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**GMR14/018 SPECIAL RATE VARIATION APPLICATION PROCESS AND TIMELINES FOR 2015-2016 E14.8029**

Responsible Officer: Dr Catherine Dale - General Manager  
Attachments: Nil  
Strategic Objective: 8: We work together to achieve our goals  
Delivery Plan Link: Integrated Planning  
Operational Plan Link: Undertake project specific and ongoing broad community engagement to inform long term planning

**EXECUTIVE SUMMARY**

To inform Council of timeframes for a possible application to the Independent Pricing and Regulatory Tribunal (IPART) for a special rate variation (SRV) commencing in the 2015/16 financial year and seek endorsement to commence the process. This will involve the development of a package of proposed community infrastructure projects for Council consideration.

**RECOMMENDATION**

THAT:

1. A list of priority community infrastructure projects be developed and reported to Council for consideration for a Special Rate Variation
2. A detailed Community Engagement Strategy be prepared and submitted to Council for consideration.

**BACKGROUND**

Council has been engaging with the community since November 2011/12 regarding service delivery, long term financing options, assets and service delivery expected by the community.

This has included extensive consultation including a community reference group, statistically reliable community surveys, a community forum, and multiple focus groups.

Outcomes from the consultation informed the 2013-17 suite of Integrated Planning and Reporting documents set a framework for the future of Eurobodalla. The documents include the Resourcing Strategy that is made up of the Asset Management Policy and Plans, Long Term Financial Plan and the Workforce Plan.

The Resourcing Strategy adopted in 2013 identified a need for increased revenue in order to maintain assets and service levels to a level that meets community expectations in the future.

Since then, Council has aimed to be more efficient and increase other revenue sources instead of increasing rates above the rate peg. Savings have been made from:

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- retiring some assets such as underused picnic areas and toilets,
- increasing workforce capacity through technology, job redesign and training,
- streamlining the organisational structure
- a rolling audit program of services
- exploring opportunities to share resources with neighbouring councils
- energy efficient improvements to assets and fleet

In August 2013 Council commenced its organisational service review. The aims of this review include:

- delivering long-term financial sustainability, including addressing infrastructure funding gaps
- ensuring services remain relevant and align with the 'wants and needs' of local communities,
- ensuring value for money and operational efficiency in service delivery

Like many NSW Councils, Eurobodalla has a shortfall in the funds required to provide and maintain the existing services and assets. The cost of local government services has risen faster than inflation and Council's income is limited by State Government rate pegging that has been at least 0.5% below inflation each year for the past 10 years.

Eurobodalla Shire Council provides similar services to many Council's, but has a rates income which is 15% below the average rates comparable sized councils.

There is a financial gap with the current level of funding. Every year the backlog of work required to maintain the level of service and standards that residents of Eurobodalla currently expect increases. This leads to a significant and growing annual infrastructure renewal gap which is estimated at more than \$3 million per annum.

It is recommended that Council considers how it will address this gap. The options are increase revenue by a rate increase above rate peg, reduce services or service levels in Council's general fund operations, or allow infrastructure assets to continue to deteriorate.

A SRV is one way of providing additional funds to deliver and provide community infrastructure requested by the community, that are cannot be funded from current revenue. A SRV needs to be identified as the result of the community engagement and as part of the preparation of the Council's Community Strategic Plan and Delivery Program (DP). It also needs to be reflected in the Council's Long Term Financial Plan (LTFP).

If Council intends to pursue a SRV, IPART must be notified by early December 2014. Final applications must be submitted to IPART online and in hard copy by end February 2015. The specific requirements for a SRV for 2015/2016 will be set and published by IPART in September 2014. Council can use the current circular from the Office of Local Government (and IPART guidelines) to assess what is expected.

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As application to IPART would need to address:

- Demonstrated need for and purpose of SRV
- Evidence the community is aware of the need for and extent of rate rise
- Evidence that the impact on affected ratepayers is reasonable
- Evidence that the proposed DP/LTFP is based on realistic assumptions
- An explanation of productivity improvements and cost containment strategies realised by Council in past years
- IPART's overall assessment of Councils' responses to the criteria

**CONSIDERATIONS**

The SRV process involves six steps that can be broadly summarised as:

1. • Asset Management Plans and Long Term Financial Plan preparation
2. • Service and infrastructure needs analysis based on community consultation
3. • Rates modelling
4. • Council resolution to proceed with an SRV based on the above
5. • Community engagement
6. • Formal IPART application process

The following timeline gives an indication of a SRV application process for 2015/2016:

IPART Guidelines released for SRV	September 2014
Rate Peg announced by IPART	Early December 2014
Notification of council's intention to apply for SRV	Mid December 2014
SRV application lodged	End February 2015
SRV applications determined by IPART	Mid June 2015

To meet the above requirements and timeframe set by IPART, a significant amount work would be required.

Firstly, a priority list of community infrastructure works would need to be identified from the consultation already undertaken as part of the Delivery Program 2013/17. Council would need to consider and endorse this list for an SRV application. These priority works would form the basis of the SRV scenario modelled as part of the Long Term Financial Plan.

A review of the Long Term Financial Plan would be required to show 'business as usual' and 'SRV' scenarios based on the priority works.

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A revised Delivery Program 2013/2017 and Operational Plan 2015/2016 would need to be prepared based on the 'business as usual' and 'SRV' scenario of the LTFP. This would include a work program for where SRV revenue would be spent, and in explanation of the impact on the community of the increase in rates over the life of the SRV.

Community engagement specific to the SRV would then be required. A detailed community engagement strategy would be developed and submitted to Council for consideration.

Following consultation a formal application would need to be completed and submitted to IPART.

The process and work required to submit a SRV application is in addition to work required to review the adopted DP and prepare the annual Operational Plan and budget.

Should Council seek to pursue an SRV, a further report will be presented to Council in December 2014. This report would include detailed requirements for an SRV application to IPART for 2015/16 year, and an updated Delivery Program, Long Term Financial Plan and Asset Management Plan and community engagement strategy so that Council could consider whether to apply for a SRV.

### **Legal**

There are two special variation options under the Local Government Act 1993. When seeking a special variation, councils may apply for:

- a one-off percentage increase under section 508(2); or
- multi-year percentage increases (of between two and seven years) under section 508A.

The type of special variation that is appropriate for each council will be determined by the revenue requirements of the council, as outlined in the adopted Long Term Financial Plan.

This will depend on a number of factors including:

- the size of the variation required,
- the reason for the variation,
- the need for the increase to be ongoing or for a fixed term,
- the fluctuation of expenditure over time,
- the financial objectives of a council, and
- the rate at which a council wishes to recover its costs.

### **Policy**

The Division of Local Government issues guidelines to assist councils in preparing their applications. The Guidelines for applications for 2015/16 will be issued in September. Councils applying for a special rate variation must comply with the requirements set out in the guidelines

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**Asset**

Councils may apply for a special rate variation for a range of reasons such as:

- improving the financial position of the council, particularly where there may be
- financial sustainability issues
- funding the development and/or maintenance of essential community infrastructure or to reduce backlogs in asset maintenance and renewal
- funding new or enhanced services to meet growing demand in the community
- funding projects of regional significance, and
- covering special or unique cost pressures that the council faces.

**Community Consultation**

Should a SRV be considered appropriate by Council as stated above there are a number of matters that need to be considered and addressed. One of the most critical components of a successful application for a SRV is being able to demonstrate a community awareness and engagement campaign which meets the criteria set by IPART.

Council has already undertaken initial engagement and consultation, which has involved informing the community about the community infrastructure assets Council provides and maintains and then seeking feedback on the expected levels of service from our community and their willingness to pay. The next phase of engagement and consultation requires Council to comprehensively inform the community about how a SRV will impact them in terms of increased rates, as well as a possible decrease in the levels of service if Council is not able to find alternative funding options.

As such, Council officers have prepared a list of activities which will assist Council to meet the criteria set by IPART within the given timeframe. These activities include: -

- A letter to all ratepayers outlining in detail how a Special Rate Variation will impact them
- A report on the communities ability to pay for a Special Rate Variation
- An independent telephone survey/focus groups of rate payers
- An extensive community consultation campaign through Council's publications, print and social media and electronic databases
- An opportunity for the community to have their say on Council's online forum
- Various other activities outlined in the attached document

A detailed community engagement strategy will be prepared to address the above and other matters. The strategy will be reported to Council for consideration before implementation.

In order to begin these activities it is appropriate that staff have the approval of Council to commit the resources to the SRV process given the lead time, costs and staffing required.

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FOR 2015-2016**

**Financial**

The financial implications of pursuing a SRV, as well as alternative scenarios are to be outlined in an updated Long Term Financial Plan. It is expected this data will be finalised to be presented to Council in December 2014 along with a report detailing recommendations to proceed with a SRV and an updated Delivery Program.

**CONCLUSION**

Should Council decide that it is appropriate to commence the SRV process, a list of priority infrastructure works would be prepared and submitted to Council for consideration. If adopted, the list would be used to prepare a report that will be presented to Council in December 2014 containing recommendations for Council to apply to IPART for a SRV. The report will be accompanied by an updated Delivery Program and an updated Long Term Financial Plan, each containing information relating specifically to a SRV.

At this time Council will be asked to consider passing a resolution to notify IPART of Council's intent to apply for a Special Rate Variation for the 2015/16 financial year. Notifying IPART of an intent to apply does not mean that Council must make an application. It means that the community will be further consulted with regarding a specific course of action to ensure the long term sustainability of Councils assets.

Council will then need to consider the feedback and results of this engagement prior to determining a formal application to IPART in early 2015.

In the event that Council decides to notify IPART of an intent to apply for a Special Rate Variation, then details of community feedback, results of the independent survey and the independent report will be provided to Council at a meeting in February 2014 prior to making a final decision as to whether or not to apply for a Special Rate Variation.

**GMR14/018 SPECIAL RATE VARIATION APPLICATION PROCESS AND TIMELINES FOR 2015-2016**

File Ref: E14.8029

**14/165 MOTION** Councillor Harding/Councillor Brice

THAT:

1. A list of priority community infrastructure projects be developed and reported to Council for consideration for a Special Rate Variation
2. A detailed Community Engagement Strategy be prepared and submitted to Council for consideration.

(The Motion on being put was declared **CARRIED**)

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**GMR14/025 PROPOSED SPECIAL RATE VARIATION APPLICATION - PRIORITY E14.8367  
INFRASTRUCTURE LIST AND COMMUNITY ENGAGEMENT  
STRATEGY**

Responsible Officer: Dr Catherine Dale - General Manager

Attachments: 1. Attachment A - Integrated Funding Package - SRV and Other Revenue Sources  
2. Attachment B - Community Engagement Strategy Proposed Special Rate Variation

Focus Area: Collabroative

Delivery Program Link: C2.1 Coordinate the delivery of the Integrated Planning and Reporting Framework across the organisation

Operational Plan Link: C2.1.1 Prepare the Council's Delivery Plan and Operational Plan

### **EXECUTIVE SUMMARY**

Council resolved that a list of community infrastructure projects and detailed community engagement strategy be developed, which would form the basis of a potential Special Rate Variation (SRV) commencing in 2015-16. This report address this resolution.

### **RECOMMENDATION**

THAT:

1. Council endorse the list of priority infrastructure projects attached (Attachment A) as the basis for an Special Rate Variation proposal for the purposes of community consultation.
2. Council endorse the Community Engagement Strategy (Attachment B)
3. Council receive a further report in early December to determine whether or not to notify Independent Pricing and Regulatory Tribunal (IPART) of Council's intent to apply for a Special Rate Variation for the 2015/16 financial year.
4. Council write to the Office of Local Government to clarify the process for Council's seeking a Special Rate Variation given the overlap of and potential duplication of the Fit For Future package assessment and submission.

### **BACKGROUND**

Council considered a report on the Special Rate Variation (SRV) application process and timelines at its Ordinary meeting 22 July 2014. Council resolved at this meeting:

*14/165 MOTION THAT:*

1. *A list of priority community infrastructure projects be developed and reported to Council for consideration for a Special Rate Variation*
2. *A detailed Community Engagement Strategy be prepared and submitted to Council for consideration.*



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**GMR14/025 PROPOSED SPECIAL RATE VARIATION APPLICATION - PRIORITY E14.8367**  
**INFRASTRUCTURE LIST AND COMMUNITY ENGAGEMENT**  
**STRATEGY**

A list of community infrastructure projects and a funding strategy to support these has now been prepared for Council consideration. Part of the funding strategy includes an SRV.

**Special Rate Variation Process and Considerations**

A requirement of Independent Pricing and Regulatory Tribunal (IPART) in applying for an SRV is that the need for an SRV is identified as a result of the community engagement, and as part of the preparation of Council's Integrated Planning and Reporting documentation, including the Community Strategic Plan and Delivery Program. It also needs to be reflected in the relevant Long Term Financial Plan.

The community infrastructure projects presented in this report are based on the original capital works program that informed the development of the current Delivery Program 2013-2017 and Resourcing Strategy.

This original capital works program was the result of the community consultation undertaken during the preparation of the Community Strategic Plan 2012-2013. At this time the results of the consultation showed that the community highly valued the programs and infrastructure that Council provides. The community consultation also indicated that they wanted Council to be able to maintain priority infrastructure into the future. When canvassed about a possible SRV in 2012-2013, 62% of residents and 68% of non-residents stated that they would be supportive of an SRV of 5.5% to improve local infrastructure and services. Due to the timing of the Local Government elections it was decided that an SRV would not proceed in year one of the Delivery Program 2013-2017. The option for an SRV was retained for latter years of the Delivery Program 2013-2017.

Since 2012-2013, Council has continued to be more efficient and increase other revenue sources in lieu of an SRV. Despite this, there continues to be a financial gap in terms of providing important community infrastructure and asset renewal. This gap is primarily due to the cost of services and materials rising faster than Council's revenue streams. Improved auditing and assessment of Council infrastructure confirms that insufficient funds are available to maintain our existing assets over the long term, with an increasing backlog of work evident. The infrastructure projects proposed as the basis for an SRV application will address a component of this gap, with a targeted approach based on an assessment of community needs and expectations (as per consultations), whole of life considerations, improved accessibility and greater social and economic opportunities.

As Council is soon to commence planning for year three of the Delivery Program 2013-2017, and Operational Plan 2015- 2016, it is timely to consider an application for an SRV to address the increasing financial gap as previously canvassed with Council. It is considered an SRV will address:

- Shortfall in funds to part fund renewal of existing community and transport infrastructure. An SRV will assist to address the shortfall in future budgets and to cover depreciation.
- Shortfall in funds as a result of the flat lining of Federal Assistance Grants, a decision of the Federal Government June 2013

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- An ability to provide high priority infrastructure needs
- Current general rate gap between Eurobodalla and other comparative councils noting that Eurobodalla's general rate is 20% below the Group 4 average (2012/13).

It is useful to note that all funds collected from an SRV will go directly into community facilities and assets.

The SRV proposal is for a successive annual percentage increase of 5% above rate pegging over the next three years only, which will remain in the rate base as per s508A of the Local Government Act 1993. This translates to an annual and compounding total rate increase of approximately 8% (assuming a 3% rate peg). The estimated income generated from this increase is approximately \$1.2million, \$2.45million and \$3.75million at years one, two and three and beyond respectively.

The list of community infrastructure projects identified for the SRV include a package of community projects with a focus on transport, recreation, marine and building infrastructure (Attachment A).

The proposed schedule includes new and upgraded capital works designed to deliver broad economic and social benefits to the community by improving social, cultural, health and accessibility outcomes (including compliance with disability standards). This schedule includes:

- i) Increased funding to look after our current infrastructure to ensure it remains in a satisfactory condition that meets community expectations
- ii) A range of new and upgraded infrastructure to improve our active sporting facilities and open space areas to encourage an active and healthy lifestyle
- iii) Improvements to halls to ensure they are suitable for existing user groups and encourage greater opportunity to increase use.
- iv) Creation of a multi-use exhibition space with meeting rooms at Moruya Library to support the arts (including the Basil Sellers Arts Prize) and allow a more flexible space for current library activities
- v) An upgrade of the Batemans Bay CBD (North and Orient Street north) to support business and improve the vitality of this commercial precinct
- vi) Road projects including reconstruction and sealing of a number of higher trafficked gravel roads and upgrading of bridges and culvert in poor condition
- vii) Improved accessibility including:
  - a. playground with special accessible elements at Corrigans Beach Batehaven, Gundry oval Moruya and Rotary Park Narooma
  - b. Provision of accessible toilets at high profile site across Eurobodalla including halls, public toilets and Moruya Airport
  - c. Provision of accessible viewing platforms to improve visitor experience

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**STRATEGY**

To leverage the benefit for the community and minimize the impact on ratepayers, the key funding strategy for the SRV includes:

- i) cash funding renewal of short lived infrastructure (less than 20 year life) to address the annual infrastructure funding gap
- ii) loan funding long lived infrastructure & larger scale works to spread the costs over time
- iii) ensuring that the 'whole of life costs' of any new or upgraded assets are covered including maintenance, operations & depreciation costs

The specific detail of the funding and infrastructure planning will be presented back to Council at its Ordinary meeting on 9 December 2014, when it considers a revised Delivery Program 2013-2017 and Long Term Financial Plan for the SRV option.

Council will in this report provide evidence of how it assessed the communities' capacity and willingness to pay the proposed rate increases which is a consideration of IPART. The impact on ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the special variation.

It should be flagged, that a further SRV proposal may be put forward in 2018-2019 for the purpose of maintenance, renewal and capital works for aquatic facilities and stormwater infrastructure. These projects are noted as of importance to the community, but cannot be included in the current project list as they require further planning, business analysis and design work at this time.

## **CONSIDERATIONS**

### **Legal**

#### *Local Government Reforms and Fit for Future package announcement*

The NSW Government released the Fit for Future package for local government on 10 September 2014. The Fit for the Future package is based on the Independent Local Government Review Panel's recommendations following three years of research and consultation. The package includes financial incentives and support to assist councils to become more sustainable into the future.

Starting in October 2014 each Council will be required to review its current situation and consider the needs of its community and the recommendations of the Independent Panel.

After considering its situation, councils will be asked to submit a proposal on how they intend to become Fit for the Future by 30 June 2015. Critical to this assessment will be Council's ability to look after and fund infrastructure over the short and long term.

Given the overlap in time frame for an SRV and the now Fit for Future process, Council should seek clarification from the Office of Local Government that these processes can be integrated where a Council is progressing an SRV so that duplication of work does not occur.

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**INFRASTRUCTURE LIST AND COMMUNITY ENGAGEMENT**  
**STRATEGY**

**Policy**

The Department of Local Government issues guidelines to assist councils in preparing their SRV applications. Councils applying for an SRV must comply with these guidelines. At the time of drafting this report the 2015-2016 Guidelines had not been released.

**Asset**

Council has a significant and growing infrastructure renewal gap which is currently estimated at more than \$3 million per annum on roads alone. The options available to Council to address this gap include increasing revenue by an SRV, or reducing services or service levels in Council's general fund operations, or to allow infrastructure assets to continue to deteriorate with time. Declining condition of the community's assets will result in higher maintenance costs and an increased risk to community safety and the organisation.

**Social Impact**

The infrastructure priority list will deliver broad economic and social benefits to our community, with the inclusion of community and recreational infrastructure projects, designed to improve access at a range of sites and facilities, as well as projects that will create more opportunities for active participation.

**Economic Development Employment Potential**

The provision of additional funding for infrastructure will result in greater employment locally to deliver infrastructure within Eurobodalla. This will assist stimulate employment and deliver social and economic benefits back to the local community.

**Community Consultation**

Council has already undertaken extensive community consultation and engagement around the current suite of Integrated Planning and Reporting documents – including the Delivery Program 2013-2017, its capital works program and Resourcing Strategy. This included community surveys and focus groups in 2012 specific to an SRV.

The current proposal to apply for an SRV commencing 2015-2016 results in a specific amendment to the Delivery Program 2013-2017 and requires separate and distinct community consultation and engagement.

In this regard, the IPART Guidelines are quite specific and require an SRV application to provide evidence that the community is aware of the need, purpose and impacts of the SRV proposed at that time on rates, including the annual and cumulative percentage and dollar increases, including the rate peg. To meet the criteria set by IPART, a detailed community engagement strategy has been developed that includes a range of consultation and engagement activities to assist Council given the timeframe available. (Attachment B).

It should be highlighted that the SRV process does not align well with desired times for community consultation and engagement given when notifications and the submission of a formal application to IPART are required.

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**GMR14/025 PROPOSED SPECIAL RATE VARIATION APPLICATION - PRIORITY E14.8367**  
**INFRASTRUCTURE LIST AND COMMUNITY ENGAGEMENT**  
**STRATEGY**

If Council intends to pursue an SRV, IPART must be notified by early December 2014. Final applications must be submitted to IPART online and in hard copy by end February 2015.

As such Council proposes there will be two phases of consultation and engagement for the SRV highlights listed below:

**Phase 1: Inform and Involve:** Media, Web, Displays and a Community Survey described below.

The main activity proposed is an independent and statically reliable community survey to be conducted late in October. This will include 600 residents and canvass their opinions on and understanding of the SRV proposal. An information package will be sent to all ratepayers prior to this survey being conducted to ensure that any participant has the necessary information before them when responding if contacted.

**Phase 2: Inform and Consult:** Media, Web, Displays, and formal exhibition period of an amended Delivery Program 2013-2017 including SRV during December - January. Submissions from the public on the SRV can be made during this time and will be considered by Council in February.

In addition to the above, a further exhibition of the endorsed Delivery Program (including Base or SRV option, which is dependent on Council decision February 2015) will occur when the Delivery Program/Operational Plan and Annual Budget for 2015-2016 is on exhibition during May 2015. This is a statutory requirement.

**Staff**

The preparation of a Special Rates Variation application is a cross council collaboration involving staff from a number of areas across Council.

**Financial**

The financial implications of pursuing a Special Rate Variation, including the two financial scenarios (base case and SRV case) will be outlined in an updated Long Term Financial Plan. It is expected this data will be finalised to be presented to Council on 9 December 2013 along with a report detailing recommendations as to whether Council should proceed with an SRV and an amended Delivery Program 2013-2017.

**CONCLUSION**

A report will be presented to Council in early December 2014 with recommendations for Council to either apply or not apply to IPART for an SRV. The report will include an updated Delivery Program 2013-2017 and an updated Long Term Financial Plan, each with information about the SRV proposal.

The report will also include the results of the independent community survey and other community feedback undertaken in October about the SRV proposal.

At this time Council will be asked to consider a resolution to either notify or not notify IPART of Council's intent to apply for a Special Rate Variation for the 2015/16 financial year. Notifying IPART of an intent to apply does not mean that Council must make an application. It means that

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the community will be further consulted during December – January about a specific course of action to ensure the long term sustainability of Councils assets.

Council will also be asked to endorse the amended Delivery Program 2013-2017 and Long Term Financial Plan which will include the two options - base case and SRV case for public exhibition for a minimum 28 days period during December – January.

Following this, Council will then need to consider all the feedback and results of this consultation and engagement prior to determining whether or not to submit a formal application to IPART in February 2015.

## **PROPOSED SPECIAL RATE VARIATION PROJECTS LIST**

### **Community Space and Place projects**

- Batemans Bay streetscaping (North Street & Orient Street)
- Moruya Library exhibition space with meeting rooms

### **Transport projects**

- High priority bridge & culvert renewal/upgrades (eg Joes Creek footbridge, Candalagan Bridge Broulee, Cullendulla Drive major culvert widening, Durras Drive, Durras bridge repair, Beach Road box culvert repair & replacement, corrugated culvert replacement)
- Local road renewals – extra funding for road resurfacing & repair (unsealed & sealed)
- Reconstruction and sealing of Riverview Road Narooma; Old South Coast Narooma; Congo Road south Bingie; Wamban Road Moruya west
- Casey's Beach rockwall
- Extra annual funding for new pathways
- Moruya airport (terminal upgrade, expansion of aircraft holding area & car park upgrade)

### **Community building projects**

- Extra recurrent funds to renew building infrastructure
- Tomakin Hall parking
- MacKay Centre Moruya (upgrade stage 2)
- Kyla Hall – new deck & minor refurbishment on the main hall
- Bodalla hall – heating & lighting upgrade
- Dalmeny Hall – upgrade with accessible facilities

### **Sportsgrounds projects**

- Extra recurrent funding for renewing sporting fields
- Upgrades to pools based on condition assessments
- Fencing of AFL/cricket Hanging Rock
- Expansion of Captain Oldrey Park (parking, netball, amenities and tennis)
- Gundry oval amenities upgrade
- Moruya showground parking & shade structure
- Bodalla oval - off highway parking
- Kyla oval – storage & toilets upgrade
- Fencing Bill Smyth oval Narooma

GMR14/025 PROPOSED SPECIAL RATE VARIATION APPLICATION - PRIORITY  
INFRASTRUCTURE LIST AND COMMUNITY ENGAGEMENT STRATEGY  
ATTACHMENT 1 ATTACHMENT A - INTEGRATED FUNDING PACKAGE - SRV AND  
OTHER REVENUE SOURCES

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**Open space and recreation projects**

- Extra recurrent funding to renew playgrounds, park furniture, stairs, BBQs
- New toilet (Durras Lake boat ramp)
- Holmes Lookout upgrade, Batemans Bay north
- Korners Park reserve Surfside & Congo reserve (new playground)
- Corrigans Beach reserve (parking, shelter, shade trees, markets area)
- Riverside Park Moruya (parking, combined pavilion/stage)
- Tuross foreshore reserve (seating improvements)
- One Tree Point – upgrade main access to beach
- Potato Point – complete stair off Long Point Road
- Foreshore protection works (Mummaga Lake Dalmeny, One Tree Point Tuross Head, Quota Park Narooma)
- Accessible toilets (Clyde Street west, Caseys Beach, Malua Bay beach, Tomakin, Coronation Drive Broulee, Moruya Heads beach, Ken Rose Park Narooma)
- Accessible viewing platforms & walks (Observation Point Batehaven; Burri Point headland; Carters Headland, Kianga)
- Accessible playgrounds (Corrigans Beach reserve Batehaven, Gunday Oval Moruya, Rotary Park Narooma)



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INFRASTRUCTURE LIST AND COMMUNITY ENGAGEMENT STRATEGY  
ATTACHMENT 1 ATTACHMENT A - INTEGRATED FUNDING PACKAGE - SRV AND  
OTHER REVENUE SOURCES

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**OTHER SOURCES OF REVENUE FOR RELATED PROJECTS**

Projects proposed to be funded from the sale of land identified within the Recreation Strategy and the sale of the land within Tuross Head (old hall site). These funds will be made available on a priority basis and are subject to the prior sale of lands identified within the recreational strategy. Projects recommended for funding under this proposal include:

**Sportsgrounds projects (land sales)**

- Lighting of fields (Surfside, Hanging Rock, Mogo, Gundry)
- MacKay Park – expansion to two full size fields
- Grandstand/seating (Hanging Rock – AFL/cricket/rugby, Ack Weyman, Bill Smyth)
- Radio control car (podium)
- BMX track Batehaven - minor upgrade
- Mogo oval (irrigation, amenities upgrade)
- Captian Oldrey (co-fund upgrade)
- Moruya showground (rodeo yard improvements)
- Bodalla oval – expansion to two full size fields
- Bill Smyth oval – parking upgrade adjacent to tennis courts
- Tilba oval – toilet improvements

**Open Space and Recreation projects (land sales)**

- Sandy Place, Long Beach & Malua Bay beach - half basketball court, picnic facilities/BBQ
- Rosedale Beach – parking & toilet
- Barlings Beach – new toilet
- Heath Street reserve Broulee upgrade (playground expansion, picnic facilities, Boardriders)
- Quarry Park Moruya upgrade
- Riverside Park (shelter, seats, market area surface upgrade & tree planting)
- Nelson Parade boardwalk and viewing platform (from sale of hall land)
- One Tree Point (accessible headland viewing platform & picnic facilities from sale of hall land)
- Drainage overflow acquisition Dalmeny
- Mossy Point & The Loop Narooma boat ramps – new pontoons (subject to grant funding)



# Community Engagement Strategy

## Proposed Special Rate Variation

September 2014

## **CONTENTS**

1. *Introduction*
2. *What is Community Engagement?*
3. *Background - previous community engagement*
4. *The proposed activity*
5. *Explaining the proposed engagement levels, our promise*
6. *Stakeholders*

### **1. Introduction**

In July 2014 Council agreed to develop a list of community infrastructure projects that would benefit from a special rate variation with a view to discussing the projects with the community to determine if Council should apply for an SRV in 2015 with the Independent Pricing and Regulatory Tribunal (IPART).

An important part of the IPART application is to provide evidence that the community is aware of the need, purpose and impact of the proposed SRV.

The intent of this Community Engagement Strategy is to inform the community that Council will consider applying for an SRV at the 9 December Council meeting and what the need, purpose and impact of the proposed SRV will be and; to involve and consult a representative sample of the community about the proposed SRV.

The strategy has been developed to meet the criteria set by IPART and to be clear and transparent about how Eurobodalla Shire Council will ensure that its community is aware of the need, purpose and impact of the proposed SRV in the timeframe that IPART sets out.

This strategy applies to activity from September 2014. The delivery of the activities are dependent on Council's decision to progress the applications on 25 September and then again 9 December. It should be noted that the strict timeline that IPART requires for notifications and the submission of a formal application may not necessarily align well with ideal times for community engagement as some activity will need to take place during the December January holiday period.

GMR14/025 PROPOSED SPECIAL RATE VARIATION APPLICATION - PRIORITY  
INFRASTRUCTURE LIST AND COMMUNITY ENGAGEMENT STRATEGY  
ATTACHMENT 2 ATTACHMENT B - COMMUNITY ENGAGEMENT STRATEGY  
PROPOSED SPECIAL RATE VARIATION

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This strategy aims to address this by informing the community from September about the possibility of this public exhibition in December January.

In May 2015 and to meet Council's, statutory requirements, the Delivery Program, Operational Plan and Annual Budget for 2015-2016 will be on public exhibition and the community will again be invited to have their say.

## 2. **What is Community Engagement?**

Community engagement is about involving the community in the decision making processes for the development of long term objectives and strategies that impact the community.

Community engagement covers a broad range of activities and can take many forms.

Eurobodalla Shire Council's approach to community engagement is based on the spectrum of engagement activities as advocated by the International Association for Public Participation (IAP2), which includes 5 levels of engagement:

- Inform
- Consult
- Involve
- Collaborate
- Empower

IAP2's Public Participation Spectrum is designed to assist with the selection of the level of participation that defines the public's role in any community engagement program.

The Spectrum shows that differing levels of participation are legitimate depending on the goals, time frames, resources and levels of concern in the decision to be made. The Spectrum also sets out the promise being made to the public at each participation level.

The Division of Local Governments Planning and Reporting manual also identifies and defines the same various levels of community engagement.

This community engagement strategy will deliver activities across the first 3 levels in the IAP2 spectrum that are to inform, consult and involve.

### **3. Background – previous community engagement**

Council has already undertaken extensive community engagement to develop the Community Strategic Plan. The results of the consultation showed that the community highly valued the programs and infrastructure that Council provides.

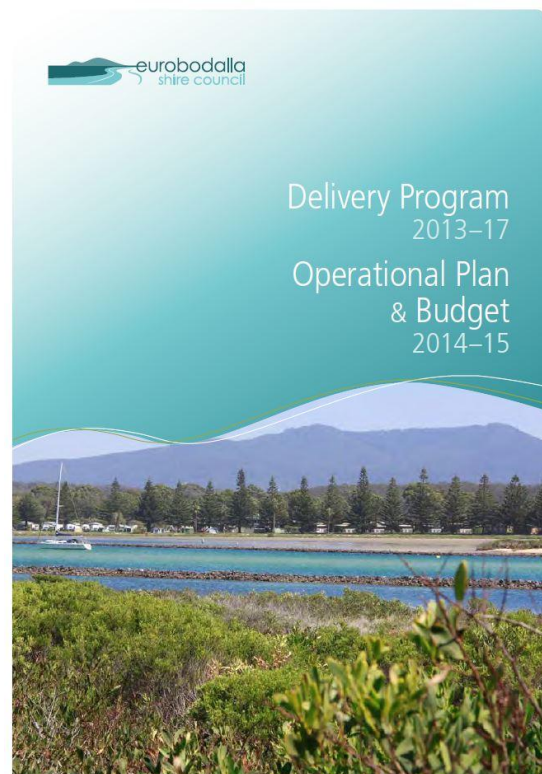
The community also said that they wanted Council to be able to maintain priority infrastructure into the future.

Further consultation was undertaken during 2012 to develop the Delivery Program 2013-2017, its capital works program and Resourcing Strategy. This included community surveys and focus groups that were specific about a possible Special Rate Variation.

The outcome of this was 62% of residents and 68% of non-residents said they would be supportive of a Special Rate Variation of 5.5% to improve local infrastructure and services.

The package of community infrastructure projects that are now proposed for a Special Rate Variation application are based on the original capital works program that were discussed in the previous community engagement process that led to the development of the current Delivery Program 2013-2017 and Resourcing Strategy.

Due to the timing of the Local Government elections in September 2012, it was decided that an application for a special rate variation would not go ahead in year 1 of the Delivery Program 2013-2017. The option for a rate variation was however retained for the latter years of the Delivery Program 2013-2017.



#### **4. The proposed activity**

To meet community expectations and to effectively work within IPART's timeframes, delivery of this engagement strategy is proposed in two phases.

##### **Phase 1: Inform and Involve**

If Council endorses this strategy on 25 September, phase 1 will start immediately and run through to early December.

In this phase we will inform, consult and involve the community.

600 community members will be invited to take part in a telephone survey in late October. The survey will be independent and residents will be canvassed about their opinions on the proposed SRV, and how well they understand the need, purpose and intent of the proposal. An information pack will be sent to all ratepayers before this survey so that participants are informed before they agree to respond.

Other members of the community wishing to provide feedback and suggest ideas, alternatives and proposals to inform decision making will be invited to write or email Council. This will be made clear in all communications.

Feedback from the community survey and from the general community will be summarised and reported back to Council to inform the decision that Council will make on 9 December about whether to apply, or not apply for a special rate variation. In this way, we can ensure that Council listens and acknowledges concerns, and provides feedback to the community about how public input influenced the decision.

To ensure the community is informed, consulted and involved we will:

- Prepare a useful web information hub
- Distribute a print information pack to all ratepayers
- Write letters to community groups
- Distribute information through local print and radio media
- Distribute digital newsletters to Council's subscribers
- Use social media to inform
- Provide information via displays at libraries and Council's customer service centre
- Provide information at Council's Meet us @ the Markets program
- Conduct a community survey of 600 residents.

## **Phase 2: Inform and Consult**

If Council decides to move to the next stage of the application, an amended Delivery Program 2013-2017 will go on public exhibition for 28 days from early December to early January. The community will be invited to offer feedback via submissions.

The public exhibition will be promoted through:

- Council's website
- print and radio media
- digital subscriber newsletters
- Social media.

## **5. Explaining the proposed engagement levels, and our promise**

**Inform:** One way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.

*Promise to the public: we will keep you informed*

**Consult:** Two way communications designed to obtain public feedback about ideas, alternatives and proposals to inform decision making.

*Promise to the public: We will keep you informed, listen and acknowledge concerns and provide feedback on how public input influenced the decision.*

**Involve:** Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision making.

*Promise to the public: we will work with you to ensure that your concerns and issues are directly reflected in the alternatives developed and provide feedback on how the public influenced the decision.*

## **Stakeholders**

A stakeholder is defined as someone who may be affected by or have a specific interest in the decision or issue under consideration. It is important to develop a consistent approach to ensure equitable inclusion of all potential stakeholders who reflect the demographics of the community.

For this engagement strategy, we will inform and consult with our stakeholders through the engagement activities already listed. Most stakeholders subscribe to Council's Online Newsletter and some are on the media distribution list.

In addition and when the opportunity presents, senior staff attending community and business group meetings and events will provide information and updates.

Council employees will be informed through internal emails.

### **Who are our Stakeholders?**

- Councillors
- Council committees
- Ratepayers and residents
- Businesses
- Community groups
- Council employees
- NSW and Commonwealth Government
- Non-Government Agencies and Organisations



**8. GENERAL MANAGER'S REPORTS**

**GMR14/025 PROPOSED SPECIAL RATE VARIATION APPLICATION - PRIORITY  
INFRASTRUCTURE LIST AND COMMUNITY ENGAGEMENT STRATEGY**

File Ref: E14.8367

**14/219 MOTION** Councillor Brice/Councillor Harding

THAT:

1. Council endorse the list of priority infrastructure projects attached (Attachment A) as the basis for a Special Rate Variation proposal for the purpose of community consultation.
2. Council endorse the Community Engagement Strategy (Attachment B)
3. Council receive a further report in early December to determine whether or not to notify Independent Pricing and Regulatory Tribunal (IPART) of Council's intent to apply for a Special Rate Variation for the 2015/16 financial year.
4. Council write to the Office of Local Government to clarify the process for Council's seeking a Special Rate Variation given the overlap of, and potential duplication of, the Fit For Future package assessment and submission.
5. The wording on the attached Appendix A be modified to clarify that the net proceeds from the sale of the old Tuross Hall are to be used as per Council's resolution of 14/123 (10 June, 2014).

(The Motion on being put was declared **CARRIED**)

Councillor Leslight voted against the motion.

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**GMR14/037 ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS E14.8367**

Responsible Officer: Dr Catherine Dale - General Manager

Attachments: Delivery Program 2013-2017 - Under Separate Cover  
Long Term Financial Plan - Under Separate Cover  
Micromex Survey - Under Separate Cover  
Submissions Summary - Under Separate Cover

Focus Area: Collaborative

Delivery Program Link: C2.1 Coordinate the delivery of the Integrated Planning and Reporting Framework across the organisation

Operational Plan Link: C2.1.1 Prepare the Council's Delivery Plan and Operational Plan

### **EXECUTIVE SUMMARY**

This report informs Council of community feedback about the package of community and transport infrastructure projects that could be funded through a special rate variation (SRV) commencing in 2015-2016.

It also presents information regarding Council's current rating situation, the special rate variation proposal and rate increase scenarios, and the economic, employment, social, asset management and legal implications, to assist Council in making a decision as to whether or not to notify IPART of its intent to apply for a special rate variation.

The report outlines the impact of a special rate variation on Council's ability to meet the financial criteria as set out in the NSW Government's 'Fit for the Future' proposal which was released after Council commenced community consultation on a special rate variation proposal on 23 September 2014. The NSW Government has stated that by June 2015 it will require councils to demonstrate they are structurally and financially 'fit for the future', and that they are sustainable, efficient and able to manage and deliver the services and infrastructure their communities need.

This report outlines that increasing Council's general rate base through a rate variation would be an important step in meeting the NSW Government's financial criteria and increasing Council's medium and long term financial sustainability. If in addition to a rate variation, Council continues to successfully focus on efficiencies, reducing costs and reviewing service delivery models, Council will make significant progress in achieving the State Government's criteria.

Also of note for consideration of Council's financial position and this report, is that on 3 December 2014 as this report was being finalised, IPART advised that the 2015-2016 rate peg will be 2.4%. This figure is 0.6% less than the 3.0% previously advised by IPART and will negatively impact the 'base' case in this report and Council's ability to be financially sustainable in terms of infrastructure renewal and the provision of significant community services.

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**GMR14/037    ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED                    E14.8367**  
**DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A**  
**PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND**  
**TRANSPORT INFRASTRUCTURE PROJECTS**

In this context, it is considered that a special rate variation application would be a financially responsible direction for Council and it is recommended that Council progress the special rate variation to the next stage, noting the recommendations outlined below in regard to Council's ongoing commitment to infrastructure renewal and a review of Council's Rates and Debtors Hardship Policy.

**RECOMMENDATION**

That Council:

1. Receive and note the feedback and results of the community consultation.
2. Notify the Independent Pricing and Regulatory Tribunal of Council's intention to apply for a special rate variation to commence in 2015-2016.
3. Endorse Council's draft Long Term Financial Plan and revised Delivery Program 2013-2017 for the purpose of public exhibition for a minimum 28 days.
4. Receive a report back to the Ordinary Council meeting 9 February 2015 to consider any submissions received to the exhibition of the Long Term Financial Plan and revised Delivery Program 2013-2017, and determine whether or not to submit an application to the Independent Pricing and Regulatory Tribunal for a special rate variation to commence in 2015-2016.
5. Notes the beneficial impact an SRV would have on the NSW Government's Fit for the Future financial criteria.
6. Resolve that any residual funds, once the proposed package of works are delivered, and funds that become available once loans are repaid, are entirely allocated and internally restricted to infrastructure renewals.
7. Review its Rate and Debtors Hardship policy to assist any members of the community who may experience hardship as a result of a Special Rate Variation.

**BACKGROUND**

Council is required to advise the IPART of its intention to consider lodging an application for a special rate variation by Friday 12 December 2014.

At its meeting on 23 September 2014 Council resolved:

1. *Council endorse the list of priority infrastructure projects attached (Attachment A) as the basis for a Special Rate Variation proposal for the purposes of community consultation.*
2. *Council endorse the Community Engagement Strategy (Attachment B)*

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**GMR14/037 ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS E14.8367**

3. *Council receive a further report in early December to determine whether or not to notify Independent Pricing and Regulatory Tribunal (IPART) of Council's intent to apply for a Special Rate Variation for the 2015/16 financial year.*
4. *Council write to the Office of Local Government to clarify the process for Council's seeking a Special Rate Variation given the overlap of and potential duplication of the Fit for Future package assessment and submission.*

This report provides the next stage outlined in point 3 of Council's resolution.

**CONSIDERATIONS**

*Our current situation*

Like many NSW Councils, Eurobodalla has a shortfall in the funds required to provide and maintain its existing facilities and assets. The cost of local government services has risen faster than inflation and Council's income is limited by State Government rate pegging. The cumulative effect since 1985, when rate pegging began is 6%. Further, unlike our neighbours Bega and Shoalhaven, Eurobodalla's general rate has not increased more than the rate peg since 2006. In 2014-2015, the rate peg was 2.3%. This means that Council currently has a rates income which is 20% below the average rates of comparable Group 4 sized councils. A comparison with neighbouring councils is also shown in the following table:

**Rates Comparison Table**

<b>2012-13</b>	<b>Average Ordinary Residential Rate (\$)</b>	<b>Average Ordinary Farmland Rate (\$)</b>	<b>Average Ordinary Business Assessment (\$)</b>
Eurobodalla	736.77	1,199.30	2,746.32
Bega Valley	852.21	1,611.63	2,236.63
Palerang	814.54	2,253.44	702.38
Queanbeyan	973.95	2,360.00	3,981.08
Shoalhaven	803.29	1,727.18	1,955.04

*Eurobodalla's special rate variation proposal*

The special rate variation (SRV) relates to Council's general rate only. It does not apply to Council's water, waste or sewer rates. The proposal is for a 5% rate increase on top of the estimated 3% IPART rate peg amount over three years. This means the general rate is to increase by a total of 8% for 3 years and thereafter increase by the IPART rate peg amount.

The cumulative increase over the three years is 25.97% compared to 9.27% without the SRV.

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**GMR14/037 ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS E14.8367**

It is important to note that the SRV becomes a permanent, and not temporary, part of the rate base after year three. The rate peg amount in year four is added to the new increased rate amount (see rate increase scenarios below). The estimated income generated from this increase is approximately \$1.10 million, \$2.42 million and \$3.84 million at years one, two and three respectively.

The additional revenue will fund a community and transport infrastructure program to be delivered over four years costing \$21.4 million, including approximately \$1.20 million annually for ongoing renewals. The program will deliver:

- Increased annual funding to help address the gap in funding for infrastructure renewal, particularly for short lived assets (useful life less than 20 years)
- An enhanced capital works program that will stimulate economic and employment growth and development
- A resource base that will significantly improve Council's medium and long term financial sustainability as required in the State Government's Fit for the Future criteria
- A capital renewal program for existing infrastructure in poor condition (e.g. bridges)
- A capital program to upgrade existing infrastructure (e.g. improvements to existing roads, reserves and community facilities) including funding for on-going 'whole of life costs'
- In addition, the SRV will replace funds as a result of the flat lining of Federal Assistance Grants, a decision of the Federal Government June 2013.

The SRV will help to close the current general rate gap between Eurobodalla and other comparative councils noting that on average Eurobodalla's general rate is 20% below the Group 4 average (2012/13) and to assist with progress towards achieving financial sustainability as required under the State Government's Fit for the Future program.

To leverage the benefit for the community and minimise the impact on ratepayers, the financing strategy for the SRV includes:

- cash funding renewal of short lived infrastructure (less than 20 year life) to address the annual infrastructure funding gap
- borrowings of \$15.7 million to be repaid over 20 years to match the benefits and costs of long lived infrastructure to ratepayers
- ensuring that the 'whole of life costs' of any new or upgraded assets are covered including maintenance, operations and depreciation costs

The targeted infrastructure program of \$21.4 million will provide:

Community infrastructure including:

- Approximately \$3.9 million for upgrades and new infrastructure to sportsgrounds, local reserves and parks to improve amenities and increase year round use and capacity

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**GMR14/037 ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS E14.8367**

- \$560,000 to improve local community halls and improve amenities to increase year round use
- \$50,000 additional recurrent funding for new pathways
- \$300,000 upgrade to Corrigans Beach Reserve Batehaven, Gundry Oval Moruya and Rotary Park Narooma to include playgrounds with special accessibility elements

Economic and tourism infrastructure

- \$1.8 million to create a multi-use exhibition space with meeting rooms at Moruya Library to increase community usage and support events to promote economic and tourism activity
- \$1.25 million to upgrade Batemans Bay CBD (North and Orient Street north) to increase town centre vitality, economic and tourism activity
- \$270,000 to upgrade Moruya Airport terminal building, car park and plane holding area to improve accessibility and user amenity, economic and tourism activity
- \$350,000 for the provision of accessible toilets (seven) at high profile public sites across Eurobodalla
- \$300,000 for the provision of accessible viewing platforms and walks at high profile sites to improve visitor experiences and beach access

Transport Infrastructure including:

- \$1.0 million for Caseys Beach Rock wall renewal
- Approximately \$5.9 million for reconstruction and sealing of a number of higher trafficked gravel roads and upgrading of bridges and culverts
- Project management costs of \$750,000 to deliver the projects funded by the SRV
- Approximately \$1.2 million of annual renewal funding to further address the infrastructure backlog

**GMR14/037 ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS E14.8367**

General Rate increase scenarios

The general rate component of the overall rate bill will be affected as follows, based on the two options presented to the community:

**Residential**

Residential Comparison	2015-16	2016-17	2017-18	Total increase over three years	2018-19 Rate peg 3%
Rate peg only (3%)	increase \$24.55	increase \$25.28	increase \$26.05	\$75.88	increase \$26.82
	new rate \$842.85	new rate \$868.13	new rate \$894.18	9.27%	new rate \$921.00
Special rate variation (3% rate peg + 5% SRV)	increase \$65.46	increase \$70.71	increase \$76.35	\$212.52	increase \$30.93
	new rate \$883.76	new rate \$954.47	new rate \$1,030.82	25.97%	new rate \$1,061.75
Additional cost of special rate variation p.a.	\$40.91	\$45.43	\$50.30	\$136.64	
Additional cost of special rate variation above the rate peg per week	\$0.79	\$0.87	\$0.97	\$2.63	

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**Farmland**

Farmland Comparison	2015-16	2016-17	2017-18	Total increase over three years	2018-19 Rate peg 3%
Rate peg only (3%)	increase \$38.39	increase \$39.54	increase \$40.73	\$118.66	increase \$41.96
	new rate \$1,318.11	new rate \$1,357.65	new rate \$1,398.38	9.27%	new rate \$1,440.34
Special rate variation (3% rate peg + 5% SRV)	increase \$102.38	increase \$110.57	increase \$119.41	\$332.36	increase \$48.36
	new rate \$1,382.10	new rate \$1,492.67	new rate \$1,612.08	25.97%	new rate \$1,660.44
Additional cost of special rate variation above the rate peg p.a.	\$63.99	\$71.03	\$78.68	\$213.70	
Additional cost of special rate variation above the rate peg per week	\$1.23	\$1.37	\$1.51	\$4.11	

**Business**

Business Comparison	2015-16	2016-17	2017-18	Total increase over three years	2018-19 Rate peg 3%
Rate peg only (3%)	increase \$87.97	increase \$90.61	increase \$93.32	\$271.90	increase \$96.13
	new rate \$3,020.24	new rate \$3,110.85	new rate \$3,204.17	9.27%	new rate \$3,300.30
Special rate variation (3% rate peg + 5% SRV)	increase \$234.58	increase \$253.35	increase \$273.62	\$761.55	increase \$110.81
	new rate \$3,166.85	new rate \$3,420.20	new rate \$3,693.82	25.97%	new rate \$3,804.63
Additional cost of special rate variation above the rate peg p.a.	\$146.61	\$162.74	\$180.30	\$489.65	
Additional cost of special rate variation above the rate peg per week	\$2.82	\$3.13	\$3.47	\$9.42	



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*Measures to address long term funding needs and financial sustainability*

*Fit for Future*

The NSW Government has recently outlined its proposed reform agenda for NSW Local Government. It has done this through a program titled Fit for the Future, which is a comprehensive response to the recommendations of the NSW Independent Local Government Review Panel. The criteria was released after Council's resolution to consult on a potential SRV.

Each council must prepare a submission by 30 June 2015 to outline how it will become 'Fit for the Future'; how it will become sustainable, provide effective and efficient services and have the scale and capacity needed to meet the needs of communities and partner with the State.

For Eurobodalla this means demonstrating that we meet the criteria set for financial sustainability, effective services and infrastructure, and efficiency and strategies providing a plan to progress in a positive direction and achieve this outcome.

A SRV is one way to meet the criteria by addressing the infrastructure backlog to bring and maintain community assets to the expected level of service as identified and expressed by the community.

The Fit for the Future criteria relate to Council's General Fund and not Council's consolidated financial position. It therefore does not include the Water and Sewer Funds which are in a financially sustainable position. The General Fund as evidenced by TCorp's financial assessment in 2012 shows that the General Fund faces financial sustainability pressures in the medium to long term position. In particular operating deficits, low infrastructure renewal expenditure and increasing infrastructure backlogs are the main challenges facing Council's General Fund. This situation is not dissimilar to that of many other Council's in NSW. The SRV proposal significantly improves the General Fund position in regard to the Fit for the Future criteria and whilst complementary strategies need to be implemented, it does set Council on the path required for the future. This is discussed in more detail later in this report.

*Cost containment and savings*

In recent years, Council has made significant savings and will continue to focus on efficiencies and cost reduction by:

- improving our procurement and asset management practices
- improving productivity
- regularly reviewing our service delivery and safety practices

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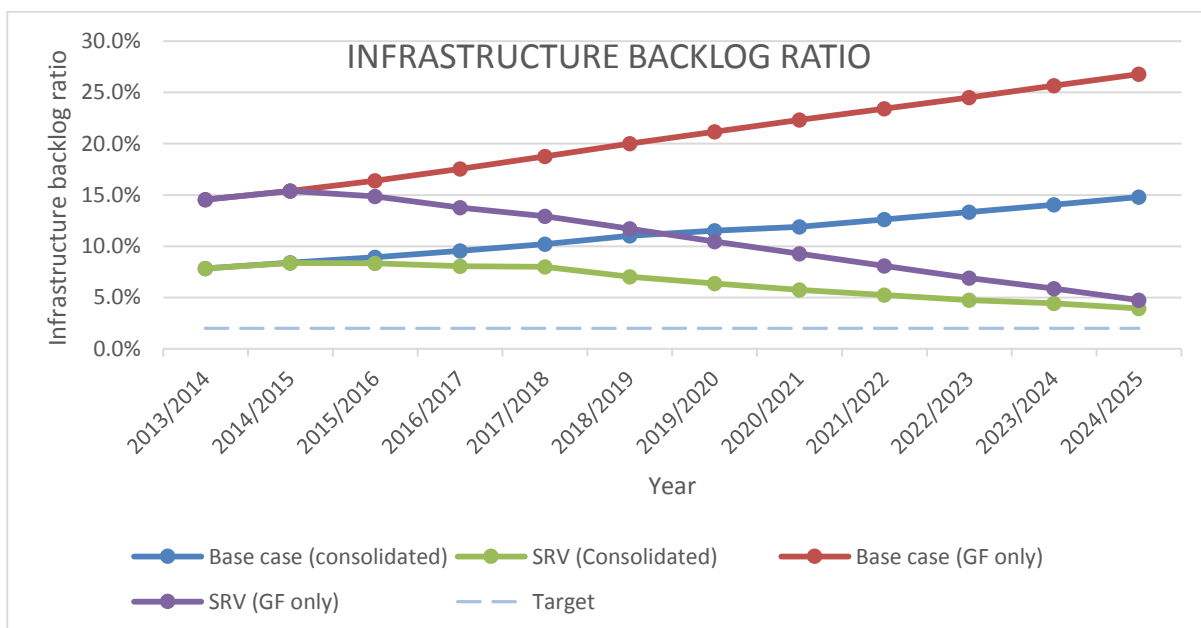
- using better work practices and technologies
- collaborating with neighbouring councils, the ACT, NSW and Commonwealth Governments, and building regional partnerships

Examples of the above are provided in the attached Delivery Program 2013-2017. A full report on cost containment and savings will accompany Council’s SRV application to IPART if made in February.

**Financial**

Council’s financial objective is to be financially sustainable. The SRV proposal represents an important step towards Council achieving this goal and the requirements of Fit for the Future program. The Fit for the Future criteria were released by the Office of Local Government (OLG) after Council resolved to consult on an SRV and has since been incorporated into the process. Council understands the importance of being fit for the future and has structured the long term financial plan around the seven indicators that represent the three key areas of being financial sustainability, effective infrastructure and service provision and efficiency. Whilst Council has followed the criteria it has queries with some of the indicators. In particular, Council is awaiting definitive guidance for the measurement of the infrastructure backlog ratio from OLG. In addition, the benchmarks that Council and IPART have adopted are also less stringent than the OLG benchmarks and continuous improvement is the key theme.

The SRV provides a significant improvement in operating performance, asset renewal and the infrastructure backlog indicators. The operating performance ratio improves by an average of 2.85% over the next 10 years. The asset renewal ratio improves by 11% and the backlog ratio by 12%. The graph below illustrates the impact the SRV will have on the backlog ratio. Without the SRV the backlog increases and with the SRV it declines considerably.



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To satisfy the Fit for the Future criteria, OLG requires that all seven indicators are satisfied or as a minimum improving over time with the goal being to meet them. IPART in their review of the program, recommend that the majority of the indicators be met and benchmarks for individual indicators are not as stringent and more continuous improvement focused. Council meets four of the seven indicators on current analysis. Council is proposing a SRV to improve its financial performance, to reduce the infrastructure funding gap thereby improving the status of its infrastructure. In all measures the indicator is significantly improved when the SRV is included. It is feasible with further efficiency and service delivery model reviews that other indicator criteria will be satisfied. This is a major step forward and in the long term, Council will need to review its service delivery model in order to be fit for the future. Council recognises it not only needs to act responsibly and seek adequate funding to provide services but to also live within its means.

The financial implications of pursuing a SRV, including the two financial scenarios (base case and SRV case) are outlined in an updated LTFP 2015-25 and amended Delivery Program 2013-2017.

**Legal**

Councils must identify the need for a SRV to their General Fund's rates revenue as part of their Integrated Planning and Reporting (IP&R) process. The IP&R documents need to be publicly exhibited and adopted by the Council prior to submission of the SRV application to IPART.

A revised Delivery Program 2013-2017 and Long Term Financial Plan have been prepared for the SRV consultation which commenced in September 2014.

If Council decides to notify IPART of its intention to apply for a SRV, during December 2014 and January 2015, formal exhibition inviting feedback on the SRV proposal with Council's amended Delivery Program 2013-2017 and financial information will occur. The Delivery Program 2013-2017 and Long Term Financial Plan need to be revised, exhibited and adopted by Council before applying for a SRV. Deadlines for applications to IPART are 16 February 2014. This timeline is imposed by IPART.

The revised Delivery Program 2013-2017 presented is a special edition which will stand as a separate document from February until it is incorporated back into a combined Delivery Program and Operational Plan for 2015-2016 to be adopted in June 2015.

A decision on a SRV variation application if made in February will not be determined by IPART until 19 May 2015.

Notwithstanding the above, Council will need to have prepared its Operational Plan 2015-2016 and endorsed for exhibition by then if it is to meet the 30 June 2015 deadline for adoption. Given the circumstances, this may mean that Council will have to prepare 2 Operational Plans

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to reflect the base case scenario and a special rate variation scenario until a final decision of IPART is made.

**Policy**

IPART will assess each SRV application against the criteria set out in the OLG's Guidelines for the preparation of an application for a special variation to general income for 2015-2016 (the Guidelines).

**Asset**

Like many Councils, Eurobodalla has a significant annual infrastructure gap and backlog of infrastructure works to provide the infrastructure our community depends upon in their everyday lives. If this issue is not addressed, our community will experience a steady decline in the condition of its infrastructure over time, leading to reduced levels of service to the community, reduced public safety, higher risks of infrastructure failure and higher maintenance costs.

Council has actively engaged with its community on this issue as part of the process of considering the special rate variation proposal.

If approved, the proposed special rate variation would provide a significant pro-active measure toward addressing the infrastructure funding gap as well as addressing immediate high risk backlog issues. The SRV will also be supported by a range of measures including:

- continuing to strive for improved efficiency and effectiveness
- ensuring careful consideration of the impacts of new development on infrastructure needs
- pro-actively encouraging appropriate growth in our population (giving a greater population to pay for facilities and community infrastructure such as existing suite of ovals, major reserves and community buildings)
- continuing to advocate on behalf of our community for sustainable funding support for NSW Councils (for example, as Council has already adopted the NSW Roads Congress Communique and the as identified at the National Roads Congress)
- optimising infrastructure provision and location through review and implementation of existing infrastructure strategies (e.g. recreation strategy)
- in the medium term, after our legal commitments are met, transferring funds from capital works such as reconstructing and sealing of gravel roads to renewing existing sealed roads
- as loans for the proposed SRV works are paid down, ensuring all residual funding from the SRV is 'ring fenced' and set aside for infrastructure renewal
- actively pursuing grants

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**GMR14/037 ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS E14.8367**

The SRV funds would allow short lived infrastructure to be renewed at a more sustainable frequency. These renewal works are critical to ensuring the longer lived components of assets are protected so as they do not fail prematurely. By way of example, ensuring road pavements are resurfaced regularly significantly improves waterproofing and is a cost effective strategy to help maximise the life of the underlying road pavement.

Addressing the infrastructure gap for short lived assets is also an effective risk based strategy to reducing the backlog of works in the medium term through the on-going cycle of works across our network. This is reflected in the medium term noting the reduction in the asset backlog ratio as highlighted in the attached ten year long term financial plan which, shows a significant favourable movement with the SRV compared to a continuing unfavourable movement without the SRV.

This strategy is however less effective for high risk assets such as bridges. The SRV package of works therefore includes a loan funding program to address the backlog of works to replace bridges and culverts.

It is also critical that any residual funds or funds becoming available in the longer term as loans are paid down, are restricted or 'ring fenced' for the purpose of infrastructure renewal so these funds can be used to fund replacement of longer lived assets when they are due. It is recommended that this position is formally resolved by Council, thereby giving our community confidence that these funds will be used for the purpose intended.

The proposed package of works provides a balance between addressing the current funding gap for existing infrastructure, as well as providing a select program of works to help address infrastructure sought by our community. Where new works are proposed, the SRV financial model provides for the on-going maintenance, operation and depreciation costs (i.e. whole of life costs). This is critical to ensure these new works do not add to the current growing infrastructure gap.

The level of maintenance is also often limited by the available budget. The SRV provides an opportunity to implement more pro-active maintenance and renewal regimes to ensure the useful life of long lived assets is achieved and the reasonable expectations of the community are met.

**Economic Development Employment Potential**

The Gross Regional Product of the Eurobodalla economy is estimated at \$1.23 billion a year with around 3,000 business and a workforce of 13,543 in 2011. Tourism is an economic driver and the visitor economy was valued at \$367 million for the year ending June 2013.

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The proposed package of works will have a direct employment benefit including the engagement of contractors and suppliers. Some works will be delivered through day labour operations which also provide for the use of local sub-contractors and suppliers ensuring maximum benefit to local businesses.

The community transport and infrastructure projects proposed will be an economic stimulus that will generate employment and support Eurobodalla's business and visitor economy. Accessible tourism is expected to be a growth market for Eurobodalla in future years the inclusion of funds for accessible public amenities and viewing platforms will improve the visitor experience in this market and encourage visitors to 'stop, stay and spend'. Other examples where business and tourists will be better supported include the upgrade to the Moruya library exhibition centre, upgrade of Moruya airport, Corrigans reserve upgrade, accessibility and playground upgrades and accessible viewing platforms.

The average spend of day visitors in Eurobodalla is \$84, below the state average of \$105. If visitors are encouraged to stay longer, and hence spend up to the state average, this would inject an extra \$12 million a year into the local economy.

**Social Impact**

The provision of additional funding for infrastructure will deliver broad economic and social benefits to our community, with the inclusion of community and recreational infrastructure projects, designed to improve access at a range of sites and facilities, as well as projects that will create more opportunities for active participation.

This includes a focus on improving the accessibility of council facilities and community infrastructure, providing a positive social impact in the community, where 19% of residents have a disability and 26% are 65 years and older (census 2011).

**Communication / Consultation**

Councils are required to engage with their community in relation to SRV applications and be able to demonstrate that the community is aware of the need for, and the extent of a rate rise. Councils may use a range of methods to consult with their community in relation to special variation applications. The manner in which Council does this may include, but is not limited to, mail outs to ratepayers, fact sheets, media releases, public meetings, and community survey.

Information must be presented in a way that community members can understand, clearly explaining what the SRV is being sought for. For example, it may be for a program of works, to address infrastructure backlogs, or for service enhancements.

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Councils must be able to show that the information they present to the community is transparent and clearly identifies the impact of any proposed rate increase on ratepayers. Information should not be presented so as to minimise the perceived impact of the increase. It must show:

- that the requested special variation includes the rate peg
- that multi-year increases in rates are cumulative
- if the rate increases will remain permanently in the rate base of the council
- increases in other charges, such as for waste management, where these are likely to exceed CPI increases.

It should be noted that the requirements by IPART for Council to apply for a SRV, do not require community support for the proposal. Rather, IPART requires that the community is adequately informed about the proposal and are given an opportunity to provide feedback. There are also a number of other factors that IPART considers when determining if a Council is eligible for a SRV, which include the ratepayers' ability to pay an increase as well as a sound business case outlining the need for additional funding to address an infrastructure backlog.

Council resolved on 23 September 2014 to commence community consultation on a proposed special rate variation proposal. This following details the extent of this consultation as well as a summary of feedback received.

*Mail out to all ratepayers*

On 16 -17 October 2014 a brochure Funding Our Future was sent to over 21,731 rate payers. The brochure provided information about the package of community and transport infrastructure projects and the SRV proposal. It also advised of the process, community engagement activities and how the community could make a submission to Council.

*Community telephone survey*

In 2012, a community survey was conducted as part of Council's preparation Integrated Planning and Reporting documents (Community Strategic Plan, Delivery Program and Operational Plan and its Resourcing Strategy) as required under the Local Government Act 1993 (NSW).

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At this time, Council asked residents and non-residents to provide feedback on two rate increase scenarios:

***Option 1** - 5.5% SRV each year for five years from 2013/14 (including rate pegging of 3%) raising an extra \$3 million per annum by 2018.*

***Option 2** - 7% SRV each year for five years from 2013/14 (including rate pegging of 3%) raising an extra \$5 million per annum by 2018.*

The 5.5% increase option was the most acceptable, with 62% of residents and 68% of non-residents indicating that they were somewhat supported this option. Higher level increase options were rejected. Those supportive felt that the SRV was affordable and needed in order to improve local infrastructure and services. Those not supportive had concerns about Council's financial management, affordability and personally questioned the relevance of Council's long-term resourcing strategies. Higher level increase options were strongly rejected.

Of importance to note is that this previous community survey is a vital part of the information that is required by IPART if Council proceeds with an application for a SRV. A key requirement of IPART is that Council demonstrate that the need for a SRV is part of the current Integrated Planning and Reporting process and adopted documents. Council's current Delivery Program was adopted June 2013.

The purpose of the current community survey was to follow up on the 2012 consultation, to canvass the community's understanding of the need for and extent of a rate increase now. There are similar questions in the current survey to those that were asked in 2012 to enable a temporal comparison of results to be given.

Micromex Research was engaged by Council as an independent expert in the area to develop, conduct and analyse a statistically valid community survey with a representative cross section of residents/ratepayers for this purpose.

The community survey was conducted between 23 October to 1 November 2014, in accordance with Interviewer Quality Control Australia (IQCA) standards and the market research society code of conduct.

The purpose of the survey was:

- i) To determine awareness of and measure community support for a SRV
- ii) To provide an avenue for feedback for residents to express their views on the proposed SRV
- iii) Measure current levels of satisfaction with Council and Council servicing

602 participants were randomly selected to be representative of the Eurobodalla community's demographics. The 602 sample size provided a maximum sampling error of plus or minus 4.0% at 95% confidence. This means that 19 times out of 20 we would expect to see the same results, i.e. +/- 4.0%.



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As such the research findings documented can be interpreted by Council (and IPART) as not just the opinions of 602 residents, but as an accurate and robust measure of the entire community's attitudes. For this survey residents were asked to provide feedback on two rate increase scenarios:

- Continuation of current funding - No rate increase above rate peg of 3% over 3 years
- A special rate variation - Rate increase of 5% above rate peg to 8% over 3 years

A summary of the findings follows:

- 89% of residents are very satisfied to somewhat satisfied with the level of service and facilities provided by Council in the local area, which has increased from 85% in 2012.
- Residents indicated they believe it is very important that Council continues to improve its community and transport infrastructure.
- 82% of residents are satisfied or somewhat satisfied with Council's performance. This result is significantly higher than the NSW Regional Benchmark.
- 64% of residents were aware that Council was exploring community sentiment towards a rate variation; the majority of whom were informed by Eurobodalla Council's mail out.
- Whilst the majority of residents surveyed did not support paying more when surveyed on the SRV, approximately 50% of residents were supportive or somewhat supportive.

A full copy of the Micromex report is attached.

To date the community consultation on the proposed SRV has been extensive and used a variety of methods to inform the community about the proposal and provide opportunities for Council to receive feedback.

Public Information sessions

Council held 4 public information sessions about the proposed SRV. Details of the meetings were widely publicised online and in the local press and radio.

The meetings were held in the Narooma, Moruya and Batemans Bay Libraries and at Tuross Head shopping centre, and took place on 3 November, 10 November, 17 November and 22 November 2014. Attendance at the meetings by community members varied from 10 – 60 persons at individual sessions.

The main issues which were raised at the public meetings were how the different scenarios would impact on rates, technical issues about each of the scenarios and general questions about Council's project selection and also maintenance of assets.

Telephone Feedback

A SRV hotline was provided with staff answering 70 phone calls from people wishing to ask a questions about the community and transport projects and the proposed SRV. Staff provided information and directed people to make a submission using the formal channels available.

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**GMR14/037 ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS E14.8367**

Council Website

The Council website featured a large banner in the most prominent position on the site directing people to visit the Funding your Future site to find out information, or make a submission.

Information Stall at Moruya Markets

An information stall was held at the Moruya Country Markets on 8 November 2014. The information stall gave community members the opportunity to ask questions of senior staff and Councillors about the SRV. The stall also provided an opportunity to distribute information including Council brochures, fact sheets, and copies of Council's strategic documents and other related information.

Media

The adopted community engagement strategy was implemented to inform the community of Council's intention to apply for the SRV. Activity included: directly mailing all rate payers; providing information to subscribers of Council's Online Newsletter; issuing 5 media releases and 7 statements in response to media queries which formed the basis of a number of radio stories and interviews and newspaper articles; and commentary in 2 Mayor's columns which are published in local newspapers and on Council's website.

Submissions by email and mail

Council received 113 submissions by letter and email. The result of the engagement activities from September to end November 2014 are attached to the report.

- 15 in support
- 2 giving conditional support
- 92 in opposition
- 4 submissions contained a number of questions about the SRV proposal and Council operations generally which were forwarded to the relevant staff member for individual response.

A number of key themes were raised in the submissions opposing the SRV proposal including:

- Impact of the rate increase on low income earners and pensioners

*Council acknowledges that any rate increase may be difficult for some community members. Council has policies in place to assist ratepayers should they incur difficulty in keeping up with their rates payments including a Rates and Debtors Hardship Policy. It is recommended that this policy be reviewed to respond to the SRV specifically.*

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- Council should work within its existing budget and be more efficient

*Council is committed to improving productivity and containing costs. In recent years, this has been achieved through work practice improvements and staff training, the introduction of new technologies, partnership initiatives and a program of service reviews to ensure we meet the expectations of the community as established by the Community Strategic Plan. Ongoing savings will be implemented.*

- Questions about the works proposed that appear to benefit tourists over residents for example town centre, viewing platforms etc.

*The projects to be funded by the SRV will support the needs of our community as identified in our key strategies, plans and in feedback from the community; and also help promote economic development and employment within Eurobodalla.*

- Concerns raised about current asset maintenance practices

*The SRV proposal provides a significant opportunity to meet the cost of maintaining and renewing Council's existing community and transport infrastructure to meet the needs and expectations of the community. It is recommended that future funds from the SRV be internally restricted or 'ring fenced' to infrastructure renewals.*

**Other community consultation actions**

If Council resolves at this meeting to notify IPART of its intention to lodge an application for a SRV, further consultation and engagement will take place through a 28 day public exhibition. The public exhibition and opportunity for the community to provide feedback will be promoted on Council's website, at the Batemans Bay, Moruya and Narooma libraries and the Moruya customer service centre. A media release will be issued and details of the public exhibition will be featured in Council's Online News.

**CONCLUSION**

Council must formally resolve to notify IPART of an intention to lodge a SRV application. This process allows IPART to plan their staffing requirements to assess all applications, due by 16 February 2015, in a timely manner.

A resolution to notify IPART does not bind Council to formally resolving to make the application in February 2015. Further consultation will need to occur and be presented to Council prior to such a resolution.

If Council does not resolve to progress this application at this time, a review and refocussing of the adopted Delivery Program 2013-2017 and Long Term Financial Plan and associated asset management plans will need to be undertaken in early 2015 for consideration by Council, consultation and public exhibition prior to adoption in June 2015.

**GMR14/037 ENDORSEMENT OF LONG TERM FINANCIAL PLAN AND REVISED DELIVERY PROGRAM 2013-2017 FOR PUBLIC EXHIBITION OF A PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS**

File Ref: E14.8367

**14/372 MOTION** Councillor Burnside/Councillor Schwarz

THAT Council:

1. Receive and note the feedback and results of the community consultation.
2. Notify the Independent Pricing and Regulatory Tribunal of Council's intention to apply for a special rate variation (SRV) to commence in 2015-2016.
3. Endorse Council's draft Long Term Financial Plan and revised Delivery Program 2013-2017 for the purpose of public exhibition for a minimum 28 days.
4. Receive a report back to the Ordinary Council meeting 10 February 2015 to consider any submissions received to the exhibition of the Long Term Financial Plan and revised Delivery Program 2013-2017, and determine whether or not to submit an application to the Independent Pricing and Regulatory Tribunal for a special rate variation to commence in 2015-2016.
5. Notes the beneficial impact an SRV would have on the NSW Government's Fit for the Future financial criteria and that Council will need to continue to identify and implement efficiency savings in addition to an SRV process.
6. Resolve that any residual funds, once the proposed package of works are delivered, and funds that become available once loans are repaid, are entirely allocated and internally restricted to infrastructure renewals.
7. Implement a communication plan to inform ratepayers and the wider community how a special rate variation would: contribute to Council's financial sustainability, including assisting Council to move towards the NSW Government's new Fit for the Future financial criteria; underpin a significant economic and employment stimulus to Eurobodalla including examining existing Infrastructure and assets to potentially utilise them in a more commercial manner (e.g. airport, surplus areas adjoining swimming pools and toilet blocks); assist Council in funding the renewal of its infrastructure assets into the future; and deliver social benefits to the community through provision of a broad range of community and transport infrastructure projects. The communication plan will include written advice to all ratepayers: media releases; digital newsletters, Facebook and Twitter and invite further feedback from the community.
8. Resolve that the Audit Committee monitor the implementation of the SRV to ensure that funds are directed to the agreed projects in the most cost effective manner and that the future revenue from the SRV be 'ring-fenced' to infrastructure renewal in perpetuity and report back Council on these issues on a six monthly basis.
9. Review its Rate and Debtors Hardship policy to assist any members of the community who may experience hardship as a result of a Special rate variation, by developing a range of strategies to address specific situations.

10. Resolve that the Audit Committee review the Fit for the Future criteria and report back to Council on the impact of the SRV and the required ongoing efficiencies and savings (including service reviews) that are required to achieve council's long term financial sustainability as determined by the State Government's reform program.
11. Continues to work with LGNSW, NSW Roads & Transport Directorate and the Australian Local Government Association to advocate on behalf of our community to the Australian and NSW Governments for a better share of taxation revenue to allow councils to provide the infrastructure needed to support stronger regional communities and to strongly advocate on behalf of the community and report bi-annually on how this is being achieved

(The Motion on being put was declared **CARRIED**.  
Councillors Leslight and Innes voted against the Motion.)

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**GMR15/001 PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND  
TRANSPORT INFRASTRUCTURE PROJECTS**

**E14.8367**

Responsible Officer: Dr Catherine Dale - General Manager

Attachments: Nil

Strategic Objective: Collaborative

Delivery Program Link: C2.1 Coordinate the delivery of the Integrated Planning and Reporting Framework across the organisation

Operational Plan Link: C2.1.1 Prepare the Council's Delivery Plan and Operational Plan

**EXECUTIVE SUMMARY**

This report informs Council of community feedback received during the public exhibition of the revised Delivery Program 2013-17, Long Term Financial Plan (LTFP) 2015-25 and the proposed Special Rate Variation (SRV) for community and transport infrastructure projects. It outlines Council's final SRV proposal, its impact on ratepayers and includes a summary of how Council would address the proposed SRV application criteria.

This report recommends that a SRV of 8% proceed on the grounds that it would have a significant and positive impact on Council's long term financial position and its ability to provide responsive and safe community and transport infrastructure.

Since the revised Delivery Program 2013-17 was placed on public exhibition, savings to contractor casual cost charge out rates in the General Fund, to commence from 2015-16 has been identified. These savings equate to 0.6% of the SRV proposal. In response to community feedback received throughout the SRV consultation period and in accordance with Council resolution on 9 December 2014, it is proposed to restrict 0.6% of the SRV for transport and community infrastructure renewals, with the revised Delivery Program 2013-17 reflecting this change.

**RECOMMENDATION**

THAT Council:

1. Receive and note the feedback and results of the public exhibition of the revised Delivery Program 2013-17 and Long Term Financial Plan 2015-25.
2. Make an application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government Act 1993 for a special variation to its general rate income of 8% per annum (including the rate peg amount) for a period of three years, commencing in 2015-16 with the increase to remain permanently in the rate base.
3. Adopt the revised Delivery Program 2013-17 (noting savings of 0.6% from contractor casual cost charge out rates which will be restricted for transport and community infrastructure renewals) and Long Term Financial Plan 2015-25 as exhibited.
4. Prepare two Operational Plans for 2015-16 to reflect the base case scenario and special rate variation scenario.

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**GMR15/001 PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND  
TRANSPORT INFRASTRUCTURE PROJECTS**

**E14.8367**

**BACKGROUND**

The management of infrastructure assets is a key issue facing Council. Like many NSW councils, Eurobodalla has a shortfall in the funds required to provide and maintain its existing facilities and assets as well as meet emerging community needs.

The cost of local government services has risen faster than inflation. Eurobodalla's general rate has not increased more than the rate peg since 2006 and Council currently has a rates income which is 20% below the average rates of comparable Group 4 councils. This situation presents challenges, identified in Council's Long Term Financial Plan and Asset Management Plans, principle of which is an estimated \$4 million infrastructure renewal gap per annum.

The annual renewal gap is impacted by capital renewal expenditure in any one year particularly any major items. The revaluation of assets and the growth in assets due to development and other capital works, will see a rise in the annual depreciation and the annual infrastructure renewal gap in future years. The transport assets are being revalued in 2014-15 which will result in a revised figure being calculated at the end of this financial year.

To meet the needs of our community and address the challenges identified, Council has facilitated community participation through a range of consultations, assessed financial and infrastructure requirements and developed a Special Rate Variation (SRV) proposal that is balanced, moderate and strengthens Council's long term position. Further background on the process to date is contained in previous Council reports: GMR14/018 22 July 2014, GMR14/025 23 September 2014, and GMR14/037 9 December 2014.

At its Ordinary Meeting on 9 December 2014, Council resolved to advise the Independent Pricing and Regulatory Tribunal (IPART) of its intention to apply for a SRV under section 508A of the Local Government Act 1993. Council is expected to join more than 20 other councils from across the State in making an application to IPART for a SRV commencing in 2015-16 (last year there were 33 SRV applications).

Council also resolved for the continuation of community engagement activities designed to further inform the community of the need for and extent of a SRV through the exhibition of the revised Delivery Program 2013-17 and Long Term Financial Plan 2015-25.

Since the Council meeting on 9 December 2014, Council's service review of the internal Organisational Development (human resources) service has identified savings of \$140,000 that will take effect in the 2015-2016 year. These savings will be made by improving efficiencies, absorbing the administration of managing and recruiting casual staff in house, and new tender arrangements for contactor casuals.

A number of cost containment opportunities, including a reduction in electricity and energy efficiencies continue to be investigated. These will be reported in the future, however exact costs cannot be confirmed at this time.

In response to feedback from the community throughout the SRV consultation period and in accordance with Council's resolution of 9 December 2014, it is recommended to restrict 0.6% of the SRV for transport and community infrastructure renewals to further address the renewal gap.

**GMR15/001 PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND  
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This report provides an overview and results of the community engagement undertaken as part of the exhibition.

In addition, it outlines:

- the final SRV proposal
- the impact of the SRV proposal on ratepayers
- a summary of the SRV criteria
- how Council will address these requirements if it determines to apply for the SRV as proposed.

**CONSIDERATIONS**

Councils must identify the need for a SRV to their General Fund’s rates revenue as part of their Integrated Planning and Reporting (IP&R) process. Key IP&R documents must be publicly exhibited and adopted by Council prior to the submission of the SRV application to IPART.

Due process has been followed through the public exhibition of the revised Delivery Program 2013-17 and Long Term Financial Plan 2015-25. This report recommends Council adopt the revised Delivery Program and Long Term Financial Plan as amended in the recommendations.

The SRV application must be submitted to IPART by 16 February 2015, accompanied by the adopted IP&R documents.

A decision on the SRV application will not be determined by IPART until 19 May 2015. Notwithstanding the above, Council will need to have prepared and endorsed for exhibition its Operational Plan for 2015-16 by that date if it is to meet the 30 June 2015 deadline for adoption. Therefore, if Council submits a SRV application it must progress preparation of its Operational Plan for 2015-16 in two versions to reflect the base case scenario and the special rate variation scenario until a final decision is made by IPART.

**Policy**

IPART will assess each SRV application against the criteria set out in the Office of Local Government’s Guidelines for the preparation of an application for a SRV to general income for 2015-16 (the Guidelines). Council has addressed key criteria as follows:

Criterion	Key Points
Assessment Criterion 1: Need for the variation	<ul style="list-style-type: none"> <li>• Financially responsible decision – will result in an improvement in key financial indicators such as operating performance, asset renewal and the infrastructure backlog indicators</li> <li>• Assist in addressing annual infrastructure renewal gap and backlog of works.</li> <li>• Meets community needs and expectations now and into the future through sustaining current service levels and delivering a package of community and</li> </ul>



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Criterion	Key Points
	<p>transport infrastructure</p> <ul style="list-style-type: none"> <li>• Assist in achieving financial sustainability and meeting the Fit for the Future criteria</li> <li>• Alternative revenue raising and cost containment strategies have been implemented however they are not sufficient on their own</li> <li>• Underpinned by extensive planning and consultation</li> </ul>
<p>Assessment Criterion 2: Community awareness and engagement</p>	<ul style="list-style-type: none"> <li>• Extensive community engagement through IP&amp;R process since 2010</li> <li>• Suite of engagement activities employed to ensure awareness of impact of and need for a SRV including: two direct mail outs to all ratepayers, statistically reliable community survey, media coverage, two exhibition periods, public information sessions, telephone hotline, web hub and static displays</li> <li>• Significant community awareness of SRV proposal (64% of surveyed ratepayers aware of proposal)</li> <li>• High level of satisfaction with Council performance and current service levels (2014 Micromex survey) <ul style="list-style-type: none"> <li>○ 89% of surveyed ratepayers were very satisfied to somewhat satisfied with the level of service Council provides</li> <li>○ 82% of surveyed ratepayers were very satisfied to somewhat satisfied with Council's performance (result is significantly higher than NSW Regional Benchmark and an increase from Council's 2012 survey)</li> </ul> </li> <li>• Support for continuation of current service levels and for council to make financially responsible decisions for the future</li> </ul>
<p>Assessment Criterion 3: Impact on ratepayers</p>	<ul style="list-style-type: none"> <li>• Starting from comparatively low residential rating base – average residential rate \$817.82 in 2014-15 20% below comparable Group 4 and neighbouring councils</li> <li>• 8% increase (including rate peg and the 0.6% additional transport renewal restriction) each year</li> </ul>

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Criterion	Key Points
	<p>for 3 years sought. Cumulative increase of 25.97% including rate peg (inclusive of 9.27% rate peg)</p> <ul style="list-style-type: none"> <li>• Total average residential increase per annum: <ul style="list-style-type: none"> <li>○ year 1 \$65.30</li> <li>○ year 2 \$70.68</li> <li>○ year 3 \$76.30</li> </ul> </li> <li>• Total average farmland increase per annum: <ul style="list-style-type: none"> <li>○ year 1 \$102.61</li> <li>○ year 2 \$109.98</li> <li>○ year 3 \$118.78</li> </ul> </li> <li>• Total average business increase per annum: <ul style="list-style-type: none"> <li>○ year 1 \$234.68</li> <li>○ year 2 \$253.16</li> <li>○ year 3 \$273.41</li> </ul> </li> <li>• Comparison of home ownership levels, neighbouring council rating, socio-economic indexes published by ABS and Council's own low level of outstanding rates indicate capacity to pay moderate SRV increase</li> <li>• Revision of the Rates and Debtors Hardship policy – all reasonable efforts made to assist individuals in genuine hardship</li> <li>• The use of the Rates and Debtors Hardship policy has rarely been sought</li> </ul>
<p>Assessment Criterion 4: Public Exhibition of relevant IP&amp;R documents</p>	<ul style="list-style-type: none"> <li>• All relevant IP&amp;R documents contain detailed information on the SRV proposal and have been exhibited and adopted by Council as required</li> </ul>
<p>Assessment Criterion 5: Productivity improvements and cost containment</p>	<ul style="list-style-type: none"> <li>• Elected and executive commitment to continuous improvement, productivity and efficiency</li> <li>• Ongoing service review program</li> <li>• Continue with key cost containment programs including: 20% reduction in energy costs, over \$300,000 WHS savings and Statecover bonus incentives, asset disposal and implementation of property strategy, refined procurement practices,</li> </ul>

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<b>Criterion</b>	<b>Key Points</b>
	staffing cost savings, continuous review of fees and charges, and ongoing partnerships <ul style="list-style-type: none"><li data-bbox="655 517 1353 620">• \$140,000 saving via tendered contractor casuals from 2015/16 and efficiency improvements in the administration of internal council casuals.</li></ul>

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**GMR15/001 PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND  
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**Asset**

Like many councils, Eurobodalla has identified a significant annual infrastructure renewal gap and backlog of infrastructure works to provide the infrastructure that our community depends upon in their everyday lives. If this issue is not addressed, our community will experience a steady decline in the condition of its infrastructure, leading to reduced levels of service, reduced public safety, higher risks of infrastructure failure and higher maintenance costs.

Council has actively engaged with its community on this issue as part of the process of considering the special rate variation proposal. If approved, the proposed SRV will be a proactive measure toward addressing the infrastructure funding gap as well as addressing immediate infrastructure needs.

The proposed package of works provides a balance between addressing the current funding gap for existing infrastructure, as well as providing a select program of works to help address infrastructure identified during consultation with our community. Where new works are proposed, the SRV financial model provides for the ongoing maintenance, operation and depreciation costs (i.e. whole of life costs). This is critical to ensure these new works do not add to the current growing infrastructure gap.

The level of renewal is also often limited by the available budget. The proposed SRV provides an opportunity to implement a more proactive regime ensuring the useful life of long lived assets is achieved and the reasonable expectations of the community are met. The focus on renewal of assets is supported through the various community engagement activities and surveys where transport infrastructure was identified to be very important to somewhat important to the majority of ratepayers (92% 2014 Micromex survey).

Although the initial program of works includes capital works to address identified community need, in the longer term all funds raised through the SRV will be restricted and directed entirely to infrastructure renewal.

**Financial**

The SRV proposal will support Council's strategic goal of becoming financially sustainable, assist Council to meet the Fit for the Future criteria, and address community expectations regarding community and transport infrastructure.

The estimated income generated from the proposed SRV is approximately \$1.1 million, \$2.4 million and \$3.8 million in years one, two and three respectively. The additional revenue will fund a community and transport infrastructure program to be delivered over four years, costing \$21.4 million.

To leverage the benefit for the community and minimise the impact on ratepayers, Council's financial strategy for the SRV includes<sup>1</sup>:

- cash funding renewal of short lived infrastructure (less than 20 year life) to address the annual infrastructure funding gap

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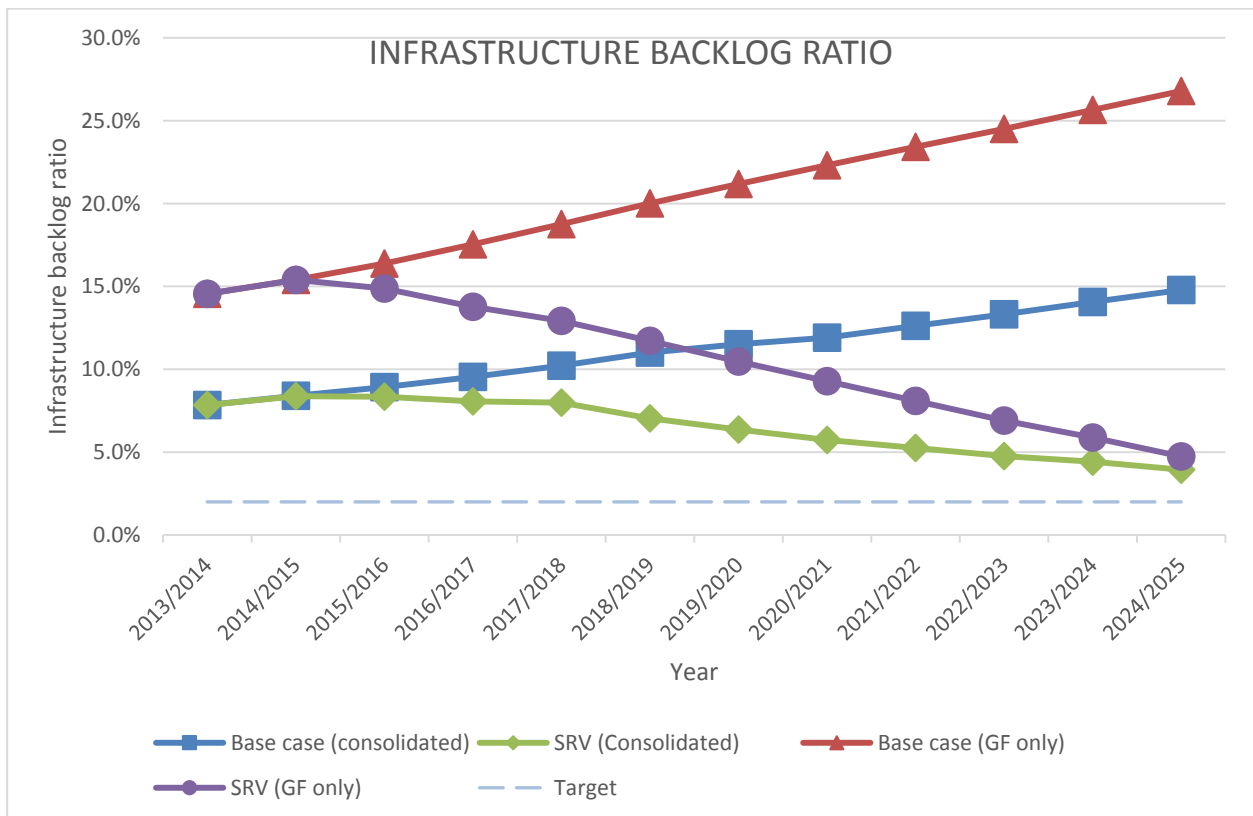
<sup>1</sup> Page 25 of the LTFP

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- borrowings of \$15.7 million to be repaid over 20 years to match the benefits and costs of long lived infrastructure to ratepayers
- ensuring that the ‘whole of life costs’ of any new or upgraded assets are covered including maintenance, operations and depreciation costs
- for high risk assets such as bridges, it is proposed to loan fund replacement works to allow them to be addressed with greater urgency and remove these from the backlog of existing works.

The strategies identified in the LTFP leverage the benefit additional rates revenue will bring to reducing the infrastructure funding gap and backlog. Effective asset management planning is crucial to ensuring the ratepayers’ dollar goes further to sustaining, and in select areas, improving infrastructure to meet current community need.



The graph above shows that with the SRV in place there is a significant favourable movement in reducing the annual infrastructure gap, and the backlog of works, with a commensurate impact on the infrastructure backlog ratio. This compares to a continuing unfavourable movement without the SRV.

Whilst there is improvement in financial sustainability, Council is aware that more work needs to be done. Although the SRV is a major step forward, Council will need to continue to review and refine its service delivery model in order to be fit for the future. This is being addressed by the organisation service review program.

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**Communication / Consultation**

An important part of the IPART application is to provide evidence that the community is aware of the need, purpose and impact of the proposed SRV.

Council has undertaken extensive ongoing consultation with the community about the infrastructure backlog and gap and the need for Council to develop a strategy to become financially sustainable since the development of its first Community Strategic Plan in 2010. Engagement activities have been designed to maximize community awareness of the need for a rate rise and to seek feedback on potential solutions. Outcomes from this consultation are outlined in Council reports GMR14/025 23 September 2014 and GMR14/037 9 December 2014.

Council resolved on 23 September 2014 to undertake community consultation on the proposed SRV and endorsed the Community Engagement Strategy. The intent of the Strategy was to inform the community regarding the need, purpose and impact of the proposed SRV. In addition, a representative sample of the community was independently surveyed about the proposed SRV.

The strategy delivered activities across the first three levels in the International Association for Public Participation (IAP2) spectrum (a recognized international consultation scale) that are to inform, consult and involve in a phased approach as outlined below:

*Phase 1: Inform and Involve (September – November 2014)*

Involved both broad and targeted provision of information and opportunity to source further information and provide feedback. Methods employed are as outlined below:

- Mail out: Funding Our Future brochure mailed out to approximately 21,700 ratepayers. The brochure provided information about the package of community and transport infrastructure projects and the SRV proposal. It also detailed how community members could provide feedback.
  
- Telephone survey: Statistically valid community survey with a representative cross section of residents/ratepayers was undertaken to determine awareness of and measure community support of the SRV proposal. The survey also provided an avenue for feedback and measured current levels of satisfaction with Council services.
  - 64% of respondents indicated that they had prior awareness of the SRV proposal, the majority of whom were informed by the Funding Our Future brochure mail out.
  
  - 89% of respondents were very satisfied to somewhat satisfied with the level of service and facilities provided by Council. An increase from 85% in 2012.

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- 82% of respondents were at very satisfied to somewhat satisfied with Council performance which is significantly higher than the NSW regional benchmark and higher than the Council survey in 2012
  
- Public information sessions: Council held three public information sessions in Moruya, Narooma and Batemans Bay. Details of the sessions were widely publicised online and in local press and radio and allowed Council to communicate directly with over 100 residents and ratepayers. An additional public information session was held in Tuross Head at the request of the Tuross Head Progress Association.
  
- Telephone feedback: A SRV hotline was established with staff providing further information and assistance to over 70 residents and ratepayers.
  
- Council's website: A dedicated web information hub was established linked from the front page of Council's website. There were 1,180 visits to the web hub.
  
- Information stall: An information stall was held at Moruya market to provide an opportunity for community members to ask questions of senior staff and Councillors about the SRV proposal.
  
- Media: Activities included coverage in Council's regular Online Newsletter; five media releases and seven statements in response to media queries which formed the basis of a number of radio stories, interviews and newspaper articles; and commentary in two Mayor's columns which are published in local newspapers and on Council's website.
  
- Submissions by email and mail: Council received 113 submissions by letter and email during the first phase of consultation. A summary of the submissions can be found in GMR14/037 9 December 2014.
  
- Special Interest Groups: the Mayor and Staff met with a number of special interest community groups to address questions regarding the SRV proposal.

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*Phase 2: Inform and Consult (December 2014 – January 2015)*

Involved the exhibition of a revised Delivery Program 2013-17 and Long Term Financial Plan 2015-25. The exhibition was promoted through:

- direct mail out to approximately 21,700 ratepayers
- Council's website
- print and radio media
- digital subscriber newsletters
- social media
- static displays at Council's libraries and Customer Service Centre

*Exhibition results*

Council received a total of 272 submissions by letter and email.

- 5 in support
- 1 giving conditional support
- 261 in opposition
- 5 submissions contained a number of questions about the SRV proposal and Council operations generally which were forwarded to the relevant staff member for individual response

139 of the objection submissions used a consistent one sentence form letter that only stated that they opposed the rate increase. Unfortunately, as there was no rationale for objection staff are unable to provide a response.

In addition, at the time of finalising this report, Council had received a further five late submissions, one in support and four in opposition, which are not counted in overall totals.

IPART requires that the community is adequately informed about the proposal and are given an opportunity to provide feedback. As can be seen from the above, every practical effort has been made to ensure broad community awareness and seek input and feedback on the SRV proposal. The extent of engagement activities and subsequent number of submissions received indicates the significant level of community awareness achieved during the consultation.

A summary of the issues raised throughout the engagement process and Council's responses are outlined below.



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Issue	Details and response
Affordability	<p>20% of Eurobodalla ratepayers receive the pension rebate which is in line with the Group 4 average pension rebates. In accordance with IPART criteria, factors that determine capacity to pay have been examined. Whilst accepting that some individual ratepayers may find it challenging to adjust household budgets to accommodate rate increases, the evidence suggests the broader community has capacity to pay. This is supported by the level of home ownership which is 44.6%; comparisons of rating with neighbouring and peer councils which show Eurobodalla rates are 20% below the average for Group 4 councils; a review of Socio-Economic Indexes as published by the Australian Bureau of Statistics; and Council's own low level of outstanding rates (3.56%) and the low use of the existing Rates and Debtors Hardship policy by the community.</p> <p>Council has reviewed its Rates and Debtors Hardship policy to ensure an appropriate and compassionate response to individual cases of hardship, tailoring individual arrangements as permissible under the Local Government Act, and providing appropriate assistance to any ratepayers experiencing hardship.</p>
Work within current capacity	<p>Council is committed to continually improving productivity and containing costs. In recent years, this has been achieved through structural changes, work practice improvements and staff training, energy efficiencies, the introduction of new technologies, partnership initiatives and a program of service reviews to ensure we meet the expectations of the community as established in the Community Strategic Plan.</p> <p>This cost containment and efficiency process is one of continuous improvement. Council has made considerable savings via internal service reviews, securing grants and external funds to offset costs, and undertaking an external audit of Council's depreciation model for infrastructure to identify savings. It is anticipated Council will not be able to meet the needs of the community in the years ahead with its current income. To avoid this outcome, Council would require significant cuts to service levels which have not been supported by the community.</p>
Financially responsible decision making	<p>A successful SRV application is an important step towards being able to meet the key financial criteria required in the NSW Government's new Fit for the Future reform program for local government. Without a modest increase in rating income we will need to review and reduce current service levels, including the</p>

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Issue	Details and response
	<p>maintenance and renewal of community and transport infrastructure and may not be able to access favourable loan facilities offered by State Government to Fit for the Future councils.</p> <p>Increasing revenue through a modest SRV is proposed as a financially responsible way to:</p> <ul style="list-style-type: none"> <li>•support economic growth by funding a \$21.4 million package of community and transport infrastructure projects that the community has identified and supported through strategies and independent surveys</li> <li>•deliver a broad range of social and economic benefits including an increase in work undertaken by Council using locally employed people, contractors and suppliers</li> <li>•improve funding of the increasing costs of infrastructure renewal and maintenance works on roads, bridges, pathway, sport and community facilities, playgrounds and public toilets</li> <li>•address the funding shortfall resulting from decreasing Federal Assistance Grants</li> <li>•respond to the NSW Governments new Fit for the Future financial criteria</li> <li>•address the impact of the Independent Pricing and Regulatory Tribunal's rate pegging amount that has not kept up with inflation or the increasing cost of building and construction materials.</li> </ul> <p>To take a modest but significant step to address the financial sustainability of Council now is considered to be a responsible decision. Failure to do this will see the problems worsen, quality of infrastructure deteriorate, resulting in negative economic impacts, increased costs to address the problem in the future, and inappropriately passing the cost on to future generations.</p>
Current level of service	<p>Several submissions suggested that as the current level of service was not meeting expectations they would not be willing to support a rate increase. Only through the SRV and continued improvement will the current level of service be maintained.</p> <p>Council has an annual infrastructure renewal funding gap and backlog of infrastructure renewal. If this issue is not addressed, our community will experience a steady decline in the condition of its infrastructure over time, leading to reduced levels of</p>

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Issue	Details and response
	<p>service, reduced public safety, higher risks of infrastructure failure and higher maintenance costs.</p> <p>The proposed SRV would provide a significant proactive measure toward addressing the infrastructure funding gap as well as addressing immediate high risk backlog issues.</p>
Staffing levels	<p>There was a suggestion that Council should reduce staffing levels rather than increase rates. Any reduction in staff numbers will result in a reduction in current service levels.</p> <p>A benchmarking of employee costs as a percentage of total expenditure was conducted. This included 152 NSW councils and 31 Group 4 councils at a broad level to provide context. Key findings are outlined in detail in QON14/011 from 9 December 2014, and are summarised as follows:</p> <ul style="list-style-type: none"> <li>• Over 70% of councils in New South Wales have higher employee costs, as a percentage of total expenditure, than Eurobodalla.</li> <li>• Eurobodalla is below the state and Group 4 average for employee costs as a percentage of total expenditure.</li> </ul>
Value for money – inequity of project distribution	<p>Some submissions suggested they could not see value for money in terms of the services or community and transport projects provided or used by them as individuals.</p> <p>The package of community and transport infrastructure projects was developed based on broad and extensive community consultation that informed the development of key IP&amp;R documents and council strategies.</p> <p>Rating is not a ‘fee for service’ but rather contributes to the overall functioning and amenity of the Eurobodalla and provides broad economic and social benefits to the community as a whole.</p>
Alternative revenue sources	<p>Councils long term financial plan and resourcing strategy explore alternatives for revenue and savings, and incorporate a range of non-rating revenue sources including asset sales, return of assets to the state, public private partnerships, increased fees and charges and grants.</p> <p>These alternatives are not sufficient to address the increasing gap between revenue and expenditure alone but will play a part in assisting to achieve financial sustainability. As such, the SRV</p>

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Issue	Details and response
	proposal is part of a package to become more financially sustainable.
Amalgamation	The Independent Local Government Review Panel did not recommend Eurobodalla Shire Council to merge with another council.

**Eurobodalla’s special rate variation proposal**

The SRV proposal is for an 8% (including rate peg and 0.6% renewal restriction) rate increase each year for three years including the IPART rate peg amount. After year three rates would increase by the IPART rate peg amount only.

The cumulative increase over the three years is 25.97% compared to 9.27% (based on the assumed 3% rate peg) without the SRV.

The SRV becomes a permanent part of the rate base after year three. In the first three years the SRV will generate an addition \$7.3 million in revenue (\$1.1 million, \$2.4 million and \$3.8 million in years one, two and three respectively).

The additional revenue stream will fund a community and transport infrastructure package to be delivered over five years costing \$21.4 million, including approximately \$1.2 million annually for ongoing cash funded renewals. This will include utilizing a component of the funds to finance appropriate loans to allow more timely delivery of works to the community. The program will deliver:

- Increased annual funding to help address the gap in funding for infrastructure renewal, particularly for short lived assets (useful life less than 20 years)
- An enhanced capital works program that will stimulate economic and employment growth and development. This will include an increase in work undertaken by Council using locally employed people, contractors and suppliers.
- A capital renewal program for existing infrastructure in poor condition (e.g. bridges)
- A capital program to upgrade existing infrastructure (e.g. improvements to existing roads, reserves and community facilities) including funding for ongoing ‘whole of life costs’
- In addition, the SRV will replace funds as a result of the flat lining of Federal Assistance Grants, a decision of the Federal Government June 2014.

In the longer term, the entire SRV amount will be restricted for infrastructure renewal to help address the renewal of longer lived assets.

The SRV will help to address the current general rate gap between Eurobodalla and other comparative councils noting that Eurobodalla’s general rate is 20% below the Group 4 average (2012-13). After the proposed SRV, it is anticipated that Council’s rates will sit within the Group 4

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average. The SRV will also assist with progress towards achieving financial sustainability as required under the State Government's Fit for the Future program.

A targeted community and transport infrastructure program of \$21.4 million will provide:

Community infrastructure including:

- Approximately \$3.9 million for upgrades and new infrastructure to sportsgrounds, local reserves and parks to improve amenities and increase year round use and capacity
- \$560,000 to improve local community halls and improve amenities to increase year round use
- \$50,000 additional recurrent funding for new pathways
- \$300,000 upgrade to Corrigans Beach Reserve Batehaven, Gundry Oval Moruya and Rotary Park Narooma to include playgrounds with special accessibility elements

Economic and tourism infrastructure including:

- \$1.8 million to create a multi-use community and exhibition space with meeting rooms at Moruya Library to increase community usage and support events to promote economic and tourism activity
- \$1.25 million to upgrade Batemans Bay CBD (North and Orient Street north) to increase town centre vitality, economic and tourism activity
- \$270,000 to upgrade Moruya Airport terminal building, car park and plane holding area to improve accessibility and user amenity, economic and tourism activity
- \$350,000 for the provision of accessible toilets (seven) at high profile public sites across Eurobodalla
- \$300,000 for the provision of accessible viewing platforms and walks at high profile sites to improve visitor experiences and beach access

Transport infrastructure including:

- \$1.0 million for Caseys Beach Rock wall renewal
- Approximately \$5.9 million for reconstruction and sealing of a number of higher trafficked gravel roads and upgrading of bridges and culverts

Other:

- Project management costs of \$750,000 to deliver the projects funded by the SRV
- Approximately \$1.2 million of annual renewal funding to further address the infrastructure backlog

**CONCLUSION**

Council's SRV proposal demonstrates an appropriate fiscal response to factors that emerged from community engagement during the development of key IP&R documents, addresses key Fit for Future requirements, as well as Council's goal to become more financially sustainable for current and future generations.

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Council's phased community engagement process and results demonstrate a broad range of engagement activities and a significant level of community awareness and understanding of the SRV proposal.

The SRV proposal, as outlined in the report, is based on strategic planning, a sound business case and thorough community engagement and awareness.

Should Council wish to progress the application, they must formally resolve to lodge an application with IPART for a SRV. At which point Council planning staff would prepare a SRV application, for lodgment with IPART by 16 February 2015, in accordance with OLG Guidelines and IPART requirements.

## 10. GENERAL MANAGER'S REPORTS

### GMR15/001 PROPOSED SPECIAL RATE VARIATION FOR COMMUNITY AND TRANSPORT INFRASTRUCTURE PROJECTS

File Ref: E14.8367

#### 15/3 MOTION Councillor Burnside/Councillor Pollock

THAT Council:

1. Receive and note the feedback and results of the public exhibition of the revised Delivery Program 2013-17 and Long Term Financial Plan 2015-25.
2. In response to community feedback, independent research undertaken and recent information regarding cost efficiencies, reduce the proposed Special Rate Variation (SRV) to 6.5% (including the rate peg amount) by:
  - a. Removing from the proposed Special Rate Variation schedule of works, the multi-use community and exhibition space with meeting rooms at Moruya Library and the Captain Oldrey Park expansion;
  - b. Note the savings arising from the contractor casual cost charge as outlined in the report;
  - c. Reduce the rate revenue required by utilising \$2 million of Council cash reserves which offset the loan funds required for the revised proposed schedule of works.
3. Make an application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government Act 1993 for a special variation to its general rate income of 6.5% per annum (including the rate peg amount) for a period of three years, commencing in 2015-16, with the increase to remain permanently in the rate base.
4. Adopt the revised Delivery Program 2013-17 and Long Term Financial Plan 2015-25 as amended in accordance with recommendation 2 above.
5. Investigate and report back to Council alternate funding options for the progression of the multi-use community and exhibition space with meeting rooms at Moruya Library, including libraries and cultural grant funding and philanthropic opportunities, noting the long term benefit that the project would generate for the community.
6. Investigate and report back to Council alternate funding options for the staged progression of the Captain Oldrey Park expansion including discussions with NSW Department of Sport and Recreation for grant funding, noting that this is a district facility.
7. Note the Council resolution of 9 December 2014 which outlines the role of the Audit Committee in monitoring the implementation of the proposed SRV and the restriction of funds as they become available to infrastructure renewals.
8. Prepare two Operational Plans for 2015-16 to reflect the base case scenario and special rate variation scenario of 6.5% (including the rate peg amount).

(The Motion on being put was declared **CARRIED**.  
Councillors Leslight and Innes voted against the Motion.)