scaling) which has been demonstrated to have deleterious implications for efficiency –as demonstrated in a recent publication at the highly ranked Economic Record.

Nevertheless, the University of Newcastle presented Council with a lengthy list of recommendations that are currently being worked through. Council has adopted many of the 77 recommendations, and receives quarterly updates as to the progress of implementation. The report authors made it clear that they expected it might take years to action all of the recommendations, and that some would be subject to the political judgement of the elected representatives.

Council has also had work conducted on its Strategic Asset Management Plan (Attachment 13. Federation Council SAMP 2025 – Final) by Common Thread Consulting in 2022 and 2024. This work highlights the large implicit liability for Council and a huge risk to sustainability moving forward if matters are not promptly redressed. Council has attempted to make it clear to the community in presentations and fact sheets that a SRV will be directed to redressing hard infrastructure shortfalls. This advice has been welcomed by the community and this is their expectation also (please see the Community Engagement Report - Attachment 20. Community-Engagement-Report-24-40443). Council's focus is on getting essential infrastructure maintenance completed before the said infrastructure fails completely (and thus incurs additional costs that may well beyond council's capacity to meet).

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

Please provide the council's responses to the questions in in the text boxes below.

a. Explain initiatives undertaken and/or processes put in place in the past few years to improve productivity and contain costs.

Over the past five years, Council has implemented an extensive range of cost containment initiatives, with savings calculated at over \$4.3 million for the five-year period. The following table provides a summary of calculated savings by year.

Year	Cost containment achieved (\$)	Operating expenditure (excl. gain / loss on disposal of assets) (\$)	% of operating expenditure (excl. gain / loss on disposal of assets)	Source
2019/20	890,893	33,114,000	2.7%	Cost containments achieved 2022_23
2020/21	856,505	32,503,000	2.6%	Cost containments achieved 2022_23
2021/22	810,934	30,578,000	2.7%	Cost containments achieved 2022_23
2022/23	999,444	32,764,000	3.1%	Cost containments achieved 2022_23
2023/24	823,489	33,435,000	2.5%	Annual Report 2023/24

Initiatives implemented include:

- Implemented technology improvements to reduce staff time and other costs, and reduce risk to Council – introduced fully automated patching, expanded video conferencing capability, moved to VOIP phone systems, implemented delegations management software, direct debit payment systems and online purchase requisitions, etc.

- Reduced cost of energy – transition to LED lighting, state procurement contracts, energy audit to reduce use of electricity, reduction in number of vehicles, etc.
- Disposed underutilised assets – sold vacant industrial land in Corowa and excess vehicles
- Protected and increased revenue streams – introduced fees for civil works and inspections, secured training funding, introduced market rent on rental properties, etc.
- Improved financial management practices – expanded LTFP to include reporting by fund and included clear financial performance measures, introduced monthly financial performance reporting, expanded budget reporting to granular service level, sold properties with rates outstanding > 5 years, accessed TCorp for competitive borrowing rates, etc.
- Reduced service levels – ceased producing the Community Calendar, reduced funding for celebration weeks (e.g., seniors' week, volunteer's week, youth week), ceased quarterly printed and mailed Community Conversations Newsletter, ceased hosting Festival of Fun for Kids and Australian Billycart Championships, ceased Community Grants program, reduced Tourism promotion activity, reduction in economic development staffing, introduction of tiered supervision model for Corowa Aquatic Centre and Howlong Swimming Pool

The following table reports on productivity improvements and cost containment strategies implemented in 2023-2024 and the financial impact for the 2023-2024 year, as contained in the 2023/24 Annual Report (Attachment 9. Annual-Report-2023-2024 (page 109-111 and 113-121)*.

Strategy	Initiatives	Outcomes expected to be achieved	Outcome type	Calculated impact 23-24 (\$)	Comments
	Implement recommendations from employee engagement survey	Increased productivity resulting from increased engagement (0.5% pf employee cost)	Productivity saving	74,246	Implemented improvements in 3 areas: <ul style="list-style-type: none"> • Leadership development • Reward and recognition • Recruitment and selection. Actual cost benefit not included in the calculated impact
	Upgrade the training room with video conferencing capability	Reduced time and cost of travelling between Council sites.	Productivity saving		Implemented changes

* Attachment 9: Annual-Report-2023-2024, pages 118-121

Increase productivity of employees through training, use of technology and implementing different ways of operating	Implement Pulse delegations module	Eliminate current manual process and increase effectiveness of delegations framework	Productivity saving		Implemented module, eliminating manual process
Strategy	Initiatives	Outcomes expected to be achieved	Outcome type	Calculated impact 23-24 (\$)	Comments
	Implement Forms Express Flexipay for managing direct debits	Reduce manual work of processing direct debits and holding onto ratepayer bank account details	Productivity saving		Commenced implementation of Forms Express Flexipay resulting in time savings and reduction in errors
	Trial use of AI for initial drafting of correspondence.		Productivity saving		
	Commitment to meeting finishing on time and also holding shorter meetings.		Productivity saving		
	Introduction of new operating software Corowa Saleyards to reducing administration time.				Cost \$20,000 - funded by State Govt as part of the EID implementation
	Claim management completed in-house		Cost reduction		Undertake claims management inhouse rather than outsourced

	Application of regulator to reduce turf growth	Less growth results in less frequent mowing required	Productivity saving		Actual cost benefit not included in the calculated impact
	Continue to identify and implement other technology improvements	Increased productivity and reduced costs (estimated at quantified actual savings average)	Productivity savings / Cost reduction		
Strategy	Initiatives	Outcomes expected to be achieved	Outcome type	Calculated impact 23-24 (\$)	Comments
Reduce cost of energy across Council operations	Upgraded street lighting to LED	Reduced electricity costs	Cost containment	367,526	LED street lighting rollout complete
	Upgrade the 4 Bollard (ball) feature lights on Sanger Street outside Corowa Computers to solar power	Reduced electricity costs	Cost containment		
	Entered into Local Government Procurement state wide purchasing contract for electricity	Reduced electricity costs	Cost containment		Savings under state contract compared to open market prices
	Implement best practice fleet management in accordance with IPWEA Guidelines	Reduced vehicle costs	Cost containment		Reduction of vehicles; Review employee mv contributions and increases where required for CPI or other adjustments (e.g., post tax)
Dispose underutilised asset	Sales of other vacant land or surplus assets	Increased proceeds to Council and reduced holding costs	Revenue increase	193,239	Sold Cobar Crt property and reduced packaged vehicles by 2
Protect and increase	Introduced fees for civil works at 1.2% of cost of works	Revenue increase	Revenue increase	83,750	

revenue streams	Secured smart and skilled training funding	Revenue increase	Revenue increase		
	Introduce market rent on rental properties	Revenue increase	Revenue increase		Increase to market rent on Urana and Howlong housing stock
	Introduce fees for reinspection	Revenue increase	Revenue increase		Fee introduced
	Introduction of Section 7.12 Development Contributions Plan	Revenue increase	Revenue increase		Fee introduced
Strategy	Initiatives	Outcomes expected to be achieved	Outcome type	Calculated impact 23-24 (\$)	Comments
	Updated Section 64 Water and Sewer headworks charges	Revenue increase	Revenue increase		Fee reviewed
	Introduce Section 307 certificate – contributions payable on CC or CDC	Revenue increase	Revenue increase		\$60 fee introduced
	Develop and implement leasing policy	Revenue increase	Revenue increase		Lease meeting room to Service NSW
Improve financial management practices	Reviewed residential lease employee subsidy	Introduced progressive rental increase	Revenue increase	17,476	
	Access TCorp for competitive interest rates	Reduced borrowing costs	Cost containment		Access TCorp rates rather than commercial financiers
	Review cemetery fees (Stage 1)		Revenue increase		Implemented stage 1 review of cemetery fees
	Review fees and charges	Revenue increase	Revenue increase		
Reduced service levels	Reduced print run and distribution of the Community Calendar which used to be posted to every household	Saving printing and postage costs	Cost reduction	10,252	Ceased production of Community Calendar

	Reduce Tourism service activity	Saving wages and other costs	Cost reduction	77,000	Reduced service level effective 1 Dec 2023
				823,489	
Operating expenditure				33,435,000	
Gain / loss on disposal of assets				-	
Operating expenditure (excluding gain / loss on disposal of assets)				33,435,000	
% Of operating expenditure (excluding gain / loss on disposal of rates)				2.5%	

Further detail on initiatives implemented prior to July 2023 are included in the *Cost containments achieved 2022_23* attachment (Attachment 38. Cost containments achieved 2022_23).

b. Outline the outcomes which have been achieved, including providing quantitative data where possible.

The outcomes achieved are included in the above response to question 7.2 a and associated attachments.

A significant favourable outcome of Council's productivity and costs containment strategies has been with Council's underlying unrestricted cash. Underlying unrestricted cash was assessed in 2020 as the immediate high risk requiring addressing. Since 2017/18, there has been a steady improvement in underlying unrestricted cash¹, totalling \$12.9 million, or an average of \$2.1 million per annum. This data is updated annually, with the most recent report to Council in December 2024.

This is as a result of deferring the renewal of assets, seeking funding for asset renewal projects, increasing internal controls and providing more information for decision making. Progress is being made on building up an appropriate level of working capital (with the recommended range being between 2 and 3 months of operating expenditure).

¹ Attachment 39 - Cash position 30 June 2024 (page 7)

In addition, both envelopment analyses (DEA and FDH) – employing audited financial data from all rural NSW councils over an extensive period – show that Council is very close to the efficient frontier when compared to all other rural NSW local governments. In the most recent financial year, council got even closer to the efficient frontier as per the Efficiency Report (Attachment 27. Efficiency-Report-24-40445). The opinion of the University of Newcastle is that the current list of recommendations being worked through by council will not only see Federation move to optimal efficiency but also push the frontier out further for all councils. This quantitative data is the most sophisticated evidence possible to demonstrate what we have achieved thus far, what is possible in the future, and how this compares to peers. We refer IPART to the appended efficiency report and our earlier detailing of measures and their effects (above and in the appended documents).

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

The council should provide information that details initiatives planned for the next two years when requesting a one-year section 508(2) SV, or match the duration of the proposed SV.

The response should, wherever possible:

- estimate the financial impact of strategies intended to be implemented in the future
- present these as a percentage of operating expenditure
- indicate whether the proposed initiatives have been factored into the council's Long Term Financial Plan.

In the text boxes below:

a. Explain the initiatives which the council intends to implement and their financial impact.

Council is committed to delivering services in an efficient and effective manner. To achieve this Council has a continuing focus on identifying and implementing opportunities to improve productivity and contain costs.

Productivity improvements and cost containment initiatives that Council are being progressed in the following areas:

1. Increase productivity of employees through training, the use of technology and implementation of different methods of working

2. Reduce cost of energy across Council operations
3. Dispose underutilised assets
4. Protect and increase revenue streams
5. Improve financial management practices
6. Other initiatives to reduce expenditure
7. Implement initiatives to reduce risk and avoid costs
8. Changed service levels
9. Improve asset management practices

The following table provides a summary of initiatives currently underway and estimated savings.

Strategy	Initiatives	Outcome type	Savings included in LTFP	Estimated impact 2024/25 \$	Estimated impact 2025/26 \$	Estimated impact 2026/27 \$	Estimated impact 2027/28 \$
Increase productivity of employees through training, use of technology and implementing different ways of operating	Implement Forms Express Flexipay for managing direct debits	Productivity saving	No	120,225	129,376	133,647	138,066
	Implement HR management software for improving communication with staff	Productivity savings / Cost reduction	No				
	Implement Corowa Saleyards software to reduce administration for processing weekly sales	Productivity saving	No				
	Implement Cemetery software to streamline operations and meet regulatory requirements	Productivity savings / Cost reduction	Yes				
	Introduce automation of Routine Tasks - Implement self-service portals, chatbots, or automated response systems for common IT and customer service inquiries. This reduces the need for human intervention and lowers operational costs.	Productivity savings	No				

	Invest in training programs (inhouse and external) to enhance staff skills.	Productivity savings	No				
	Undertake claims management in-house	Cost reduction	Yes				
	Continue integration of TRIM and authority to facilitate electronic application management (in conjunction with records and IT)	Productivity saving	No				
	Introduce wide range of templates in the various application management modules in Authority (DAs; CCs; Vegetation Removal permits; S 68s etc) which pre-populate with data from corporate system	Productivity saving	No				
	Continue to identify and implement other technology improvements	Productivity savings / Cost reduction	No				
Strategy	Initiatives	Outcome type	Savings included in LTFP	Estimated impact 2024/25 \$	Estimated impact 2025/26 \$	Estimated impact 2026/27 \$	Estimated impact 2027/28 \$
Reduce cost of energy across Council operations	Fleet Reduction program	Cost reduction	No	176,000	182,640	189,536	196,699
	Energy audit - change of contracts	Cost reduction	Yes				
	Implement energy-efficient IT infrastructure and equipment to reduce electricity consumption and lower utility costs. This includes measures such as energy-efficient servers, and power management systems.		No				
Protect and increase revenue streams	Introduce market rent on rental properties	Revenue increase	Yes	10,680	41,054	52,491	204,328
	Develop and implement leasing policy	Revenue increase	No				
	Implement fee for stormwater drainage improvements	Revenue increase	No				
	Introduce fee for service: Flood Affect Certificate (from 1 July 2024) - a certificate required by private certifiers prior to issuing a complying development certificate. Previously provided free of charge.	Revenue increase	No				

	Introduce fee for service: Contributions payable Certificate - a certificate required by private certifiers prior to issuing a complying development certificate; Construction certificate or Occupation Certificate. Previously not provided, or info provided via email when requested.	Revenue increase	No				
Improve financial management practices	Reviewed residential lease employee subsidy	Revenue increase	No	88,410	100,188	105,862	113,673
	Review and update plant hire rates to ensure full cost recovery of providing the service	Revenue increase / expenditure reduction	Yes				
	Review fees and charges - e.g., cemeteries	Revenue increase	Yes				
Strategy	Initiatives	Outcome type	Savings included in LTFP	Estimated impact 2024/25 \$	Estimated impact 2025/26 \$	Estimated impact 2026/27 \$	Estimated impact 2027/28 \$
Other initiatives to reduce expenditure	Renegotiate Service NSW agreement to secure either an increased subsidy or align services to match the current subsidy level.	Cost reduction	Yes	-	23,000	23,805	24,638
	Negotiate contracts with IT vendors and service providers to obtain the best value for money. Consolidate purchasing agreements where possible to leverage volume discounts and reduce overall costs.	Cost reduction	No				
Changed service levels	Reduced print run and mail out of Urana newsletter to those residing outside the Council area	Cost reduction	No	109,005	312,656	321,605	330,871
	Implement tiered supervision model for Corowa Aquatic Centre	Cost reduction	Yes				
	Implement Tiered Supervision model for Howlong pool	Cost reduction	No				
	Ceased community grants program	Cost reduction	Yes				
				504,320	788,915	826,945	1,008,275

Operating expenditure	37,983,000	37,644,000	38,292,000	39,440,000
Gain / loss on disposal of assets	270,000	270,000	270,000	270,000
<hr/> Operating expenditure (excluding gain / loss on disposal of assets)	<hr/> 37,713,000	<hr/> 37,374,000	<hr/> 38,022,000	<hr/> 39,170,000
 % Of operating expenditure (excluding gain / loss on disposal of assets)	 1.3%	 2.1%	 2.2%	 2.6%

Under development – Not yet incorporated in the LTFP

Other productivity improvements and cost containment strategies under investigation include:

1. Bringing project management inhouse
2. Bringing Capital Projects works delivery inhouse
3. Review rostering practices to enable the delivery of efficient and effective Council services
4. Providing Investigation training to reduce external cost factors for investigations
5. Investigating work patterns to reduce the risk of inefficiency (reducing errors, rework, etc)
6. Improving internal communication - develop a shared understanding around how we speak to each other to ensure engagement, enrichment and effectiveness and improve wellbeing
7. Developing and embedding appropriate policies and strategies around leave & wellbeing
8. Developing an effective staff development program to develop leaders, support trainees and apprentices and provide other staff with skills required to be most effective
9. Implementing GPS tracking of vehicles

b. Indicate whether these have been incorporated in the council's Long Term Financial Plan, if not, explain why.

Yes, except those under development as Council is still investigating what may be implemented and those where Council is exploring appropriate instruments to measure the progress (as indicated in the table above).

7.4 How has the council's levels of productivity and efficiency changed over time, and compared to similar councils?

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

We refer IPART to the University of Newcastle's sophisticated empirical evidence constructed from the audited financial data of all rural NSW local governments, over a period of ten years. Under various specifications Federation is one of the most efficient local governments in the state. We note that efficiency improved in the most recent financial year, and that the University of Newcastle expects it to improve further in the next.

Furthermore, we note that various other metrics contained in the Efficiency Report, as well as the 2023 report, confirm this analysis. For instance, staff expenditure on a per property basis is firmly in the bottom quartile when compared to peer councils. Other accounting categories are similar.

These impressive results have been achieved despite the 2016 amalgamation disruption, legacy decisions of the administrator (2023 report), and extreme heterogeneity.

Table 10 Criterion 5 attachments

Attachment number	Name of document	Page references
27	Attachment 27. Efficiency-Report-24-40445	Pg. 1-3

8 Council certification and contact information

Councils must submit a declaration in the specified form. It should be completed by the General Manager and the Responsible Accounting Officer.

8.1 Certification of application and declaration

Prepare a document in the form indicated below. Please sign (electronic signature is also acceptable), scan and submit it with your application.

This is to be completed by General Manager and Responsible Accounting Officer.

Refer to Attachment 4. 8.1 Certification of application and declaration – Signed – for signed version

Name of the council:	Federation Council
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We certify that to the best of our knowledge the information provided in the Part A application form and this SV Part B application form is correct and complete. We have completed the checklist for the Part A and B application forms and also provided all relevant attachments as requested (see Table 11, Table 12 and Table 13).

General Manager (name):	Adrian Butler
Signature and Date:	<div style="border: 1px solid black; width: 100px; height: 20px; margin-bottom: 5px;"></div> x <div style="border: 1px solid black; width: 100px; height: 20px; margin-top: 5px;"></div>
Responsible Accounting Officer (name):	Shane Norman
Signature and Date:	<div style="border: 1px solid black; width: 100px; height: 20px; margin-bottom: 5px;"></div> x <div style="border: 1px solid black; width: 100px; height: 20px; margin-top: 5px;"></div>

Note: These signatures will be redacted before publication of the application.

8.2 Council contact information

IPART's formal contact with the council will be with the General Manager.

During the assessment period, IPART officers are likely to contact the council with detailed queries about the application and supporting documents. Councils should provide details of the primary contact for such inquiries where this person is a council officer who is not the General Manager. Council officer direct contact details will be redacted before publication of this application.

General Manager

General Manager contact phone	[REDACTED]
General Manager contact email	[REDACTED]

Note: These contact details will be redacted before publication of the application.

Primary council contact

Council contact phone	[REDACTED]
Council contact email	[REDACTED]
Council email for inquiries about the SV application	[REDACTED]

Note: These contact details will be redacted before publication of the application.

Secondary council contact

Council contact phone	[REDACTED]
Council contact email	[REDACTED]
Council email for inquiries about the SV application	[REDACTED]

Note: These contact details will be redacted before publication of the application.

9 List of required attachments

To complete (adding rows as necessary):

- Name each document.
- Check the box to indicate that the document is being submitted with the application.

Table 11 Required attachments checklist

Name of attachment	The document is included	The document is not applicable
Mandatory forms/ attachments:		
Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/> Filename: Attachment 1. Application-Form-Part-A-Special-Variation-and-Minimum-Rates-2025-26	NA
Application Form Part B (this Word document)	<input checked="" type="checkbox"/> Filename: Attachment 2. Application-Form-Part-B-Special-Variation-2025-26	NA
Council resolution to apply for the special variation	<input checked="" type="checkbox"/> Filename: Attachment 3. Council resolution to apply for the special variation	NA
Completed certification and declaration (see 8.1)	<input checked="" type="checkbox"/> Filename: Attachment 4. 8.1 Certification of application and declaration - Signed	NA
If applicable, to support the responses provided in Question 5 of Description and Context (see section 2) provide:		
Instrument for expiring special variation/s	<input checked="" type="checkbox"/> Filename: Attachment 5. 23 29358 IPART - Instrument 2023-24 Federation Council Special Rate Variation	<input type="checkbox"/>
OLG advice confirming calculation of amount to be removed from the council's general income	<input checked="" type="checkbox"/> Filename: Attachment 6. A907065 - Expiring Special Rate Variation	<input type="checkbox"/>
If applicable, to support the responses provided in Questions 6 AND/OR 7 of Description and Context (see section 2) provide:		
Declaration of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/> Filename: Attachment 7. Federation Council_ 2023 - 2024 Annual Reporting	<input type="checkbox"/>
Evidence of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/> Filename: Attachment 8. Annual-Report-2022-2023 (page 68-69) <input checked="" type="checkbox"/> Filename: Attachment 9. Annual-Report-2023-2024 (page 109-111 and 113-121)	<input type="checkbox"/>
Mandatory public supporting material (i.e., to be published on IPART's website):		
Community Strategic Plan	<input checked="" type="checkbox"/> Filename: Attachment 10. 22-1831-Community-Strategic-Plan-2022-2023-to-2031-2032-FINAL	NA
Delivery Program	<input checked="" type="checkbox"/> Filename: Attachment 11. DP&OP 2022 - 2026 version 5	NA
Long Term Financial Plan	<input checked="" type="checkbox"/> Filename: Attachment 12. Long Term Financial Plan 2024 - 2034 v5.0 (final)	NA

Name of attachment	The document is included	The document is not applicable
Asset Management Plan(s) (required if a key purpose of the SV is related to assets and capital expenditure)	☑ Filename: Attachment 13. Federation Council SAMP 2025 - Final	<input type="checkbox"/>
Consultation materials, e.g., copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation (combined into one document)	☑ Filenames: SRV project. SRV Project - Evidence Catalogue - Introduction Attachment 15. SRV Project - Evidence Catalogue - Chapter One Attachment 16. SRV Project - Evidence Catalogue - Chapter Two Attachment 17. SRV Project - Evidence Catalogue - Chapter Three Attachment 18. SRV Project - Evidence Catalogue - Chapter Four ☑ Filename: Attachment 40. Community Engagement	NA
Community feedback (including surveys and results). Confidential information should be redacted, or the entire document marked as confidential.	☑ Filename: Attachment 19. 6.6.24 report on pre-engagement with stakeholder groups ☑ Filename: Attachment 20. Community-Engagement-Report-24-40443 ☑ Filename: Attachment 16. SRV Project - Evidence Catalogue - Chapter Two ☑ Filename: Attachment 17. SRV Project - Evidence Catalogue - Chapter Three ☑ Filename: Attachment 41. Community Feedback	NA
Willingness to pay study (if applicable)	☑ Filename: Attachment 21. Capacity-to-Pay-Report-24-40442	<input type="checkbox"/>
Hardship policy	☑ Filename: Attachment 22. Debt Management and Hardship policy v2.0 final	NA
Other public supporting materials:		
Question 3: if council used an assumed rate peg that is not 2.5%	☑ Filename: Attachment 23. 8.4.24 Rate Cap Assumptions	
The-Advantages-and-Disadvantages-of-Amalgamation-and-Federation-Council's-Financial-Sustainability-Journey-Report	☑ Filename: Attachment 24. The-Adv-and-Dis-of-Amalgamation-and-Federation-Council's-Financial-Sustainability-Journey-Report	Criterion 1: Analysis of council's financial sustainability conducted by University of Newcastle
The-Advantages-and-Disadvantages-of-Amalgamation-and-Federation-Council's-Financial-Sustainability-Journey-Recommendations	☑ Filename: Attachment 25. The-Adv-and-Dis-of-Amalgamation-and-Federation-Council's-Financial-Sustainability-Journey-Recommendations	Criterion 1: Analysis of council's financial sustainability conducted by University of Newcastle
Financial Sustainability Report	☑ Filename: Attachment 26. Financial Sustainability Report – August 2024 – 24-40446	Criterion 1: Analysis of council's financial sustainability conducted by University of Newcastle
Efficiency-Report	☑ Filename: Attachment 27. Efficiency-Report-24-40445	Criterion 1: Analysis of council's financial sustainability conducted by University of Newcastle

Name of attachment	The document is included	The document is not applicable
Debt-Capacity-Report	<input checked="" type="checkbox"/> Filename: Attachment 28. Debt-Capacity-Report-24-40444	Criterion 1: Analysis of council's financial sustainability conducted by University of Newcastle
Extract of ARIC minutes evidencing ARIC support for need for significant SR and for submission of SRV application to IPART	<input checked="" type="checkbox"/> Filename: Attachment 29. ARIC minutes 13 December 2024 - extract	Criterion 1: Analysis of council's financial sustainability conducted by ARIC
Community Satisfaction Survey (2024)	<input checked="" type="checkbox"/> Filename: Attachment 30. Community Satisfaction Survey - Federation Council - 2024	Criterion 2: Community awareness and engagement
Engagement Report (University of Newcastle)	<input checked="" type="checkbox"/> Filename: Attachment 20. Community-Engagement-Report-24-40443	Criterion 1: Evidence of community need/ desire for service levels
Risk assessment of SRV options	<input checked="" type="checkbox"/> Filename: Attachment 31. Risk Assessment of SRV options 24-47517	Criterion 1: Other factors
Explanation for operating performance ratio 2023/24 increase	<input checked="" type="checkbox"/> Filename: Attachment 32. Operating performance ratio QwN January 2025	Criterion 2: Other factors
Independent Review Recommendations – status update (September 2024)	<input checked="" type="checkbox"/> Filename: Attachment 33. Independent Review recommendations - status update - September 2024	Criterion 3: Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV
Letter from Prof. M	<input checked="" type="checkbox"/> Filename: Attachment 34. MM-Peer-Review-Letter-24-40447	Criterion 3: Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV
Draft Revenue Policy 2024-2025	<input checked="" type="checkbox"/> Filename: Attachment 35. REVENUE POLICY 2024-2025 (exhibited version)	Criterion 2: Explain the action, if any, the council took in response to feedback from the community
Revenue Policy 2024-2025	<input checked="" type="checkbox"/> Filename: Attachment 36. REVENUE POLICY 2024-2025 (adopted version)	Criterion 3: 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).
Average residential rates modelling	<input checked="" type="checkbox"/> Filename: Attachment 37. Average residential rates by SRV scenario	Criterion 3: Consider affordability
Productivity improvements and cost containments achieved: 2019/20 – 2022/23	<input checked="" type="checkbox"/> Filename: Attachment 38. Cost containments achieved 2022_23	Criterion 5: Productivity improvements and cost containment
Report to Council on improvement in unrestricted cash from 2018/19 to 2023/24	<input checked="" type="checkbox"/> Filename: Attachment 39. Cash position 30 June 2024	Criterion 5: Productivity improvements and cost containment

Name of attachment	The document is included	The document is not applicable
Confidential supporting material (i.e., not to be published on IPART's website):		
(List the documents)		

10 Checklists

We provide these checklists to ensure that submitted applications meet a minimum standard.

Meeting the requirements of these checklists **does not** guarantee a council will be approved for the SV it has applied for.

Table 12 Part A Application Form Checklist

Checklist items	Please indicate whether the items have been actioned
Data provided in Part A application (i.e., proposed SV%, rates amount etc) are consistent with those contained in Part B application.	<input checked="" type="checkbox"/>
Table 1.2 of "WS1-Application" lists all the tables in worksheets 1 -12 that council must complete, based on the nature of council's application. Please confirm that all the data requirements, as listed in table 1.2, have been completed.	<input checked="" type="checkbox"/>
All completed tables (values and units – i.e., \$ or \$'000) have been completed correctly and verified to source. Please pay attention to the units specified for each table in each worksheet.	<input checked="" type="checkbox"/>
WS 10 - LTFP agrees to the council's provided (adopted) LTFP.	<input checked="" type="checkbox"/>
Dollar numbers provided in "WS10 – LTFP" are in dollars (\$) not thousands (\$'000) or millions (\$M)	<input checked="" type="checkbox"/>
If the council has an expiring or existing SV, it has incorporated this when filling out WS 2.	<input checked="" type="checkbox"/>
Annual and cumulative percentages are rounded to 1 decimal place.	<input checked="" type="checkbox"/> Part A & B of the application consistently have decimal placing rounded to 2 places.
Ensure that figures provided in WS 9 – Financials, WS 10 – LTFP and WS 11 – Ratios are at the General Fund level and <i>not</i> consolidated.	<input checked="" type="checkbox"/>
If the council proposes an SV with both permanent and temporary components, the council has discussed the relevant data and modelling requirements prior to submission.	<input type="checkbox"/> NA
Indication whether optional tables in WS 12 has been completed.	<input checked="" type="checkbox"/>

Table 13 SV Part B Application Form Checklist

Checklist items	Please indicate whether the items have been actioned
All required text boxes and tables have been completed.	<input checked="" type="checkbox"/>
All applicable documents per the List of Attachments (Table 11) have been provided.	<input checked="" type="checkbox"/>
The council has declared all SVs (including ASVs) approved since 2011-12 and provided annual reports that show compliance with the instrument reporting conditions, or explaining divergences.	<input checked="" type="checkbox"/>
The council's LTFP includes both the baseline (no-SV) and the SV scenario it is applying for.	<input checked="" type="checkbox"/>
The proposed SV annual and cumulative percentages agree to those used in community consultation, or if they differ, the reason has been explained.	<input checked="" type="checkbox"/>
If applying for a multi-year SV, the council has correctly calculated the cumulative percentage and dollar impact of the proposed SV using compounding.	<input checked="" type="checkbox"/>
The council has referenced community consultation materials that <i>at minimum</i> show the cumulative percentage of the SV and average total dollar increase (cumulative) per rating category.	<input checked="" type="checkbox"/>
Figures presented in Application Form Part B are consistent, as relevant, with those in Application Form Part A.	<input checked="" type="checkbox"/>
The council has submitted a Minimum Rates Part B Application Form, if required.	<input type="checkbox"/> NA
For OLG Criterion 5 (section 7), the council has provided concrete evidence and plans for past and future cost-containment and productivity strategies, as far as practicable.	<input checked="" type="checkbox"/>

Important information

Submitting online

Applications must be submitted through IPART's [LG Portal](#) by 11:59pm on Monday, 3 February 2025. Councils should note a file size limit of 150MB applies to any individual document uploaded in the portal.

Confidential content

IPART will publish all applications (excluding confidential content) on our 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 publish their application on their own website for the community to access.