



## Special Variation Application Form Part B

Hunter's Hill Council

# Application Form

2022-2023

Local Government >>



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

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## **The Independent Pricing and Regulatory Tribunal (IPART)**

Further information on IPART can be obtained from [IPART's website](#).

### **Acknowledgment of Country**

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

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

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## Council information

<b>Council name</b>	Hunter's Hill Council
<b>Date submitted to IPART</b>	07/02/2022
<b>Primary Council contact person</b>	Annie Goodman
<b>Primary Council contact phone</b>	[REDACTED]
<b>Primary Council contact email</b>	[REDACTED]

## About this application form

IPART has revised the Application Form to be completed by councils applying for an increase to a special variation (SV) for 2022-23 under s548(3) of the *Local Government Act 1993*. The application form is in two parts:

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

The SV Application Form Part B consists of:

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

When completing this Application Form, councils should refer to the following:

- Application Guide for MR Increase Application Form Part B ([website](#))
- OLG's MR Guidelines issued in November 2020 ([website](#)).

Also refer to the following publications ([website](#)):

- Fact sheet: The Year Ahead – Minimum Rates in 2022-23
- Information Paper: Minimum Rates in 2022-23
- Information Paper: Community awareness and engagement for special variations

### Attachments for Criteria

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

## Description and Context

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

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

Indicate the type of the proposed SV - s 508(2) or 508A the council is requesting, and specify the percentage increases in each of the years in which the SV is to apply, the cumulative increase for a s508A SV, and whether the SV is to be permanent or temporary.

Provide the information in the text box, or alternatively, complete Table 1.

Please see page 7 for further details and explanation.

Table 1 The council's proposed special variation

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Percentage increase	22.95%	25.45%	27.95%	30.45%	32.95%	35.45%	37.95%
Cumulative percentage increase for s 508A	22.95%						
Permanent or temporary?	Permanent						

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

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

The key purposes for applying for an SV are; complete capital works programs for roads, footpaths, kerb and gutter, seawalls and environmental works and to also reduce Council's asset backlog. Without an SV service levels will deteriorate significantly and Council will not be able to meet its statutory responsibilities and financial sustainability. Council will also be in better financial position and able to meet cost pressures facing Council.

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

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

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

Does the council have an ordinary rate(s) subject to a minimum amount? Yes

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

Which rates will the increases apply to? Residential and Business

If the increase will apply to only some subcategories, specify No

Does the council propose to increase the minimum amount of its ordinary rate(s) by Special variation percentage, plus Rate Peg  
22.95%  
+0.7%

What will the minimum amount of the ordinary rate(s) be after the proposed increase? \$706.16

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

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

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

What will the minimum amount of the ordinary rate(s) be after the proposed increase? \$0

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

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

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

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

Does the council have an SV which is due to expire on 30 June 2022? Yes

Does the council have an SV which is due to expire at some time during the period for which the new SV is being requested? Yes

If Yes to either question: 2021-22 and

a. When does the SV expire? 2022-23

b. What is the percentage to be removed from the council's general income? 10.47%

c. What is the dollar amount to be removed from the council's general income? \$1,042,371

Does the council have an SV which it proposes to terminate before the date which the instrument specifies as the date on which it expires? Yes

If Yes: 30 June 2022

a. When does the council propose it be terminated?

b. What is the percentage to be removed from the council's general income? 5.192% Environmental and Other Infra

c. What is the dollar amount to be removed from the council's general income? \$462,830

Has OLG confirmed the calculation of the amount to be removed? OLG has not provided a response back to Hunter's Hill Council



**Attachments required:**

Copy of the relevant instrument

Copy of OLG advice confirming calculation of amount to be removed from the council's general income.



## Attachments

Copy of the relevant instrument

Copy of OLG advice confirming calculation of amount to be removed from the council's general income.

### **Question 5: Does the council have an existing (ongoing) s 508A special variation which applies in 2022-23?**

Refer to:

- OLG's SV Guidelines Section 5.2.
- Fact sheet: *The Year Ahead – Special Variations in 2022-23*.

Does the council have a s 508A multi-year SV instrument that applies in 2022-23? No

In the text box:

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

[Click here to enter text.](#)

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

Refer also to OLG's SV Guidelines Section 6.

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

Does the council have a s 508(2) or s 508A SV which IPART has approved in the past five years? Yes

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

- Specify the type of SV and the increase to general income approved.
- Outline the council's actions in complying with conditions in the instrument approving the original SV.

- Describe any *significant* changes of relevance to the conditions in its instrument since it was issued.
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Whilst the first SV outlined below has been approved in the past 5 years the second SV was approved back in 2012-13 (expiring in 2021-22) and the third SV was approved in 2013-14 (expiring 2022-23) – details of the latter 2 SVs has been included to provide context to this application.

1. Hunter's Hill Council applied and was successful in receiving a 508(2) application in 2019-20 for 9.74% to fund ongoing operations including infrastructure (community buildings) maintenance and renewals and enhance financial sustainability.

Council had developed a 10-year buildings maintenance program to use the SV funding to improve the conditions of these assets to meet community needs and expectations. Council has been reporting on these improvements in Council's Annual Report as per the Local Government Act guidelines.

There were no significant changes of relevance to the conditions. Council is retaining this SV in its rate base until it expires in 2029-30.

2. Hunter's Hill Council applied and was successful in receiving a 508(2) application in 2012-13 for 10.04% to fund roads capital works. This included 4.8% to fund roads capital expenditure which replaced an expiring SV. An increase of 2% to partially fund a gap in operations and a rate peg of 3.6%.

This SV allowed Council to increase its general income by \$723,658 in 2012-13 and \$5.4m over the 10-year period of the SV. This amount consisted of \$3.6m to fund renewal works for resurfacing of roads and \$1.8m to partly address the funding gap for operating expenses and improvement of financial sustainability.

There were no significant changes of relevance to the conditions.

3. Hunter's Hill Council applied and was successful in receiving a 508(2) application in 2013-14 for 10.67%. This included an increase of 5.27% that Council retained for 10 years, which replaced an expiring SV. This also included an increase of 2% that Council retained permanently in its rate base.

This SV allowed Council to fund road-related infrastructure renewal, including, footpaths, kerb and gutters, environmental works consisting of bushcare and improving efficiencies of stormwater systems. Specifically, Council has spent \$2.5m for footpath, kerb and gutter renewal, \$1.8m for environmental works and \$1.7m to improve financial sustainability. Council has been reporting on these improvements in Council's Annual Report as per the Local Government Act guidelines.

There were no significant changes of relevance to the conditions.

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

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

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

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

Refer also to OLG's SV Guidelines Section 4.

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

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

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

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

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## Criterion 1 Need for the variation

Criterion 1 in the SV Guidelines is:

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

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

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

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

To complete the questions for Criterion 1 refer also to Fact sheet: *The Year Ahead – Special Variations in 2022-23* and Information Paper – *Special Variations in 2022-23* in relation to the interaction of financial need and willingness to pay.

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

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

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

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Council reviewed, renewed and updated its Operational Plan, Long Term Financial Plan and Digital Asset Management Plan in early 2021. In reviewing these key planning documents Council determined that funding the continuance of its Capital Works Program and to reduce the gap in the asset backlog, Council would need to apply for a further SV.

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With a number of temporary SVs due to expire at different points in time, Council in conjunction with a discussion with IPART, determined that following a review of its IP&R framework Council would need to expire existing SVs and reapply to IPART for one permanent SV. This would alleviate the need for Council to continually engage with the community about funding capital works programs.

In addition to reviewing IP&R documents, Council also engaged with the community in September 2021 to understand views about asset standards and rating options. The consultation specifically asked ratepayers their opinions of each rating scenario.

With the identification and consideration of community need, with the addition of information provided in IP&R documents (including the LTFP and Asset Management Plans) Council determined that progressing with an SV application was a sound and sustainable financial decision.

The ability to deliver on Council's IP&R framework has been the key to ensuring that the community's needs and aspirations are met in regards to service delivery and Council's Capital Works Program. This has also been considered within the context of Council's Long-term Financial Plan (LTFP).

Council's LTFP includes strategies relating to SVs and assets. These strategies have been the foundation of Council's ongoing financial sustainability. The LTFP includes 'financial modelling of scenarios including planned, optimistic and conservative scenarios as well as information explaining SV scenarios, needs and analysis.' (Hunter's Hill Council LTFP, P. 4)

Specifically, the LTFP outlines four scenarios (P.14). Each of the four scenarios have been calculated based on the asset condition intervention levels defined in Council's Asset Management Plan.

The asset backlog, is the estimated cost to renew existing civic assets based on adopted service levels that are not able to be funded within the allocated budget. Investing in reducing the existing backlog, also reduces ongoing maintenance costs whilst meeting adopted service levels.

#### Scenario 1

A base case, which allows the current SVs to expire and not be renewed. Total rate income would fall by \$405,000 (4.7%), \$472,000 (5.3%) and \$435,000 (4.2%) in 2022-23, 2023-24 and 2029-30 respectively. This would result in a decline in asset condition and an increase in renewal backlog works from the current \$4.7M to \$18.9M in 2030-31.

#### Scenario 2

The income from expiring special variations continue permanently and is directed to asset renewal in accordance with the Digital Asset Management Plan (DAMP) recommendations. The total rate income would increase by the 2.5% IPART rate peg. This would result in asset condition declining and renewal backlog increasing to \$12M.

#### Scenario 3

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The income from expiring special variations continue permanently and is directed, together with an additional average \$915,000 per annum to asset renewal in accordance with DAMP recommendations. Total rate income increases by the 2.5% rate peg plus an additional \$830,000 (9.3%) in 2022-23. There would be improvements in the condition of some asset classes, particularly roads and an asset renewal backlog of \$5.5M.

#### Scenario 4

The income from expiring special variations continue permanently and is redirected together with an additional average \$1,480,000 per annum to asset renewal in accordance with DAMP recommendations. Total rate income increases by the 2.5% rate peg plus an additional \$1,330,000 (15%). This results in improvements in the condition of some asset classes, particularly roads, and elimination of asset renewal backlog by 2030-31. Additional income results in projected operating surpluses when capital income (e.g., grants and developer contributions) are excluded.

#### OTHER OPTIONS CONSIDERED

Council has reviewed and considered alternate options to an SV. These options have been documented in Council's LTFP and include:

- Actively seeking grant funding to supplement existing funds to be used on capital work.
- Reviewing S7.12 Contributions Plan to ensure that the projects aligned to developer contributions are outlined with the DAMP.
- Developing a Property Strategy to; release potential income earning parcels of land or the redevelopment of existing property holdings and review leases and licenses to determine future income generation.
- Exploring loan borrowing to provide a solution to the current backlog.
- Increasing grant funding capabilities to continue investing and completing local infrastructure and environmental projects.
- Developing shared service initiatives to improve service delivery and reduce costs, with examples being; 'agreements with Lane Cove Council to share library services, a shared depot, waste management, road safety and rating services. The shared library service implemented on 1 July 2020 has saved \$350,000 every year, equivalent to around 3.5% of rate income.' (LTFP, P. 9)
- Reviewing fees and charges to equalise with neighbouring councils.
- Investing in improved technologies 'to support more customer friendly systems and drive organisational change and efficiencies.' (LTFP, P.9)
- Implementing the industry leading digital asset management system (DAMP). The system enables more precise modelling of asset conditions at different investment levels.

Whilst many of the larger initiatives listed above have been actioned there are also operational and management efficiencies that have been implemented including the expansion of LED street lighting and going paper lite across Council operation sites.

Council has developed and reviewed a range of SV long term financial forecasts. These projections, particularly for Scenario 3 and 4 (as stated in the LTFP) will improve Council's financial position and significantly assist in reducing the asset backlog. Scenario 3 includes 'increasing rate income by this amount improves the projected operating deficit before capital income from the projected \$1,445,000 deficit in 2021-22. The deficit will reduce to \$410,000 in 2022-23 and to an average annual deficit of \$260,000 over the nine years from 2022-23 to 2030-31.' (LTFP, P.36)

Whilst Council has considered and implemented a variety of cost containment strategy's our forecasting and sustainability outlines that the need for an SV is critical to Council's long-term sustainability.

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

In the text box explain how the proposed SV will:

a. Improve the council's underlying financial position for the General Fund

The current expenditure levels of the asset renewal program (based on the existing temporary SV levels) will continue to increase Council's asset backlog.

Discontinuing SVs on a permanent basis (i.e. the Base case scenario as described in Council's Long-term Financial Plan) will mean Council would firstly need to close the gap in asset expenditure, through its limited reserve funds.

This would be followed by periods of persistent deficits before capital income, which is projected to increase to \$1,655,000 in 2022-23, and to an average annual deficit of \$2,208,000 over the nine years from 2022-23 to 2030-31.

b. Fund specific projects or programs of expenditure, or

This SV application is specifically for the purpose of funding Council's ongoing capital renewal programs i.e. major periodical renewal (or replacement) of the following asset classes:

- Buildings and open space assets
- Kerb and gutter
- Footpaths
- Marine structures

The itemised 10 year proposed capital program, which is based on scenario 3 of the Long-term Financial Plan, has been included in this application.

c. Achieve both outcomes

Scenario 3, as described in Council's Long-term Financial Plan, recommends an increase in SV income (from scenario 2, which explains the impact on asset backlogs should the existing temporary SV income levels remain).

Scenario 3 allows Council to minimise its assets backlog, whilst actively implementing future productivity and efficiency strategies with regards to reducing materials and contract costs. Any future savings would be re-invested into the asset program with the aim to further minimising and clearing asset back logs.

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

In the text box provide details on the council's key financial indicators and indicate if the proposed SV has been included in the Long-Term Financial Plan.

Provide the information for part a. by **populating Table 1.1**, for as many years as relevant for the council's proposed SV.

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

Under the base case scenario of all existing temporary SVs expiring, and Council not re-applying for any SVs, Council's average annual deficit would continue to increase year on year.

The operating performance ratio measures a council's ability to contain operating expenditure within operating income. The benchmark for this ratio is 0% or greater. As outlined in table 1.1 below, applying for an SV based on scenario 3 of the Long-term Financial Plan, enables council to improve this ratio from -12.53% in year 1, to ratios of -2.4% and under, from years 3 to 6.

The infrastructure backlog ratio shows the infrastructure backlog in proportion to the total written down value (the value of an asset after accounting for depreciation, reflecting the asset's present worth) of a council's infrastructure. A ratio of less than 2% is considered the industry benchmark. Under Scenario 4 of Council's Long-term Financial Plan, this option effectively clears the asset backlog. As Council resolved to apply for an SV based on scenario 3, the target ratio of 2% is not reached. Under scenario 3, ratios decrease to 6.8% in year 3. However, there is an upturn in years 4 to 6, as a result of the condition of community facilities continuing to decline.



The building and infrastructure renewal ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating. Renewal is defined as the replacement of existing assets to equivalent capacity or performance capability, as opposed to the acquisition of new assets. In years 1 and 2, as listed in table 1.1 below, Council exceeded the target ratio of 100% as there was a significant upgrade undertaken to the Council Town Hall Building and office premises. However, as noted in Council asset condition assessments and communicated in the Asset Management Plan, other community halls and facilities are approaching end of life. Hence, in years 3 to 6 the ratio drops markedly. Scenario 4 of the Long-term Financial Plan significantly addresses the backlog in community buildings. However, based on the outcomes of the community engagement program, and with the view to adopting a prudent financial strategy, Council resolved to apply for an SV based on scenario 3 which significantly addresses the roads assets backlog, whilst also addressing community asset backlog (but to a lesser extent).

The asset maintenance ratio which compares a council's actual asset maintenance expenditure against its estimated required annual asset maintenance expenditure should be targeted at 100%. Under the option resolved by Council, as described in table 1.1 below, this target is close to being reached. In year 1 i.e. FY2020-21, this ratio is exceeded as Council is currently undertaking a large amount of minor maintenance, as compared to required asset renewal (or major periodic maintenance). The balance of maintenance to asset renewal program is corrected in years 2 to 6.

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

Pages 48 – 66 of the Long-term Financial Plan sets out the impact on the Key Performance Indicators described in Question 1.3 - part A – of the following scenarios:

1. Base case – All of Council's existing temporary SVs are expired.
2. Council applies for SVs maintained at the current SV % collected, over and above the rate peg.
3. As a result of asset condition assessments undertaken as part of the comprehensive review of Council's Asset Management Plan, Council applies for a SV to significantly minimise the asset backlog (*Option resolved by Council*).
4. As a result of asset condition assessments undertaken as part of the comprehensive review of Council's Asset Management Plan, Council applies for a SV to clear (or maintain a minimal) asset backlog.

Table 1.1 Council's key financial indicators

Ratio	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Operating performance ratio excluding capital items	-12.53%	-9.6%	-2%	-0.7%	-2.4%	-1.0%
Own source revenue ratio	84.23%	77.4%	85.7%	93.6%	96.3%	93.6%
Building and asset renewal ratio	147.26%	166.8%	100.4%	63.2%	68.7%	91.1%
Infrastructure backlog ratio	7.90%	8.3%	6.8%	8.3%	10.1%	11.25

Asset maintenance ratio	121.17%	101.85%	102.75%	102.1%	98.9%	95.65%
Debt service ratio	0	0	0	0	0	0
Unrestricted current ratio	3.54x	2.91x	3.79x	3.97x	4.04x	4.01x
Rates and annual charges ratio	4.71%	4.08%	3.84%	3.83%	3.82%	3.81%

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

In the text box explain:

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

N/A

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

n/a

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

n/a

Table 1.2 Criterion 1 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>
	LTFP	Excel spread sheet
	Capital Works Program	Excel spread sheet

a. If document only relevant in part.

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## Criterion 2 Community awareness and engagement

Criterion 2 in the SV Guidelines is:

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

To complete the questions for Criterion 2

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

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

In the text box:

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a. Outline the council's consultation strategy and timing.

Council's Engagement Strategy revolved around enabling the community to understand why an extension and increase of SVs is needed, raising the awareness about the benefits and impacts of an SV, receiving feedback about what is important and where Council funding should be allocated as well as building Council's reputation for being transparent and a conduit for change built on community need and perception.

Council also understood that by providing transparent information for the community, developing a strong vision and key messages, enhancing services, promoting opportunities and modifying policies accordingly that property owners would feel confident in the information presented to them and then responding with their preferred option/preference.

In regards to the timing of the engagement strategy Council commenced initially with engagement with IPART and Councillors in February, March and April 2021. This was to clarify Council's need and if any additional or alternate options were available. This was also in conjunction with Council's public exhibition of IP&R documents including the Operational Plan and Long Term Financial Plan. Following this phase of information sharing Council then proceeded to both educate and inform and then seek feedback from property owners in August, September and October 2021.

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In summary, the SV engagement strategy in conjunction with thorough engagement tools; providing information about SVs, obtaining feedback about SVs, considering public views about SVs, sharing ideas about the use/need of SVs and enabling the community to make decisions (IAP2 methods) has given Council a thorough understanding of community perceptions.

Together, the SV Engagement Strategy and timeline have enabled Council to develop a sustainable rating model, a set of assets maintained to meet service delivery standards and a transparent process to move towards a sustainable revenue base.

b. Indicate the different methods the council employed to make the community aware of the proposed SV and seek their feedback, and why these were selected.

Council used a variety of methods to engage with the community. These methods are outlined below in addition to the reasoning behind each method.

<b>When engagement took place</b>	<b>Range of engagement used</b>	<b>Why this method was used?</b>
February 2021	Councillor strategy session	To enable Councillors to start understanding the potential rating scenarios and outlining the IPART process
April 2021	Meeting with IPART to discuss application	To meet IPART guidelines, determine viability of an SV and discuss options
May 2021	Public exhibition of IP&R documents with rating scenarios outlined	To ensure Council met IP&R guidelines as well as providing information to property owners about rating scenarios and Council's financial position
August 2021	Website information/factsheets and rating calculator, etc, goes live	To use council's website as a central location to keep all information related to the SV
August 2021	Councillor Briefing	To provide Councillors with an update about engagement methods, the IPART timeline and opportunities to ask questions

August 2021	Hunter's Hill Council Customer Service Q&A briefing	Engagement with Council's customer service and records staff to enable them to provide ratepayers with up to date and accurate information when enquiries come through. Also to establish enquire pathway for responding to property owners quickly.
August/September 2021	Delivery of printed information brochure to every household	To inform every household about rating options and ways to 'have a say'
September 2021	Online and telephone survey completed by Micromex	It was important for Council to get an independent telephone and online survey completed to ensure that option results were statistically valid and transparent
September 2021	Editorial and advertising in local papers, eNews and social media	A variety of additional engagement tools were used including; eNews, Instagram/Facebook posts, and editorial in local papers. This enables Council to broadcast widely about the SV and ways to comment
September 2021	Written submissions received from property owners	Council advertised that ratepayers could comment in writing. Two submissions were received. This enabled ratepayers who do not use online methods the opportunity to 'have their say' and receive a written response from Council
October	Councillor briefing about independent survey results	Micromex outlined the online and telephone survey results to enable Councillors to ask questions and understand property owner views from an independent perspective

October	Council Meeting to determine to proceed with SV application – ratepayers advised of opportunity to speak	This enabled ratepayers to speak publicly and in front of Councillors either for or against the recommendation
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## 2.2 How did the council present the impact of the proposed special variation in the consultation material?

- In the text box provide details of the information made available to the community during consultation about the proposed rate increases.
- Attach representative examples of the consultation material.

Council used a variety of methods to present the impact of the proposed SV. As stated in question 2.1b Council's major piece of communication was to outline a detailed Q&A on Council's website. Questions included:

- What is proposed?
- Why is Council considering different rating options?
- What are the potential scenarios?
- What will be the average increase for each rating option?
- What if I cannot afford for rates to increase?

The Q&A provided general information about the need for the SV, the options in more detail and what impacts each of these options would have. Also outlined was information about the expiring SV and that rates would in fact decrease with the Baseline Scenario. Included in the website information was a link to an online survey hosted by Micromex. Approximately 140 property owners took part in this survey.

In addition to the website, the other key piece of communication was an SV information brochure, which was letterboxed to every household in Hunters Hill. The brochure provided property owners with rating scenario options, including the results of each options, what is the financial impact – both overall, weekly and annually, and the impacts on Council assets.

Council also used social media in an effort to engage with users of Facebook and Instagram and for those community members who do not read print media (brochures, newspaper articles, etc).

The final major piece of engagement was the Micromex telephone survey of 400 property owners. The survey was a random, statistically valid survey engaging with a broad range of demographics.

Examples of materials/information provided to the community during the SV engagement phase:

Materials/information used	Examples attached
Attached in one document – examples from: <ul style="list-style-type: none"> <li>• Website information</li> <li>• Online survey information</li> <li>• Newspaper editorial</li> <li>• Councillor Weekly Bulletin (publicly available document on Council's website)</li> <li>• Newsletter to residents (letterbox delivered to every household)</li> <li>• eNews</li> <li>• Social media (Facebook and Instagram)</li> </ul>	Yes
SV Information Brochure	Yes

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

In the text box provide details on the level of community involvement, consultation strategies used and feedback from the community.

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

a. Indicate the level of community involvement in, and response to, the various consultation strategies the council used, e.g. number of participants in meetings, number of submissions received.

As previously stated the major piece of engagement was verbal engagement for the Micromex telephone survey of 400 property owners. The survey was a random, statistically valid survey engaging with a broad range of demographics. The survey asked a specific question about prior knowledge of the SV with 31% of respondents saying they had prior knowledge of the Council's intention to explore SV options. Whilst this statistic appears to be low, Council did engage widely with the community as is detailed in the methods and number of participants/views of engagement materials/tools used (outlined in the table below).

Method	Number of participants
Micromex telephone survey	400
Micromex online survey	143
Councillor briefing	7
Council meeting	16
Telephone queries	8
Written submissions	2
SV Facebook views/interactions	2580
SV Instagram views/interactions	857

SV website page views/interactions	596
Information brochure letterbox delivery	6000
The Weekly Times Newspaper distribution	6000
eNews distribution 09 September	9425 (opened by 2434)
eNews distribution 16 September	9409 (opened by 1643)
eNews distribution 23 September	9401 (opened by 1726)
eNews distribution	9392 (opened by 1979)

Council responded to written submissions to explain the process for ensuring that Councillors were aware of community sentiment relating to the SV. Below is an extract/Council response to a property owner query about the SV:

"Secondly, in regards to the special variation to rates and for your information there is currently an online survey available through Council's website (that ends today), which gives people the opportunity to list their rating preference. We also have a telephone survey being undertaken at the moment, which is also asking residents about their preferred rating option. Later next week we will compile all of the information we have gathered and present the findings to our Councillors. We will also include all of the information and feedback we have received in writing via email and letters from residents (names and addresses will be redacted for privacy purposes). This will give our Councillors the opportunity to make an informed decision about rates based on the needs and issues facing property owners. Many of our property owners, like yourself are including projects that they would like Council to undertake or complete in their feedback.

The last meeting of this term of Council will be held on 18 October 2021. Council will consider community feedback and make a decision as to whether to apply to IPART for a special variation to rates at this meeting. If you would like to address Council, please let me know and I can arrange that for you, alternatively please be assured that your feedback will be passed on in regards to project prioritisation and the pontoon."

Overall, the level of response from the community in regards to written responses was lower than previous SV engagements, even with the same level of consultation undertaken.

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

The community responded to the SV by providing both supportive of some form of SV and supportive of a base case scenario only. Council received responses from property owners:

- writing/emailing Council



- commenting during the Micromex telephone survey
- responding to the online Micromex survey
- making comments to social media posts about the SV.

Written comments received supporting the base case included the following example:

'Reference is made to the recently received brochure outlining Hunters Hill Councils proposed three options for rate increases in 2022/23.

With the impact of the current pandemic on the community resulting in people being unemployed, reduced hours of work and businesses closed, how can council propose options for rate increases of 14.5%, 24.1% and 29.84%, all of which are well above the inflation rate and official interest rate.

Council already has Special Variations in place and these coupled with Increases in land valuations over which rate payers have no say, and the annual rate peg, result in a gain for council by way of rate increases.

It is understood that existing SV's will expire in time, but council needs to operate within the limits of the annual rate peg rather than opting to continually seek to introduce new Special Variations.

Further the interest rate on term deposit investments is practically zero which is impacting particularly on self-funded retirees income, and those with jobs are highly unlikely to get a wage increase (if any) anywhere near the rate percentage increases proposed by council.

My recommendation being for continuation of the base case.'

It was important for Council to receive and consider a variety of community opinions. This enabled Council to understand the issues facing the community as well as understand that it is important to consider the financial impact on property owners.

In addition, feedback from the telephone survey included:

- 'Council should reduce expenditure/manage finances better'
- 'Cost of rates is already high/can't afford to pay more'
- 'There needs to be a balance between increased costs and maintaining levels of services/infrastructure'

There were also many comments in support of maintaining or increased rates:

- 'Everything needs to be upgraded so if Council needs more funding to do so then it's acceptable to raise rates.'
- 'Understandable costs rise and to best manage the situation we need that increase in the rates.'
- 'A reasonable increase for what Council is trying to provide the community.'

## 2.4 How did the council respond to feedback from community consultation?

Table 2.1 Criterion 2 attachments

<b>Council- assigned number</b>	<b>Name of document</b>	<b>Page references<sup>a</sup></b>
	Examples of SV Engagement Methods	1-5
	Micromex SV Telephone Survey Results	All
	Micromex SV Online Survey Results	All
	SV Information Brochure	All

a. If document only relevant in part.

## Criterion 3 Impact on ratepayers

Criterion 3 in the SV Guidelines is:

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

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

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

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

The financial impact of each rating scenario is outlined below:

Base case: The Base Case outlines a decrease to rates because this scenario would mean that Council lets existing SVs expire. Therefore, rates would decrease weekly by \$1.52 in 2022-23, \$1.04 in 2023-24 and \$0.71 in 2029-30 and would decrease annually by \$79.24 in 2022-23, \$54.16 in 2023-24 and \$36.78 in 2029-30. The Base Case

Option 1: This option would include an increase to rates of \$0.66 weekly and \$34.35 annually.

Option 2: This option would include an increase to rates of \$3.47 weekly and \$180.49 annually.

Option 3: This option would include an increase to rates of \$5.16 weekly and \$268.53 annually.

The years listed in the table below account for the timing of expiring SVs, i.e., 2022-23, 2023-24 and 2029-30 respectively.

Option	Average amount to the general rate 2022-23	Total % increase (not including rate peg) to average rate 2022-23	Average amount to the general rate 2023-24	Cumulative \$ increase in 2029-30	% increase in 2029-30 above 2021-22
Basecase	\$1839.41	-6.8%	\$1785.25	\$65.41	3%
Option 1	\$1953.00	12.07%	\$2001.83	\$402.86	21%
Option 2	\$2099.14	21.6%	\$2112.13	\$530.77	28%
Option 3	\$2187.18	27.34%	\$2241.85	\$681.21	36%

Council hasn't outlined its business rate information in the SV Engagement Strategy. Council has 3 business rate categories; Strata Business Unit, Business Maritime Lease and Mixed Business, which all have base amounts. Business rates in Hunters Hill are lower than comparative councils. There are only approximately 250 rateable businesses in Hunters Hill and the reason for this number is predominantly due to the size of Hunters Hill with only one major commercial area (Gladesville). Council will review its business rating structure to align it more closely with residential property rates. Due to COVID Council put in place support measures to ensure that there wasn't any further financial burden on small business.

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

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

Hunter's Hill Council is 10th in Australia on the Socio-economic Index for Areas (SEIFA) rankings database for the most advantaged areas in Australia. However, even though a majority of residents in Hunters Hill are socio-economically advantaged, there are still some residents who may be in a financially vulnerable position.

Council has a Financial Hardship Policy in place, which provides a framework for ratepayers experiencing genuine hardship for assistance with the payment of their rates and charges. Council also has an endorsed COVID community support package, and has extend this package until the end of 2021 to help local organisations, businesses and the broader community.

There are also pensioner concessions in place so if property owners have a pensioner concession card and their property is their sole or principal residence, this entitles them to rebates.

Council also did a rates comparison based on a rateable land value of \$1,650,000 with neighbouring councils to understand the rates comparison and included the table below in the SV brochure delivered to every household in Hunters Hill.

<b>Council comparison</b>	<b>Comparable amount general rates 2021-22</b>
Hunter's Hill Council	\$1918.65
Lane Cove Council	\$1826.00
Ryde City Council	\$2016.16

### 3.2.1 How does the council intend to address hardship?

Does the council have a Hardship Policy? Yes

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

In the text box:

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

The Rates and Annual Charges outstanding percentage' benchmark set by Office of Local Government (OLG) is less than 5 per cent for metropolitan councils.

This ratio assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. Since this ratio has been measured, Council has always exceeded the OLG benchmark.

The ratio was at its highest level at 30 June 2020 at 4.7%, increasing from 2.97% in the previous financial year. This increase, however, is primarily attributable to the economic conditions resulting from the COVID-19 pandemic.

Because Hunter's Hill Council is 10th in Australia on the Socio-economic Index for Areas (SEIFA) rankings database for the most advantaged areas in Australia the only measures Council has administered is to have a Hardship Policy in Place, a COVID support package and pensioner concessions.

Council's Hardship Policy provides a framework for ratepayers experiencing genuine hardship for assistance with the payment of their rates and charges. Under the General Manager's delegated authority, the policy allows for agreed payment schedule to be approved whereby interest charges are able to be waived.

Council has an endorsed COVID community support package which was in place until the end of 2021 to help local organisations, businesses and the broader community.

There are also pensioner concessions in place so if property owners hold a pensioner concession card and their property is their sole or principal residence, they are entitled to rebates.

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).

Council's Financial Hardship Policy is not referenced in Council's LTFFP. However, it is available on Council's website and was also referenced in Council's engagement materials sent to property owners.

"This policy applies to Hunter's Hill Council and its ratepayers and debtors, including individuals and commercial lessees who are responsible for paying business rates.

It provides a framework for responding to applications for those property owners experiencing genuine hardship for assistance with the payment of their rate and charges." (Financial Hardship Policy, P.1)

Council's 2019-20 Annual Report states:

"In response to the COVID pandemic and economic downturn, Council adopted a revised Financial Hardship Policy to support both residents and businesses in Hunters Hill. Furthermore, a relief package was resolved in areas such as street dining and community hire fees." (Hunter's Hill Council 2019-20 Annual Report, P.34)

Table 3.1 Criterion 3 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>
	Financial Hardship Policy	<a href="#">GOV-POL_06-Financial-Hardship-Policy.pdf (nsw.gov.au)</a>
	Hunter's Hill Council 2019-20 Annual Report	P.34

a. If document only relevant in part.

## Criterion 4 Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

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

To complete the questions for Criterion 4.

Refer also to the Information Paper – *Special Variations in 2022-23*.

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

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

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Key revisions were made to Council's IP&R documents in 2020-21, which were placed on public exhibition on 17 May 2021, particularly Council's LTFP. These revisions included outlining council's current financial position and highlighting a number of scenarios for community and Council consideration during the public exhibition phase. The scenarios were also outlined within the Council Business Paper Report.

The following documents were advertised and placed on public exhibition:

- Delivery Program and Operational Plan, including the budget, fees and charges for 2021-22
- Long Term Financial Plan
- Resourcing Strategy including; Workforce Plan, Long Term Financial Plan, Digital Asset Management Plan and Strategy, Digital and Customer Information Plan

The following statement was provided within the report to Council:

"Integrated Planning and Reporting (IP&R) legislation requires Council's to adopt a long-term Community Strategic Plan and a four-year Delivery Program by 30 June following a Council election (three years for the next term of Council due to the postponement of last year's local government elections). Every year Councils are required to adopt an Operational Plan, including a budget and fees and charges, for the following 12 months. Before adopting these plans, Council is required to consider any public feedback received during a 28- day exhibition period. Submissions will be reported to Council on 21 June 2021 for final resolution of the FY2021/22 Operational Plan and Budget." (Report to Council 17 May 2021, P.3)

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Also contained within this report is an overview of the rating scenarios (which are also contained in Council's LTFP). This summary assisted Councillors and the community understand broadly what options Council would be considering.

A great deal of work had been achieved prior to placing the IP&R documents on public exhibition. Council had analysed its financial position as well as undertaking a comprehensive review and assessment of its assets in conjunction with the community's capacity to pay.

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

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

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

Table 4.1 Mandatory IP&R documents

Document	Date(s)
<b>Community Strategic Plan</b>	<b>The new CSP will be revised in 2021-22 in line with Local Government elections</b>
Exhibition	28 May 2018 <a href="#">Agenda of Ordinary Meeting - 28 May 2018 (nsw.gov.au)</a>
Adoption by council	02 July 2018 <a href="#">Agenda of Extraordinary Meeting - 2 July 2018 (nsw.gov.au)</a>
Placed on council website	28 May 2018 (draft) 03 July 2018 (final)
<b>Delivery Program</b>	
Exhibition	17 May 2021 <a href="#">Agenda of Ordinary Meeting - 17 00 2021 (nsw.gov.au)</a>
Adoption by council	21 June 2021 <a href="#">Agenda of Ordinary Meeting - 21 00 2021 (nsw.gov.au)</a>
Placed on council website	23 June 2021
<b>Long Term Financial Plan</b>	
Exhibition	17 May 2021 <a href="#">Agenda of Ordinary Meeting - 17 00 2021 (nsw.gov.au)</a>
Revised LTFP endorsed by council	21 June 2021 <a href="#">Agenda of Ordinary Meeting - 21 00 2021 (nsw.gov.au)</a>
Placed on council website	23 June 2021



Table 4.2 Other IP&amp;R documents (if relevant)

Document	Date(s)
<b>Asset Management Strategy / Plan(s)</b>	
Exhibition	17 May 2021 <a href="#">Agenda of Ordinary Meeting - 17 00 2021 (nsw.gov.au)</a>
Adoption by council	21 June 2021 <a href="#">Agenda of Ordinary Meeting - 21 00 2021 (nsw.gov.au)</a>
Placed on council website	23 June 2021
<b>Operational Plan for 2020-21</b>	
Exhibition	17 May 2021 <a href="#">Agenda of Ordinary Meeting - 17 00 2021 (nsw.gov.au)</a>
Endorsed by council	21 June 2021 <a href="#">Agenda of Ordinary Meeting - 21 00 2021 (nsw.gov.au)</a>
Placed on council website	23 June 2021
Endorsed by council	
Placed on council website	
Endorsed by council	
Placed on council website	

Table 4.3 Website links for council's IP&amp;R documents

Document	Website link
Community Strategic Plan	<a href="#">CSP-v20200622.pdf (nsw.gov.au)</a>
Delivery Program	<a href="#">FINAL-2021-22-Delivery-Program-and-Operational-Plan-June-2021.pdf (nsw.gov.au)</a>
Long Term Financial Plan	<a href="#">FINAL Long Term Financial - IPRPlan (nsw.gov.au)</a>
Asset Management Strategy / Plan(s)	<a href="#">FINAL-Asset-Management-Plan.pdf (nsw.gov.au)</a> <a href="#">FINAL-Asset-Management-Strategy.pdf (nsw.gov.au)</a>

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

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

Council received two submissions in the public exhibition of its IP&R documents for FY2021-22.

One submission did not support of any increases in fees and charges during the pandemic period. The other submission, related to Council's budget and operational plan questioning the financial viability of the annual community grants program when monies could be directed towards asset maintenance.

There were no submissions specifically addressing the SV scenarios that were presented in the Long-term Financial Plan.

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

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

Table 4.4 Insert text

IP&R document	Page reference(s)
<b>Criterion 1: Financial need</b>	
Community Strategic Plan – Leadership & Governance	P.41
Community Strategic Plan – Financial Objectives	P. 42 - 48
Delivery Program & Operational Plan – Council is financially sustainable	P. 34
Delivery Program & Operational Plan – Ordinary rates & special rates	P.44 - 45
Long Term Financial Plan – Grants & Contributions	P.18
Long Term Financial Plan – Loan Borrowings	P.22
Long Term Financial Plan - Depreciation	P.23
Long Term Financial Plan – Other expenses	P.25
Long Term Financial Plan – Asset Management Planning	P.27
Long Term Financial Plan – Scenarios, IPART & Rate Pegging	P.29
Long Term Financial Plan – Scenario 1	P.34
Long Term Financial Plan – Scenario 2	P. 35
Long Term Financial Plan – Scenario 3	P.36
Long Term Financial Plan - Conclusion	P.39
Asset Management Plan – Forecast 10 Year Funding Estimates	P.18
Asset Management Strategy – Asset Funding Strategy	P.17
<b>Criterion 2: Community awareness and engagement</b>	
Community Strategic Plan – Engaging with the community	P.11
Community Strategic Plan – What we learned from you	P.13
Long Term Financial Plan	P.9
Long Term Financial Plan – Demand for increased services	P.30
Long Term Financial Plan - Conclusion	P.39
<b>Criterion 3: Impact on ratepayers</b>	

Long Term Financial Plan – User Fees and Charges	P.16
Asset Management Strategy - Policy	P.3

Table 4.5 Criterion 4 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>
	Delivery Program & Operational Plan	
	Long Term Financial Plan	
	Asset Management Plan	

a. If document only relevant in part.

## Criterion 5 Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

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

To complete the questions, refer to the Application Guide for SV Application Form Part B.

Refer also to the Information Paper, *Special Variations in 2022-23* –

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

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

Council's overall financial sustainability principles are:

- Achieve a fully funded operating position reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation.
- Maintain sufficient cash reserves to ensure that it can meet its short-term working capital requirement.
- Have a fully funded capital works program, where the source of funding is identified and secured for both capital renewal and new capital works.
- Maintain its asset base by renewing ageing infrastructure, which is identified, and by ensuring cash reserves are set aside for those works that are yet to be identified.

These principles are based on the Local Government Code of Accounting Practice and Financial Reporting Guidelines and Fit for the Future Performance Measures which are used to measure key performance indicators, including; own source revenue, cash liquidity and Council's ability to pay immediate expenses, asset renewals and upgrades, etc.

Further to these principles Council has in addition developed a Sustainable and Thriving Strategy to support Council's IP&R framework. The key components of the strategy have been to improve efficiency and process improvements, shared services initiatives, a revised asset management plan and diversified revenue growth including a property strategy (to be finalised in 2021-22).

Council understands that its reliance on income generated from residential rates (approximately 60%) is not enough to deliver asset maintenance and services to the community. Council has strategically improved operational productivity as well as diversifying income generating initiatives to ensure financial sustainability into the future.

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

In the text box:

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a. Explain initiatives undertaken in the past few years to improve productivity and contain costs.

Council has worked to initiate a number of reforms, these key elements have included new technologies, strong evidence-based decision making, efficiencies, shared services and a program of continuous improvements that have been focussed on driving down expenditure and increasing revenues.

As already mentioned there has been a focus on a Sustainable and Thriving Strategy over the past 2 years to deliver shared service arrangements with Lane Cove Council. This has included a library service, shared depot, shared Rates Officer and shared Waste Officer.

Council has undertaken a review of fees and charges to harmonise fees with surrounding councils and to increase costs where maintenance of service standards needs to take place.

An emphasis on improved technologies has supported a more customer friendly system as well as delivering improved organisational efficiencies such as the upgrade of the development application assessment corporate business system.

The implementation of the Digital Asset Management System has also delivered organisational efficiencies and has enabled Council's engineers the ability to use a reliable automated system.

Council has continued to increase grant funding to complete local projects and services. Environmental management has always been important and is highlighted in Council's IP&R documents so Council has been successful in applying for and receiving a number of State Government environmental grants.

Council has also reviewed its rating structure as an outcome of IP&R and has determined to make an application to IPART based on a number of scenarios to meet asset service standards and the asset backlog.

The shared Audit, Risk and Improvement Committee (ARIC) which was implemented in late 2018 has continued to provide independent assurance and advise to Council on matters concerning risk management, internal controls, governance and external accountability. This shared service arrangement has enabled Council to save significant spending as opposed to external ad hoc audit and risk advise.

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b. Outline the outcomes which have been achieved.

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Council's decision to enter a new library service joint use agreement with Lane Cove Council, which came into effect on 01 July 2020, not only grants our residents access to all of Lane Cove's extensive library services, but also delivers significant savings to make possible the opening of The Yarn Council's community and library space in Hunters Hill Village. Preparation of the agreement with Lane Cove Council involved undertaking community consultation to seek feedback on the types of programs the community wanted to see and liaising with UNSW regarding the fit out of the library and community space using circular economy materials. The work completed in the new shared service library agreement has generated a savings to Council of \$400,000 each year from 2020-21.

Other specific shared service arrangements have included a shared Road Safety Officer, a shared Rates Officer and shared waste services functions including a Waste Officer which has all generated a significant saving in staff costs.

In 2019-20 Council was successful in receiving a number of State Government grants. These grant funds enabled Council to undertake extensive environmental works, including habitat restoration along the Parramatta river, in addition to significant sporting field upgrades and local roads maintenance programs.

Council's IT systems have been responsive to the changing needs of the community with investment in expanding the remote working facilities, particularly in response to COVID and bringing all customer service functions with online or through the customer call centre. The investment in IT transformation and efficiencies in customer service and work flow functions has increased with the implementation of new digital platforms. Examples include moving the Asset Management Plan to a cloud-based solution and integration of the NSW DA Online Portal to Council IT systems as well as an online booking system.

The development of the draft Property Strategy has assisted Council understand opportunities for both generating income from adaptive reuse of key hubs within Hunters Hill as well as learning about community need in regards to facilities, transport, traffic and parking. It is expected that the draft Property Strategy will be finalised in 2021-22.

Council's re negotiation of a bus shelter contract saw the generation of a significant income.

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

Over the past 3 years, Council has implemented a number of 'sustainable and thriving' initiatives to reduce expenditure and increase revenue. This has included provision of shared services with Lane Cove Council (providing savings of \$400,000 per annum), and diversification of revenue initiatives such as the benchmark review of Fees & Charges with Sydney north metropolitan Councils, which has reduced the operating deficit annually on average by \$580,000.

Council's Bus Shelter contract has generated a one-off \$1m fee payment for a new contract for advertising on our Bus Shelters. Annual income from this contract now generates annual income, on average of \$240,000.

The implementation of shared service arrangements, and the re-engineering of our business processes in conjunction with IT upgrades, have reduced Council's full-time equivalent employee numbers by 3.

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In addition, through the annual budgeting process \$113,000 efficiency gains have been split equally between materials and contracts in the LTFP models.

Each budget manager is actively required to source savings in their functional areas by reviewing existing contracts in place. This includes, a combination of either amending contractual scopes or, alternatively conducting new market tests.

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

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

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

Council has made significant progress with implementing cost containment strategies and will continue to build on this in 2022-23 and beyond. The completion of the Property Strategy will see key sites throughout Hunters Hill strategically realigned to service community need.

- Continuing to investigate further shared service arrangements.
- Continuing the review of fees and charges.
- Continuing to focus on improved technologies to drive internal efficiencies.
- Expanding sustainability practices with an example being the expansion of LED streetlighting.
- Upgrading community facilities to maximise/increase use of halls and community centres.
- Reviewing commercial leases, including The Priory.
- Continuing to increase grants for environmental, sustainability and asset maintenance/upgrades.

b. Estimate their financial impact.

The following revenue initiatives have been factored into the LTFP models from 2022-23:

- \$30,000 for the increased use of our halls and community centres.
- \$30,000 for the increased use of parks and playing fields (sports, events, etc).
- \$100,000 for the implementation of the Property Strategy.
- \$60,000 (additional) from 2022-23 for rental of community facilities and playing fields.

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

The revenue initiatives outlined above have included in all 4 scenario analysis options tabled in Council's LTFP.

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

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

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Over the last 2 years, Council has conducted a full review of its business operations in conjunction with implementation of an IT Transformation Program, whereby processes have been streamlined in tandem with the upgrade of our IT customer and finance platforms.

In addition, Council has entered into shared service arrangements with Lane Cove Council. This has resulted in reduced FTE positions, and the reduced number of working days required for the delivery of key services such as DA processing and issuing of planning and rating certificates. As described above, this has resulted in the reduction of 3 full-time equivalent staff.

Summarised below is a comparison of initiatives implemented by 2 Sydney metropolitan Councils, who have also in recent years applied for special variations, as against the specific activities implemented by Hunter's Hill Council.

### **Waverley Council**

The 10-year Long-term Financial Plan ending 30 June, 2032 reported that the estimated benefits of their productivity and efficiency programs will provide a \$14.5M financial benefit across the period of the plan, across the following areas:

- Council wide service reviews
- Employee Leave Management strategies
- Review of the Domestic Waste Charge and its application
- ICT strategy and resulting process and productivity efficiencies
- A WH&S improvement program to reduce the workplace injuries.

### **Randwick City Council**

The 2019-29 Long Term Financial Plan includes a productivity improvement factor of 0.1% for employee costs and 0.1% for materials, contracts and other expenses through the following major initiatives:

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- Process mapping of procedures to identify process improvements resulting in reduced hours to perform key functions such as Health Inspections.
  - Improvements to the procurement system to strengthen management of amended and standing purchase orders; Management tool for tracking staff excess leave management.
  - On-line DA lodgement portal and reduction of issue of paper copies of DA records.
  - Improvements to the process for issuing planning certificates relating to Title Descriptions, saved an estimated 65 hours in staff time per year.
  - Online invoicing system to streamline the payment of suppliers and completely eradicate duplicate payments.
  - Implemented an annual Procurement Activity Plan which results in savings for Council through a system of planning and strategic procurement across the organisation
  - Undertook a complete Service Delivery Review of the Stores function at the Depot with recommendations improving processes.
  - Development and introduction of online video tutorials to Council which have greatly enhanced the ability to train staff on an ongoing basis.
  - Consolidation and repurposing of Council's datacentre computational and storage systems into two locations, driving efficiency from existing investments and allowing for significant growth to be accommodated within the existing capacity, deferring the need for investment for the last two years.

### **Hunter's Hill Council**

- Council has fully integrated its DA software system with the NSW DA portal. In addition, Council undertook a full digitisation program of all hard-copy DA files post 2010 (in line with NSW GIPA requirements). The DA process is now a fully digital process, with no paper records being used. As a result, DA processing times have been markedly reduced.
  - Process mapping of the issuing of section 603 rating certificates and s10.7 zoning certificates has resulted in processing times being reduced from over 15 days to 5 days.
  - Council has upgraded its payroll module and moved to a 2 week pay cycle in arrears for indoor staff. In addition, it is currently implementing an on-line time sheet process which will introduce further efficiencies in the payroll process.
  - Council has upgraded its finance software system. Previously, all council debtor invoices were generated manually. The Debtor Invoice process is now fully integrated with the finance module, which has resulted in 20 hours reduced processing time per week across the organisation.
-

- In conjunction with the Finance Upgrade, Council has moved to a 4 level chart of account system which now provides Council with more detailed costing and analysis reports which can be accessed by Finance and Budget Managers. These reports will be used to identify contracts and materials cost savings, which all budget managers have tasked with identifying.
- The procurement module has also been upgraded. Purchases Orders and Goods receipting is now a fully automated process. Quotations and Contracts are attached within the procurement module, and integrated with the Electronic Document Management System.
- Council has continued to expand its online forms that are available on its website for customers accessing key services. Online payment gateway has been implemented and e-rates notices has also been introduced.
- Council has moved to on-line training modules, and upgraded its Intranet platform to provide easy accessibility to information for all staff in the organisation.
- Council has relocated its depot operations to a shared facility at Lane Cove Council. Through this process, depot operations have been reviewed and streamlined resulting in reduced processing times for procurement of goods and services. There is also some sharing of key plant items with Lane Cove Council.
- Council has reviewed its IT equipment issues, as against an analysis of job requirements. To achieve cost savings and efficiencies with equipment roll-out, a hybrid program of PC to mobile devices has been implemented. This has enabled council to contain costs, whilst maximising the benefits of mobile technology.

Table 5.1 Criterion 2 Attachments

<b>Council- assigned number</b>	<b>Name of document</b>	<b>Page references<sup>a</sup></b>
	Long Term Financial Plan – Sustainable & Thriving Strategy	P.9 - 11
	Long Term Financial Plan – User fees & charges	P.16
	Long Term Financial Plan – other revenues	P.17
	Long Term Financial Plan – Property Strategy	P.19
	Long Term Financial Plan - Conclusion	P.39
	Asset Management Plan – Funding Strategy	P.19
	Delivery Program & Operational Plan – Council is financially sustainable	P.34

a. If document only relevant in part.

## Criterion 6 Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

### 6.1 Reporting requirements SV compliance

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

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[Click here to enter text.](#)

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The Guidelines provide further that we will assess each application based on its merits against the assessment criteria. In doing so, the following may be considered:

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

To complete the questions for Criterion 6, refer to the Application Guide for SV Application Form Part B.

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

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Hunter's Hill Council is heavily reliant on income generation from rates and annual charges. In FY 30 June 2020 and 2021, rates and charges income earned was \$12.3m and \$12.7m representing 67% of total income collected in both years.

Even with an investment in alternate sources of income, Council is still in a position where it is reliant on special rates.

In FY2021-22, Council's annual Asset Renewal Program was valued at \$2.683m of which 48% of the program was being funded through the existing temporary SV program that is in place. Without any SV funding, Council's asset backlog will continue to exponentially grow.

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Table 6.1 Criterion 6 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>

a. If document only relevant in part.

## Council certification and contact information

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

### Certification of application

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

### Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

**Name of council:**

Hunter's Hill Council

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

**General Manager (name):**

Nick Tobin

**Signature and Date:**

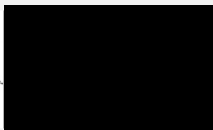


07/02/2022

**Responsible Accounting Officer (name):**

Maria Kenny

**Signature and Date:**



07/02/2022

## Council contact information

### General Manager

General Manager contact phone

General Manager contact email

### Primary council contact

Council contact phone

Council contact email

Council email for inquiries about the SV application



## List of attachments

To prepare the List of attachments, refer to the Application Guide for SV Increase Application Form Part B, List of attachments.

To complete (adding rows as necessary):

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

### List of attachments to the council's application

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
	<b>Mandatory forms/attachments</b>	
	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
	Council resolution to apply for the for the minimum rate increase variation	<input type="checkbox"/>
	Certification	
	<b>If applicable for Description and Context Question 4</b>	<input type="checkbox"/>
	Instrument for expiring special variation	<input checked="" type="checkbox"/>
	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
	<b>If applicable for Description and Context Questions 5 and 6</b>	<input type="checkbox"/>
	Declaration of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>
	Relevant instrument(s) for past special variations (if applicable)	<input checked="" type="checkbox"/>
	Evidence of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>
	<b>Mandatory public supporting material (i.e. to be published on IPART's website)</b>	<input type="checkbox"/>
	Community Strategic Plan – Relevant extracts	<input checked="" type="checkbox"/>
	Delivery Program – Relevant extracts	<input checked="" type="checkbox"/>
	Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	<input checked="" type="checkbox"/>
	Consultation material, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation	<input checked="" type="checkbox"/>
	Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
	Willingness to pay study (if applicable)	<input type="checkbox"/>
	Hardship Policy	<input checked="" type="checkbox"/>
	<b>Other public supporting material</b>	<input type="checkbox"/>
	Asset Management Strategy / Plan(s) (if applicable)	<input checked="" type="checkbox"/>
	Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)	<input checked="" type="checkbox"/>

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
	NSW Treasury Corporation report on financial sustainability (if applicable)	<input checked="" type="checkbox"/>
	<b>Confidential supporting material (i.e. not to be published on IPART's website)</b>	



## Important information

### **Submitting online**

Applications must be submitted through the Council portal by Monday, 7 February 2022.

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

### **Confidential content**

We will post 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 CONFIDENTAL.

### **Publishing the council's application**

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