



Independent Pricing and Regulatory Tribunal

Special Variation Application Form – Part B

For applications for 2014/15

Issued October 2013

Corowa Shire Council

Date Submitted to IPART: 21 February 2014

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1 Introduction

Each council must complete this application form (Part B) in order to apply for a special variation to general income. The same Part B form is to be used for applications made either under section 508A or under section 508(2) of the *Local Government Act 1993*.

IPART assesses each application against the criteria set out in the Division of Local Government (DLG) *Guidelines for the preparation of an application for a special variation to general income for 2014/2015* (the Guidelines). Councils should refer to these guidelines before completing this application form. They are available at www.dlg.nsw.gov.au.

We also publish Fact Sheets on our role in local government rate setting and special variations and on the nature of community engagement for special variation applications. The latest Fact Sheets on these topics are dated September 2013. They are available on our website at www.ipart.nsw.gov.au.

Councils must complete this Part B form with a relevant Part A form, also posted on our website. The relevant Part A form is either:

- ▼ *Section 508(2) Special Variation Application Form 2014/15 – Part A* for a single percentage variation under section 508(2) or
- ▼ *Section 508A Special Variation Application Form 2014/15 – Part A* for more than one percentage variation under section 508A.

The amount of information to be provided is a matter for judgement, but it should be sufficient for us to make an evidence-based assessment of the council's application against each criterion. This form includes some questions that the application should address, and guidance on the information that we require. As a general rule, the higher the cumulative percentage increase requested, and the greater its complexity, the more detailed and extensive will be the information required.

1.1 Completing the application form

To complete this Part B form, insert the council's response in the boxes and the area which is highlighted, following each section or sub-section.

Councils may submit additional supporting documents as attachments to the application. The attachments should be clearly identified in Part B and cross-referenced. We prefer to receive relevant extracts rather than complete publications, unless the complete publication is relevant to the criteria. Please provide details of how we can access the complete publication should this be necessary.

We may ask for additional information to assist us in making our assessment. If this is necessary, we will contact the nominated council officer.

This application form consists of:

- ▼ Section 2 - Focus on Integrated Planning and Reporting
- ▼ Section 3 – Assessment criterion 1
- ▼ Section 4 – Assessment criterion 2
- ▼ Section 5 – Assessment criterion 3
- ▼ Section 6 – Assessment criterion 4
- ▼ Section 7 – Assessment criterion 5
- ▼ Section 8 - Other information
- ▼ Section 9 – Checklist of contents
- ▼ Section 10 – Certification.

1.2 Submitting the application

IPART asks that all councils intending to apply for a special variation use the Council Portal on our website to register as an applicant council and to submit their application.

The Portal is at http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt. A [User Guide](#) for the Portal will assist you with the registration and online submission process.

Councils intending to submit an application should notify us of their intention to apply by **cob Friday 13 December 2013**.

Councils should also submit their applications, both Part A and Part B and supporting documents, via the Portal. File size limits apply to each part of the application. For Part B the limit is 10MB. The limit for the supporting documents is 120MB in total, or 70MB for public documents and 50MB for confidential documents. These file limits should be sufficient for your application. Please contact us if they are not.

We also ask that councils also submit their application to us in hard copy (with a table of contents and appropriate cross referencing of attachments). Our address is:

Local Government Team
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Level 17, 1 Market Street, Sydney NSW 2000.

We must receive your application via the Council Portal and in hard copy no later than **cob Monday 24 February 2014**.

We will post all applications (excluding confidential documents) on our website. Councils should also post their application on their own website for the community to read.

2 Focus on Integrated Planning and Reporting

How a council considers and consults and engages on a special variation as part of its Integrated Planning and Reporting (IP&R) processes is fundamental to our assessment of the application for a special rate variation. Such a focus is clear from DLG's September 2013 *Guidelines*.

The key relevant IP&R documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and, where applicable, Asset Management Plan.

A council's suite of IP&R documents may also include supplementary and/or background publications used within its IP&R processes. As appropriate, you should refer to these documents to support your application for a special variation.

Briefly outline how the council has incorporated the special variation into its IP&R processes. Include details of and dates for community consultation, key document revisions, exhibition period(s) and the date(s) that the council adopted the relevant IP&R documents.

Corowa Shire Council was a Group Three Council and first achieved all of the requirements under Integrated Planning and Reporting through the adoption of its final documents on 26 June 2012. At this time, Council adopted the Long Term Financial Plan (LTFP) and Delivery Program which proposed a special rate variation of 7% over five consecutive years, subject to a successful application to the IPART.

Following a new term of Council in September 2012, a review of these plans was undertaken which included further consultation. No major changes were made to the revised plans which were re-adopted on 24 June 2013. An application for a special rate variation (for the remaining four years due to the 12 month approval already in place) continued to be a priority within the plans. The following is a summary of key consultation with the community as part of this process:

Activity	Date	Response
Community Comment Boards	May 2011	150 comments received
Community Survey	August - September 2011	230 surveys received
Young People Focus Groups	June 2011	45 young people

Youth Survey	June 2011	95 surveys received
Primary school consultations	Sept – Oct 2011	Over 150 students participated
Preschool consultations	June 2011	30 students participated
Stakeholder Workshops	A number of stakeholder workshops were held covering the areas of: <ul style="list-style-type: none"> • Community • Health • Aged services • Children and young people • Sport and recreation • Business June - October 2011	Over 100 people attended the workshops
Community Action Meetings	September 2011	54 people attended three meetings
Community Survey	March 2013 – Delivered to all Corowa Shire residents and widely promoted.	97 responses

Council's financial plan, asset management policy and strategies have been key inputs to the Delivery Program and Operational Plan. These documents identified a significant infrastructure backlog (more than \$44,000,000) and that unless Council could secure additional revenue streams, the current service levels would need to be reduced.

Consultation with the community demonstrated that a reduction in service levels and asset maintenance standards was not a desirable option. This is reflected in the summary of 'what the community told us' within the Delivery Program/Operational Plan.

The proposal of a rate increase above the rate pegging limit has been widely promoted and accepted throughout the community and there is a general understanding that Corowa Shire Council has an extremely low rate base.

A further minor variation was made to Council's Delivery Program during December 2013, following exhibition during December 2013 and January 2014 and Council's Delivery Program was re-adopted by Council 21 January 2014.

These plans can be found at www.corowa.nsw.gov.au/csp

3 Assessment criterion 1: Need for the variation

In the DLG Guidelines, criterion 1 is:

The need for and purpose of a different revenue path (as requested through the special variation) is clearly articulated and identified through the council's IP&R documents, including its Delivery Program and Long Term Financial Plan. Evidence for this criterion could include evidence of community need/desire for service levels/project and limited council resourcing alternatives and the Council's financial sustainability conducted by the NSW Treasury Corporation. In demonstrating this need councils must indicate the financial impact in their Long Term Financial Plan applying the following two scenarios:

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

The response in this section should summarise the council's case for the proposed special variation. It is necessary to show how the council has identified and considered its community's needs, alternative funding options and the state of its financial sustainability.

The criterion states that all these aspects must be identified and articulated in the council's IP&R documents.

At the highest level, please indicate the key purpose(s) of the special variation by marking one or more of the boxes below with an "x".

- | | |
|--------------------------------------|-------------------------------------|
| Maintain existing services | <input type="checkbox"/> |
| Enhance financial sustainability | <input checked="" type="checkbox"/> |
| Environmental works | <input type="checkbox"/> |
| Infrastructure maintenance / renewal | <input checked="" type="checkbox"/> |
| Reduce infrastructure backlogs | <input checked="" type="checkbox"/> |
| New infrastructure investment | <input type="checkbox"/> |
| Other (specify) | <input type="checkbox"/> |

Summarise below the council's need for the special variation. Comment on how the need is captured in the IP&R documents, especially the Long Term Financial Plan (LTFP) and the Delivery Program, and, where appropriate, the Asset Management Plan (AMP). Note that the LTFP is to include both a 'baseline scenario' and an 'SV scenario' as defined in the *Guidelines*.

The Asset Management Plans and LTFP have shown the significant financial requirement to the maintain Councils existing infrastructure which includes over 15,000 community assets.

The total replacement value of Corowa Shire Council managed community infrastructure has been estimated at \$427,482,000. However this infrastructure has a current value of \$316,169,000 and is depreciating at an annual rate of \$108,444,000. These plans show that Council has not renewed its assets at a rate to keep up with this depreciation. This ageing infrastructure is placing extreme demands on Councils resources coupled with numerous other limiting factors such as:

- Ageing population and large pensioner base which requires Council to provide a significant rebate equating to an annual Council contribution of approximately \$265,000 per annum. Almost 28% of Corowa Shire rate assessments receive a pension rebate
- Unpaid rates and charges of approximately \$700,000 (7.5% of the total)
- Increasing energy costs (annual increase assumed of 10%)
- Wage increases (3.25%)
- Rising insurance costs (annual increase assumed of 5%) and increased risk management expenses
- CPI (2.5%)
- Rising construction costs
- Escalating waste management expenses
- Cost shifting from other levels of Government
- Increasing community expectations

Consultation with the community has demonstrated that a reduction in service levels and asset maintenance standards is not a desirable option.

As part of the planning and consultation process, Council has promoted two 'options' for the Delivery Program and Financial Plan. One option allowing a rate rise of 7% (SV scenario) and the other with a rate rise in accordance to the rate pegging limit (at that time) of 3.4% (Baseline scenario). The below table shows some of the changes that would occur if a 7% rate rise was not supported.

Description	Change
Community Grants	Reduced from \$30,000 to \$15,000
Street Cleaning	Reduced by \$10,000
Low Square Maintenance	Reduced by \$12,000 (of increased amount)
Parks and Gardens	Reduced by \$20,000
Pre-School Fence Corowa and Mulwala	Budget removed \$6,000
Public Art	Budget removed \$4,000
Community Vegetable Garden	Budget removed \$5,000

Road Safety Officer	Reduced by \$16,000 to \$0
Trees	Reduced by \$20,000
Advertising – Regional Promotion	Budget removed \$10,000
Events Support	Reduced further by \$5,000 to \$15,000
Events Grant Program	Budget removed \$10,000
Lonsdale Reserve Master Plan	Reduced by \$5,000 to \$40,000
Low Square Master Plan	Reduced by \$10,000

The preferred Delivery Program/Financial Plan includes the 7% special rate variation for the five consecutive years.

The special rate variation is proposed in order to assist Council to help address its significant infrastructure backlog and maintain service level standards. It is a measure being undertaken towards long term sustainability rather than to allow for additional capital expansion.

If the special variation seeks funding for contributions plan costs above the development contributions cap, refer to Box 3.1.¹

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

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

- ▼ a copy of the council’s section 94 contributions plan
 - ▼ a copy of the Minister for Planning and Infrastructure’s response to IPART’s review and details of how the council has subsequently amended the contributions plan
 - ▼ details of any other funding sources that the council is proposing to seek to use
 - ▼ any reference to the proposed contributions (which were previously to be funded by developers) in the council’s planning documents (eg, LTFP and Asset Management Plans (AMP))
 - ▼ any necessary revisions to financial projections contained in the LTFP and AMP to reflect the special variation.
-

¹ See Planning Circular 10-025 dated 24 November 2010 at www.planning.nsw.gov.au and for the most recent Direction issued under section 94E of the *Environmental Planning and Assessment Act 1979*. See also Planning Circular PS 10-022 dated 16 September 2010.

If the special variation seeks funding for contributions plan costs above the development contributions cap, set out below:

- ▼ details explaining how the council has established the need for a special variation to meet the shortfall in development contributions, and
- ▼ how this is reflected in the council's IP&R documents.

3.1 Community needs

Indicate how the council has identified and considered the community's needs and desires in relation to matters such as levels of service delivery and asset maintenance and provision in deciding to apply for a special variation. The application should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

Council's Community Strategic Plan identifies the aspirations of the community into the future. Council's Delivery Program and Operational Plan sets out the strategies and actions that Council has been able to resource, with consideration towards the asset management and financial plans.

There are currently gaps in relation to Council's ability to meet community expectations with regard to service delivery level and asset maintenance standards.

As part of the planning and consultation process, Council clearly articulated some of the key challenges of the future with respect to the maintenance of existing infrastructure.

Extracts from Delivery Program:

Our Community Assets

Over 15,000 community assets have been identified within the Shire. Community assets managed by Corowa Shire include:

- *Local road network (around 1,500km of road)*
- *Town water (160km of water mains and 5,000 connections)*
- *Town sewer (over 140km of sewer mains)*
- *Footpaths (over 40kms)*
- *Buildings including halls, libraries, and public toilets*
- *Facilities such as swimming pools, Aerodrome, saleyards*
- *Cemeteries and aged care facilities*
- *Parks, gardens, playground and storm water drainage*

The total replacement value of Corowa Shire Council managed community infrastructure has been estimated at \$427,482,000. However this infrastructure has a current value of \$316,169,000 and is depreciating at an annual rate of \$108,444,000.

Throughout the consultation process, the community informed Council that a reduction in service levels was not a desirable position and that the maintenance and improvement of infrastructure - 'particularly our roads, footpaths, CBD, Riverfront/Foreshore improvements, swimming pools and playground were important.'

(Refer 'What our community told us' Delivery Program/Operation Plan, Page 14).

Council's position in relation to the need for additional finances was widely promoted and an agreement was reached that one strategy to achieve this would include general rate increases above the rate pegging limit.

As part of the proposal for a general rate increase, a scenario was developed and promoted for services that would be reduced if a rate increase was not approved and no objections to this received. Please refer table shown above which has been extracted from public exhibition documents.

Please also refer to pages 15 - 17 of the Delivery Program and Operational Plan.

3.2 Alternative funding options

Explain how the decision to seek higher revenues was made after other options such as changing expenditure priorities or using alternative modes of service delivery were examined. Also explain the range of alternative revenue/financing options you considered and why the special variation is the most appropriate option. For example, typically these options would include introducing new or higher user charges and increase council borrowing, but may include private public partnerships or joint ventures.

Provide extracts from, or references to, the IP&R document(s) which show how the council considered the alternatives.

Council examined its rate base in the context of other New South Wales Councils and found that Corowa Shire Council has an extremely low general rate. This is shown in a report produced by The Division of Local Government titled 'Comparative Information of New South Wales Local Government Councils 2010/2011.' The report shows Corowa Shire Council to have the lowest average general rate per residential assessment in its group of like Councils. It shows Corowa Shire's rates to be \$400 less than the State average and \$200 less than the group average. The average rate per assessment for Corowa Shire farmland is \$400 less than the group average and less than the State average. For the average business rate per assessment, Corowa Shire is less than a quarter of the State average and one of the lowest in its group. The following is a link to the report:

http://www.dlg.nsw.gov.au/dlg/dlg/home/documents/Comparatives/Comparatives_2010_11.pdf

This information has been considered in the context of Councils declining financial position coupled with increasing community expectations and a general rate increase is essential but will not bridge the \$2,000,000 plus annual operational gap alone.

Additional strategies being implemented include:

- Ongoing review and changes made to Council's organisational structure.
- Cost saving reviews and focus on purchasing practices.
- Asset consolidation - not expansion. A review is underway in relation to the consolidation of assets such as community halls, playgrounds, sporting grounds, waste transfer/tip sites etc.
- Ongoing review of user pay charges - charges have commenced or increases occurred on facilities such as the Saleyards, Halls, Aerodrome and events.
- Early consideration and implementation of recommendations contained with the final report of the Independent Local Government Review.

3.3 State of financial sustainability

The special variation may be intended to improve the council's underlying financial position, or to fund specific projects or programs of expenditure, or a combination of the two. We will consider evidence about the council's current and future financial sustainability.

The application should set out the council's understanding of its current state of financial sustainability, as well as long-term projections based on alternative scenarios and assumptions about revenue and expenditure. Such evidence can be drawn from the LTFP and from any external assessment, eg by auditors or TCorp.

Explain the council's view of its financial sustainability as it relates to the application for a special variation.

Council needs to address an annual operational gap of more than \$2,000,000 due to the declining conditions of its assets.

The adopted ('planned') version of the LTFP shows a balanced budget over the ten year period, however this was achieved through a significant reduction in capital and maintenance works to existing infrastructure – predominantly roads which will greatly reduce service level standards.

A number of financial scenarios were prepared as part of the LTFP plan. Whilst the proposed 7% consecutive rate rises were included as part of the planned (adopted) LTFP, Council understand that this will not achieve the required level of funding to maintain service/asset level standards.

The following table provides a summary of some key scenarios completed as part of the LTFP:

	Planned (Reduced service levels/standards to meet budget restrictions)	Compromise (Marginal reduction in service levels/standards)	Optimal (Maintain existing service levels/standards)
Current Asset Value	\$299,488,109	\$299,488,109	\$299,488,109
Asset value by 2022/2023	\$279,563,921	\$285,545,515	\$294,523,302
Budgeted financial position by 2022/2023	\$501	-\$4,152,900	-\$8,468,641
Projected annual asset maintenance saving by 2022/2023	-	\$1,097,338	\$546,620

The 'Planned' budget was adopted by Council as it sat within the current financial capacity of the Council, however it highlights a major long term risk to the Council as it does not maintain the current value of its assets. This means that service levels will diminish and Council will be exposed to greater risks that result from reduced infrastructure standards such as increased public liability.

The 'Optimal' LTFP scenario demonstrates a more optimal spend on the renewal of Council's infrastructure as it aims to maintain the current service standards, however this was outside the financial capacity of Council as is demonstrated by the \$8.4 million budget shortfall by the 2021/2022 financial year.

These scenarios demonstrate that the long term financial vulnerability of Corowa Shire Council is a significant challenge.

As identified above, Council is committed to addressing this shortfall through the implementation of a combination of measures.

TCorp's assessment of Corowa Shire provides further reinforcement of the need for Council to find additional avenues for revenue streams in order to address Councils infrastructure backlog. Please see attached report.

Explain how TCorp's recent Report on the Council's financial sustainability is relevant in supporting the decision to apply for a special variation.

As part of the TCorp report, the following recommendations were made (extract from TCORP report):

- *Council forecasts continuing operating deficits. While sustainable in the short to medium term, Council may be unsustainable in the longer term unless additional revenue can be sourced, further efficiencies found, or service levels reviewed*
- *In addition, Council is dependent on external revenue sources such as State and Federal grants. Any material adverse change to the levels of grants receivable would severely weaken Council finances*
- *Following the implementation of an Asset Management System, the estimation of the Infrastructure Backlog value has increased over the past four years, up to \$44.6m in 2012. In recent years, Council has not spent sufficient amounts on asset maintenance. In addition, Council is limited by budget restrictions. As a consequence, it is likely that the backlog will continue to grow in future years*
- *Council is not spending sufficient amounts on asset renewal and in the long term this could lead to a reduction in service levels. Council has been proactive in measuring its asset renewal funding gap and is considering applying for a SRV for next financial year to help address this issue*

This summary has highlighted some of the key issues facing Council and shows the need for a special variation as well as the introduction of other measures to address the situation.

How will the special variation affect the council's key financial indicators over the 10-year planning period? Key indicators may include:

- ▼ Operating balance ratio excluding capital items (ie, net operating result before capital as percentage of operating revenue before capital grants and contributions)
- ▼ Unrestricted current ratio (the unrestricted current assets divided by unrestricted current liabilities)
- ▼ Rates and annual charges ratio (rates and annual charges divided by operating revenue)
- ▼ Debt service ratio (net debt service cost divided by revenue from continuing operations)
- ▼ Broad liabilities ratio (total debt plus cost to clear infrastructure backlogs (Special Schedule 7) divided by operating revenue)
- ▼ Asset renewal ratio (asset renewals expenditure divided by depreciation, amortisation and impairment expenses).

The following table provides a summary of the effect of a rate rise on council's key financial indicators.

While most measures show only marginal improvement over the ten year period which assumes a total of 5 years with special variation increases (of 7%) a key measure which is forecasted to improve is the assets renewal ratio demonstrating that the strategy will help Council to bridge its infrastructure backlog gap. The below table reinforces that the special rate variation will not be effective if it is the only strategy successfully implemented.

Rate Rise of 7% for 5 years starting 2013/14										
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Rates & Annual Charges Coverage Ratio	31.04%	33.14%	36.12%	36.58%	36.71%	36.91%	36.53%	36.30%	33.35%	33.24%
Debt Service Ratio	3.15%	3.61%	3.46%	4.61%	4.70%	4.64%	4.44%	4.32%	4.99%	5.62%
Operating Surplus Ratio	34.22%	14.41%	-3.00%	-2.04%	3.02%	4.84%	6.54%	7.19%	27.90%	26.84%
Asset Renewal Ratio	139.90%	103.16%	74.28%	139.16%	79.11%	82.64%	85.87%	86.70%	90.35%	91.90%
Unrestricted Current Ratio	3.75	3.98	4.00	4.67	4.85	5.07	5.26	5.38	5.44	5.50
Rate Rise of 3.6% every year										
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Rates & Annual Charges Coverage Ratio	31.24%	33.00%	35.63%	35.69%	35.43%	35.20%	34.77%	34.48%	31.55%	31.39%
Debt Service Ratio	3.15%	3.63%	3.49%	4.68%	4.80%	4.77%	4.56%	4.43%	5.12%	5.76%
Operating Surplus Ratio	32.20%	11.43%	-7.53%	-7.89%	-3.92%	-3.49%	-1.54%	-73.00%	21.85%	20.84%
Asset Renewal Ratio	139.90%	101.14%	70.01%	132.41%	69.63%	70.11%	72.89%	73.25%	76.38%	77.43%
Unrestricted Current Ratio	3.75	3.98	4.00	4.67	4.85	5.07	5.26	5.38	5.44	5.50

3.4 Capital expenditure review

Councils undertaking major capital projects are required to comply with the DLG's Capital Expenditure Guidelines, as outlined in DLG Circular 10-34. A capital expenditure review is required for projects that are not exempt and cost in excess of 10% of council's annual ordinary rates revenue or \$1 million (GST exclusive), whichever is the greater. A capital expenditure review is a necessary part of a council's capital budgeting process and as such should have been undertaken as part of the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Does the proposed special variation require you to do a capital expenditure review in accordance with DLG Circular to Councils, Circular No 10-34 dated 20 December 2010?

Yes No

If Yes, has a review been done and submitted to DLG?

Yes No

4 Assessment criterion 2: Community awareness and engagement

In the DLG Guidelines, criterion 2 is:

Evidence that the community is aware of the need for and extent of a rate rise. This must be clearly spelt out in IP&R documentation and the council must demonstrate an appropriate variety of engagement methods to ensure opportunity for community awareness/input. The IP&R documentation should canvass alternatives to a rate rise, the impact of any rises upon the community and the council's consideration of the community's capacity and willingness to pay rates. The relevant IP&R documents must be approved and adopted by the council before the council seeks IPART's approval for a special variation to its general revenue.

To meet this criterion, councils must provide evidence from the IP&R documents² that the council has:

- ▼ Consulted and engaged the community about the special variation using a variety of engagement methods and that the community is aware of the need for, and extent of, the requested rate increases
- ▼ considered and canvassed alternatives to the special variation
- ▼ provided opportunities for input and gathered input/feedback from the community about the proposal
- ▼ considered the impact of rate rises on the community
- ▼ considered the community's capacity and willingness to pay.

In assessing the evidence, we will consider how transparent the engagement with the community has been, especially in relation to explaining:

- ▼ the proposed cumulative rate increases including the rate peg (including in both percentage and dollar terms)
- ▼ the annual increase in rates that will result if the special variation is approved in full (and not just the increase in daily or weekly terms)
- ▼ the size of any expiring special variation (see Box 4.1 below)
- ▼ alternative rate levels that would apply without the special variation
- ▼ proposed increases in any other council charges (eg, waste management, water and sewer), especially if these are likely to exceed the increase in the CPI.

Box 4.1 Where a council is renewing or replacing an expiring special variation

² The relevant documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and, where applicable, Asset Management Plan

The council should have explained to its community:

- ▼ that there is a special variation due to expire at the end of this financial year or during the period covered by the proposed special variation
- ▼ that, if the special variation were not approved so that only the rate peg applied, the year-on-year change in rates would be lower, or that rates may fall
- ▼ if applicable, that the expiring special variation is being continued (in full or in part), in the sense that it is being replaced with another that may be either temporary or permanent, or that the value is included in the percentage increase being requested in the following year.

More information about how community engagement might best be approached may be found in the *DLG Guidelines*, the IP&R manual, and our Fact Sheet *Community Awareness and Engagement*, September 2013.

4.1 The consultation strategy

Provide details of the consultation strategy undertaken, including the range of methods used to inform the community about the proposed special variation and to engage with the community and obtain community input and feedback on it. The range of engagement activities could include media releases, mail outs, focus groups, random or opt-in surveys, online discussions, public meetings, newspaper advertisements and public exhibition of documents.

Please provide relevant extracts of the IP&R documents that explain the council's engagement strategy and attach relevant samples of the council's consultation material.

The following table provides a summary of Council's engagement process in relation to the Community Strategic Plan which included discussion about priorities and how these could be funded.

Activity	Date
Community Comment Boards	May 2011
Community Survey	August - September 2011
Young People Focus Groups	June 2011
Youth Survey	June 2011
Primary school consultations	Sept - Oct 2011
Preschool consultations	June 2011
Stakeholder Workshops	A number of stakeholder workshops were held covering the areas of:

	<ul style="list-style-type: none"> • Community • Health • Aged services • Children and young people • Sport and recreation • Business <p>June - October 2011</p>
Community Action Meetings	September 2011
Whole of community survey	December 2012
Public exhibition periods supported with strong promotion to raise awareness and seek feedback on draft plans	May 2012, May 2013 and December 2013.

A range of media and promotional activities surrounded these activities including media releases, website information, radio interviews, Council newsletters, newspaper advertising, posters in community notice boards etc. Attached to the application is a copy of the community engagement report and sample material.

This has been the most extensive community engagement process Council has undertaken and the methods of consultation were selected to ensure that all members of the community had the opportunity to provide input and to ensure that a good cross section of the community was represented.

Following the adoption of the plans, there has been strong media coverage and understanding of the need for Council to apply for a special rate variation above the rate pegging limit. This was evident in both local and regional media and some examples are attached to this application.

4.2 Alternatives to the special variation

Indicate the range of alternatives to the requested special variation that the council considered and how you engaged your community about the various options.

A reduction in services delivered by Council that may not have been considered 'core' was considered. This included removal of already limited tourism, community development, road safety and sport and recreation funding. This was not met with support. Councils extremely low rate and declining community capacity has made it very difficult to explore feasible alternatives to a special variation but through a range of other organisational measures being introduced, Council have aimed to keep the increase low.

4.3 Feedback from the community consultations

Summarise the outcomes of, and feedback from, your community engagement activities. Such outcomes could include the number of attendees at events and

participants in online forums, as well as evidence of media reports and other indicators of public awareness of the council's intentions. Where applicable, provide evidence of responses to surveys, particularly the level of support for specific programs or projects, levels and types of services, investment in assets, as well as the options proposed for funding them by rate increases.

Where the council has received submissions from the community relevant to the special variation during the engagement process, the application should set out the views expressed in those submissions. It should also identify and document any action the council has taken, or will take, to address issues of common concern.

Please find attached to the application a copy of the consultation report and refer to the below table in relation to a summary of key consultation meetings/surveys and number of responses.

Activity	Date	Response
Community Comment Boards	May 2011	150 comments received
Community Survey	August - September 2011	230 surveys received
Young People Focus Groups	June 2011	45 young people
Youth Survey	June 2011	95 surveys received
Primary school consultations	Sept - Oct 2011	Over 150 students participated
Preschool consultations	June 2011	30 students participated
Stakeholder Workshops	A number of stakeholder workshops were held covering the areas of: <ul style="list-style-type: none"> • Community • Health • Aged services • Children and young people • Sport and recreation • Business 	Over 100 people attended the workshops
Community Action Meetings	September 2011	54 people attended three meetings
Whole of community survey	December 2012	Circulated to all residents of Corowa Shire. 108 responses received.
Public exhibition periods supported with strong promotion to raise awareness and seek feedback on draft	May 2012, May 2013 and December 2013.	Not more than seven responses received to any exhibition period.

plans		
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Most feedback obtained as part of this process, related to requests for additional services/projects.

A total of three submissions/feedback points were received in objection to the rate increase. Council have noted these objections.

4.4 Considering the impact on ratepayers

Indicate how the council assessed the impact of the special variation on ratepayers, and where this was addressed within the community awareness and engagement processes. Where the impact will vary across different categories and/or sub-categories of ratepayers, the council should consider the circumstances of the various different groups.

The impact of the proposed special variation during the first year averages \$38.89 for properties in the residential category, \$84.61 for those in the business category and \$145.04 for farmland. Mulwala business has the highest average maximum increase of \$202.77.

The cumulative impact of the special variation predicts total increases over the 4 year period of \$156.64 for properties in the residential category, \$347.36 for those in the business category and \$644.21 for farmland. Mulwala business has the highest average maximum increase of \$793.59.

These increases are thought to be reasonable based on Council’s existing low rate base and comparisons made to other Council’s throughout the State.

There has been a strong level of communication in relation to this. Please see attached media to the application.

4.5 Considering the community’s capacity and willingness to pay

Indicate how the council has assessed the community’s capacity to pay for the rate increases being proposed, and also assessed its willingness to pay.

Evidence on capacity to pay could include a discussion of such indicators as SEIFA rankings, land values, average rates, disposable incomes, the outstanding rates ratio and rates as a proportion of household/business/farmland income and expenditure, and how these measures relate to those in comparable council areas. As many of these measures are highly aggregated, it may also be useful to discuss other factors that could better explain the impact on ratepayers affected by the proposed rate increases, particularly if the impact varies across different categories of ratepayers.

The capacity of the community to pay an increase in rates has always been of great concern to Council and is why the Council have maintained one of the lowest rating structures in New South Wales. In years gone by Council has not adopted even a rate increase in line with the rate pegging limit. This has added to Council's current difficult financial position.

The rising cost of living is a key concern to the community and the primary concerns have been the rising cost of energy. Corowa Shire has a high proportion of pensioners (which adds further pressure to Council's low rate base due to a significant 28% of our assessments receiving pension rebates and the State Government no longer providing full reimbursement of these.

The median weekly individual income for persons aged 15 years and over in Corowa Shire was \$469, compared with \$561 in NSW and \$577 in Australia.

The median weekly household income in Corowa Shire was \$873, compared with \$1,237 in NSW and \$1,234 in Australia.

The median weekly family income in Corowa Shire was \$1,093, compared with \$1,477 in NSW and \$1,481 in Australia.

Based on the median weekly household income of \$873 and an average proposed annual residential rate value (with the special variation) of \$469, this would equate to less than 1% of the average annual household income for residents of Corowa Shire.

As at the September 2013 quarter, Corowa Shire has one of the lowest unemployment rates in the surrounding region at 4.7% compared to the same the unemployment rate in NSW at 5.4% and in Australia at 5.5%. The unemployment rate for Corowa Shire has been consistently low over the previous 12 month period, ranging from 4.1% to 4.9%.

Of the 4,632 people living in Corowa Shire who are employed, 62% are working full time and 35% part time.

Analysis of the housing tenure of the Corowa Shire population in 2011 compared to Regional NSW shows that there was a larger proportion of households who owned their dwelling; a similar proportion purchasing their dwelling; and a smaller proportion who were renters.

Overall, 41.6% of the population owned their dwelling; 29.9% were purchasing, and 21.9% were renting, compared with 36.6%, 29.7% and 27.0% respectively for Regional NSW.

Corowa Shire also has significantly lower median weekly rental payments, at \$180 per week compared to \$220 in Regional NSW and \$300 in NSW.

A brief summary of SEIFA Measures relevant to Corowa Shire is as follows:

- Generally, Corowa Shire is ranked at the mid range point in terms of socio economic disadvantage against other LGA's throughout the Nation and State, with the exception of level of education and occupation
- Corowa Shire's SEIFA measure of level of Education and Occupation ranks the area within the third most disadvantaged (lowest level of education, lowest level of occupation obtainment) within the Country and second lowest within the State
- The significant contrast between the SEIFA Index for Education and Occupation compared to the three other measures which show a lesser disadvantage reinforces the dominance of large industry within the area who offer lower level positions with attractive wages
- In relation to the measure of Economic Resource for Corowa Shire, the Shire is generally ranked in a better position than surrounding Councils but below the average of the State
- In comparison to surrounding LGA's Corowa Shire has a significant higher level of disadvantage across all four SEIFA measures

In comparing surrounding Councils with similar or lower levels of disadvantage, Corowa Shire has a low rate base as is evident from the following table. Council therefore believes that the capacity of the community to pay an increase is reasonable.

Rate charges 2013/2014- other Shires

	Base Rate	Ad Valorem Rate	Minimum Value		Total Rate	SEIFA
Corowa	\$ 147.00	\$ 0.00315917		\$ 70,000.00	\$ 368.14	6
Murray		\$ 0.00528232	\$ 400.79	\$ 70,000.00	\$ 400.79	6
Jerilderie	\$ 116.00	\$ 0.00654003		\$ 70,000.00	\$ 573.80	
Greater Hume	\$ 246.38	\$ 0.00652929		\$ 70,000.00	\$ 703.43	7
Berrigan		\$ 0.00642010		\$ 70,000.00	\$ 449.41	
Albury village	\$ 304.00	\$ 0.00710500		\$ 70,000.00	\$ 801.35	5
Albury City	\$ 304.00	\$ 0.00835900		\$ 70,000.00	\$ 889.13	5

5 Assessment criterion 3: Impact on ratepayers

In the DLG Guidelines, criterion 3 is:

The impact on affected ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. Council's IP&R process should also establish that the proposed rate increases are affordable having regard to the local community's capacity to pay.

We are required to assess whether the impact on ratepayers of the council's proposed special variation is reasonable. To do this, we are required to take into account current rate levels, the existing ratepayer base and the purpose of the special variation. We must also assess whether the council's IP&R process established that the community could afford the proposed rate rises.

5.1 Impact on rates

Much of the quantitative information we need on the impact of the special variation on rate levels will already be contained in Worksheet 5 of Part A of the application.

To assist us further, the application should set out the rating structure under the proposed special variation, and how this differs from the current rating structure, which would apply if the special variation is not approved.

We recognise that a council may choose to apply an increase differentially among categories of ratepayers. However, you should explain the rationale for applying the increase differentially among different categories and/or subcategories of ratepayers, particularly in light of the purpose of the special variation. This will be relevant to our assessment of the reasonableness of the impact on ratepayers.

Council is proposing to maintain the same general rating strategy if it was not to gain approval for a special rate variation - with the ad valorem rate being the figure which varies.

The base rate for farmland, residential and business categories has been increased whilst the town improvement base rate has been maintained.

Over the last ten years Council has endeavoured to bring most rating categories to a similar rating structure whilst ensuring that the revenue raised from the various categories continues to grow proportionately whilst maintaining farmland as the lowest rate in the dollar.

5.1.1 Minimum Rates

The special variation may affect ordinary rates, special rates and minimum rates.

Does the council have minimum rates? Yes No

If *Yes*, explain how the proposed special variation will apply to the minimum rate of any ordinary and special rate, and any change to the proportion of ratepayers on the minimum rate for all relevant categories that will occur as a result.

So that we can assess the reasonableness of the impact on minimum ratepayers, briefly explain the types of ratepayers that are on minimum rates, and the rationale for the proposed impact of the special variation on minimum rate levels.

5.2 Affordability and community capacity to pay

Show how your IP&R processes have established that the proposed rate rises are affordable for your community, and that affected ratepayers have the capacity to pay the higher rate levels. (Indicators considered in this context may be similar to those cited under criterion 2.)

Please refer to response provided under criterion 2 above.

Further to this, Councils consultation process has confirmed that ratepayers do not want a reduction in services and value their community and are seeking to raise service levels in areas.

5.3 Other factors in considering reasonable impact

In assessing whether the overall impact of the rate increases is reasonable we may use some of the same indicators that you cite in section 5.2 above. In general, we will consider indicators such as the local government area's SEIFA index rankings, average income, and current rate levels as they relate to those in comparable councils. We may also consider how the council's hardship policy might reduce the impact on ratepayers.

5.3.1 Addressing hardship

In addition to the statutory requirement for pensioner rebates, most councils have a policy, formal or otherwise.

Does the council have a Hardship Policy? Yes No

If Yes, is it identified in the council's IP&R documents? Yes No

Please attach a copy of the Policy and explain who the potential beneficiaries are and how they are addressed.

Councils Debt Management Policy includes hardship for potential beneficiaries such as those with a terminal or temporary illness, those who are experiencing hardship due to a natural disaster or a pensioner.

Please find attached to the application.

Does the council propose to introduce any measures to limit the impact of the proposed special variation on various groups? Yes No

Provide details of the measures to be adopted, or alternatively, explain why no measures are proposed.

Council has a small rate base and is not in a position to adopt measures to limit the impact on special groups. A large proportion of Corowa Shire ratepayers are pensioners and Council already loses in excess of \$270,000 per annum in pensioner rebates that are no longer fully funded through the New South Wales State Government.

6 Assessment criterion 4: Assumptions in Delivery Program and LTFP

The DLG Guidelines state this criterion as follows:

The proposed Delivery Program and Long Term Financial Plan must show evidence of realistic assumptions.

Summarise below the key assumptions adopted by the council and indicate where they are set out in your Delivery Plan and LTFP. We will need to assess whether the assumptions are realistic. For your information, we will consider such matters as:

- ▼ the proposed scope and level of service delivery given the council's financial outlook and the community's priorities
- ▼ estimates of specific program or project costs
- ▼ projections of the various revenue and cost components.

To also assist us, identify any in-house feasibility work, industry benchmarks or independent reviews that have been used to develop assumptions in the Delivery Program and LTFP if these are not stated in those documents.

The following is an overview of key assumptions which have been incorporated into the LTFP:

Consumer Price Index (CPI) Forecasts

- An annual 2.5% increase in CPI has been built into the Long LTFP. The Reserve Bank target for inflation is for it to remain between 2% and 3%.

Depreciation

- Depreciation has not been adjusted. The depreciation amount used throughout the plan is calculated on a straight line basis. Adjustments have been made for large capital purchases planned in the Capital Works Program. This is something that is currently being reviewed as part of the 2014/2015 review of the LTFP.

Revenue – Non Capital

Rate Income

- Two scenarios of the LTFP have been completed - within the rate pegging limit set by the Independent Pricing and Regulatory Authority (IPART) and the projected 7% rate rise for a consecutive five year period between 2013/14 - 2017/18.
- Based on the outcomes of the LTFP, Council believes it will have a strong case for an application to obtain a special variation for an increase above the rate pegging amount.

Therefore the following forecasts in rate income were included to the preferred LTFP:

Year	General Rate Increase
2013/2014	7%
2014/2015	7%
2015/2016	7%
2016/2017	7%
2017/2018	7%
2018/2019	3.6%
2019/2020	3.6%
2020/2021	3.6%
2021/2022	3.6%
2022/2023	3.6%

It has been assumed that a general rate of the rate pegging limit will apply between the 2018/2019 and 2022/2023 financial years. As the rate pegging limit for these years is not currently known, the previous rate pegging limit of 3.6% was applied (previous year, now 3.4%)

Water and Sewer Fees and Charges

Council has implemented a long term savings program for major water and sewer capital works projects, such as a new Corowa and Howlong Sewerage Treatment Plant.

For the 2013/2014 financial year a 5% increase was applied to water usage charges and a 10% increase to the water access charges. A 5% increase was applied to sewer access and usage charges. For the remainder of the LTFP a standard 5% annual increase has been assumed at this stage.

Fees and Charges

Corowa Shire Council apply a range of fees and charges for services provided to the community. These are reviewed annually and set as part of Councils Revenue Policy.

Regulatory fees have been increased in line with CPI. All discretionary fees have been increased by the current rate pegging amount of 3.4%.

It should be noted that some fees may be increased outside of these estimates but others may experience no increase at all. These fees and charges account for a small portion of Councils total revenue and if these assumptions are proved to be incorrect, it is not expected to have a major impact on LTFP.

Interest Income from Investments

Future investment earnings have been conservatively estimated based on current cash levels and future expected earnings of 7% over the 10 year period of the LTFP.

This assumption is currently being reassessed as part of the current review of the LTFP.

Grants Provided for Operational Purposes

This source of revenue includes Financial Assistance Grants (FAGS) from the Australian Government. This is a major source of Councils revenue and is a scheme which has existed for decades.

The amount of the FAGS grant provided to Council each year has varied, therefore in the 2012/2013 LTFP a FAGS income estimate was made by taking the average FAGS increase over the last seven (since boundary change). This was calculated at 5%. A sensitivity analysis was also completed for this assumption to demonstrate the

significance of this assumption and risk to Councils finances should this assumption prove incorrect.

During the 2012/2013 financial year Council was informed by the Australian Government of a major variation in the Financial Assistance Grant and as depicted in the following table, this has had a major impact on Councils LTFP.

	Proposed Amount in 2012-13 Budget	Proposed Amount in 2013-14 Budget	Difference
2013-14	\$ 4,595,813.00	\$ 4,280,680.00	\$ 315,133.00
2014-15	\$ 4,825,604.00	\$ 4,409,100.00	\$ 416,504.00
2015-16	\$ 5,066,884.00	\$ 4,541,373.00	\$ 525,511.00
2016-17	\$ 5,320,229.00	\$ 4,677,615.00	\$ 642,614.00
2017-18	\$ 5,586,240.00	\$ 4,817,943.00	\$ 768,297.00
2018-19	\$ 5,865,552.00	\$ 4,962,481.00	\$ 903,071.00
2019-20	\$ 6,158,829.00	\$ 5,111,356.00	\$ 1,047,473.00
2020-21	\$ 6,466,771.00	\$ 5,264,696.00	\$ 1,202,075.00
2021-22	\$ 6,790,109.00	\$ 5,422,637.00	\$ 1,367,472.00
			\$ 7,188,150.00

This has required significant adjustments to be made in Council's LTFP with the major being the removal of the loan for a new Swimming Pool in Corowa.

Revenue - Capital

Grants

A number of grants have been assumed within the LTFP in order to make projects viable. Grants are a competitive process; therefore no guarantee can be made as to Council's success.

Several major capital projects are dependent on the success of a grant application, such as the Corowa Saleyards Project, boat ramp improvements and playground improvements. If grant applications are not successful, projects will not be able to proceed or will proceed as a reduced scope.

Sale of Property

Revenue from the sale of 233 Honour Avenue is assumed and has been included to help fund the \$1,200,000 allocation for the Corowa Swimming Pool.

Expenditure – Non Capital

Employee Benefits and On Costs

Employee costs include salaries, wages, superannuation, workers compensation, staff training, allowances and employee leave entitlements.

Increases in employee costs have been estimated at 3.25% for the period of the LTFP. This is based on agreed award increases. Superannuation and workers compensation have been factored by the same rate but these estimates will need to be adjusted in the current review of the LTFP due to changes in super entitlements (additional 0.25% pa)

Materials and Contracts

Local government is characterised by relatively high levels of materials and contract expenses due to large number of assets held, constructed and maintained by Council. This places Council under considerable pressure from rising materials and construction costs. Any new assets including major projects will also increase Material and Contracts due to the increased maintenance requirements.

Generally, material costs will be constrained to annual increases of 2.5% for the term of the LTFP to account inflationary pressures. Irrespective of the known inflationary pressures on materials and contracts (which have historically exceeding this amount) Council will need to constrain this expenditure line via a planned review of service levels with the community over the coming years.

Insurance Costs

One of the key challenges for Council in the future will be the resources required to effectively manage Councils risk management and public liability requirements. Insurance costs are expected to continue to rise into the future and a conservative annual increase of 2.5% has been allowed for. Insurance costs include policies such as property, public liability, professional indemnity and vehicle.

Energy

The increasing costs of energy and the introduction of the carbon tax are expected to have a significant financial impact on Council and its community. An annual increase of 10% has been applied to the Long Term Financial Plan.

Expenditure – Capital

Capital Works Program

Council's Capital Works Program will largely be governed by the outcomes of major asset strategies. The works proposed in the capital works program are aimed at delivering on a number of community priorities as expressed in Council's Community Strategic Plan but predominately include the renewal of existing assets.

It is apparent from the LTFP that one of the key strategies Council will need to apply in order to remain financially sustainable is asset consolidation, not expansion.

The Capital Works Program is assumed to already include CPI cost increases.

Depreciation and Amortisation

Corowa Shire Council will continue to undertake a revaluation program on all Council assets as prescribed by the Division of Local Government.

Depreciation costs used in the LTFP relate to existing assets and any proposed capital works. The results of future asset revaluations may result in depreciation estimates being revised.

For the purpose of the current LTFP depreciation values remain constant.

Borrowing Costs

Interest rates for future borrowings have been estimated at 7% fixed per annum. All loans terms will be 25 years or more.

7 Assessment criterion 5: Productivity improvements and cost containment strategies

The DLG Guidelines state this criterion as follows:

An explanation of the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation period.

In this section, provide details of any productivity improvements and cost containment strategies that you have implemented in the last 2 years (or longer) and any plans for productivity improvements and cost containment during the period of the special variation. These plans, capital or recurrent in nature, must be aimed at reducing costs. Please also indicate any initiatives to increase revenue eg, user charges. Identify how and where the proposed initiatives have been factored into the council's resourcing strategy (eg, LTFP and AMP).

Where possible, quantify in dollar terms the past and future productivity improvements and savings.

You may also use indicators of efficiency, either over time or in comparison to other relevant councils. We will make similar comparisons using various indicators and the DLG Group data provided to us.

Council remain focused on the achievement of cost saving initiatives and productivity improvements across the organisation.

In addition to bridging the \$2,000,000 plus annual operating deficit - a number of areas have been identified within the organisation that require additional expenditure to improve service levels. This will not be possible unless costs within other areas of the organisation can be reduced or contained.

There has been a focus on a number of assumptions contained within the LTFP in order to closely scrutinise and review these forecasts.

Councils insurance policies have been reviewed including necessary premiums and excess amounts. This have been revised based on long term analysis and will allow Council to manage this increase to a 2.5% annual increase rather than the previously forecasted 5% rise. This assumption comes with risk.

A significant tender process has been conducted for all of Council's electricity costs which equates to almost \$1,000,000 of spend annually. These expenses were previously forecasted to increase by 10% each year whereas Council is now aiming for a 10% saving over the next four years based on new highly competitive contract rates and more of a focus on our usage behaviour. This revision will be included in the current review of the LTFP.

In addition to this, Council has considered a more optimal use for its investment funding. Council has approved an estimated \$800,000 worth of funding for alternate energy generation which has been conservatively estimated to save Council over \$1,000,000 within ten years.

A review of Council's organisation structure is currently underway and a number of changes have already been implemented. These changes are focused around improving service levels for the identified key areas and achieving cost savings where there has been the capacity to redirect resources.

On average, more than \$600,000 is spent on Council plant each year and a major review of this expenditure has been undertaken. This is revealing a lack of utilisation in some areas and this is being addressed through the sale of plant assets and review of company vehicles and lease arrangements.

Reviews are currently underway in relation to the maintenance and condition of all of Councils community facilities (halls, museums, pre schools, sporting facilities etc) and the utilisation of these community assets. This review aims to consider where there should be the sale of some community assets to ensure that a more acceptable level of maintenance can be achieved on a smaller number of well utilised facilities. The 2014 maintenance assessment of Councils facilities has indicated \$725,000 of spend as well as 21 asbestos audits and 4 structural engineer reports required in order to achieve a reasonable standard on some of these facilities. This requirement has not been factored into the current LTFP and is why close scrutiny of the utilisation of these buildings is essential.

In addition to this Council have adopted a policy of no capital expansion projects unless this has been justified to Council and the whole of life costs factored to Councils LTFP. This is a practice which has not previously occurred on a formal basis.

8 Other information

8.1 Previous Instruments of Approval

If you have a special variation which is due to expire at the end of this financial year or during the period of the proposed special variation, when was it approved and what was its purpose?

Please attach a copy of the Instrument of Approval that has been signed by the Minister or IPART Chairman.

2013/2014 Financial year. Please see attached instrument of approval.

8.2 Reporting to your community

The *Guidelines* set out reporting mechanisms that show your accountability to your community. Please tell us how you will go about transparently reporting to the community on the proposed special variation, should it be approved. Also indicate the performance measures you will use to demonstrate how you have used the additional funds (above the rate peg) generated by the special variation.

Councils reporting to the community will be undertaken as part of three community reports already produced on an annual basis to the community - these are six monthly reports in relation to Councils achievements of the Delivery Program and the Annual Report.

The special rate variation application is not tied to additional capital work programs but is aimed at reducing Councils infrastructure backlog and the operating deficit of over \$2,000,000. These will be key performance measures in relation to this. Councils LTFP indicates that the special rate variation alone will not achieve the required level but Council will be reporting to the community in relation to ongoing cost saving measures.

Council will also utilise its quarterly 'Community Matters' newsletter and weekly 'Shire Snippets' to communicate the success of initiatives.

8.3 Council resolution to apply to IPART

The Guidelines require the council to have resolved to apply for a special variation. Please attach a copy of the council's resolution to make a special variation application. Our assessment of the application cannot commence without it.

Please find attached to the application Council resolution dated 21 May 2013.

9 Checklist of contents

The following is a checklist of the supporting documents to include with your Part B application:

Item	Included?
Relevant extracts from the Community Strategic Plan	<input checked="" type="checkbox"/>
Delivery Program	<input checked="" type="checkbox"/>
Long Term Financial Plan	<input checked="" type="checkbox"/>
Relevant extracts from the Asset Management Plan	<input checked="" type="checkbox"/>
TCorp report on financial sustainability	<input checked="" type="checkbox"/>
Contributions Plan documents (if applicable)	<input type="checkbox"/>
Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and special variation	<input checked="" type="checkbox"/>
Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
Hardship Policy	<input checked="" type="checkbox"/>
Past Instruments of Approval (if applicable)	<input checked="" type="checkbox"/>
Resolution to apply for the special variation	<input checked="" type="checkbox"/>
Resolution to adopt the Delivery Program	<input checked="" type="checkbox"/>

10 Certification

APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Officer

Name of council: Corowa Shire Council

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

General Manager (name): Chris Gillard

Signature and Date: 20/02/2014

Responsible Accounting Officer (name): Shane Norman

Signature and Date: 20/02/2014

Once completed, please scan the signed certification and attach it to the Part B form before submitting your application online via the Council Portal on our website.