

### 9.3 Additional Special Variation 2022-23

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**Officer** Stephen Mitchell, Director Corporate & Commercial

**File Number** F21/1789

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#### **PURPOSE**

Seek the endorsement of council to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a permanent special variation for the 2022-23 financial year.

#### **RECOMMENDATION**

**That council:**

- 1. make an application to the Independent Pricing and Regulatory Tribunal under section 508(2) of the *Local Government Act 1993* to seek a permanent special variation of 1.2% above the announced annual rate peg of 0.8% for the 2022-23 financial year;**
- 2. note that additional income in 2022-23 amounting to \$265,920 will be received if the special variation is approved.**
- 3. note that the special variation is required to partly reduce the projected general fund operating deficit, both in 2022-23, as well as in all outer years within council's draft Long Term Financial Plan 2022-2032; and**
- 4. note that the impacts of the special variation on ratepayers and the community have been considered and that these impacts are considered reasonable.**

#### **BACKGROUND**

The rate peg represents the maximum percentage amount councils may increase their general income for a financial year and applies to council's general income in total, not to individual ratepayer's rates. Councils must not increase their general income by more than the rate peg unless IPART approves a special variation.

In December 2021 IPART announced a 0.7% baseline rate peg for 2022-23. This determination was the lowest in 20 years. For council, the announced rate peg for 2022-23, inclusive of a 0.1% population factor, is 0.8%. This is 1.2% below the 2% rate that had been assumed within council's long-term financial plan (LTFP) for the 2022-23 financial year. A rate peg of 0.8% worsens council's financial position and substantially increases council's already sizeable challenge to return the general fund to a financially sustainable position. The adopted 2021-22 LTFP and draft 2022-23 LTFP forecast significant operating deficits within the general fund over the 10-year time horizon of the LTFPs.

A rate peg of only 0.8% for the 2022-23 financial year has the following impacts:

- General rate revenue will be \$266k lower than what had been assumed within council's financial planning for the 2022-23 financial year. Council had conservatively assumed a rate peg of 2% for the 2022-23 financial year.
- General rate revenue will be approximately \$2.9M lower in total over 10-years than the financial forecasts included within council's adopted 2021-22 LTFP.
- Council's general fund operating deficit will be increased by the above amounts, greatly increasing the size of the deficit to be removed for council to have a 'balanced budget' and meet the Office of Local Government financial ratios to be deemed financially sustainable.

- Council will need to review its services and consider service level reductions/cuts to avoid a worsening operating deficit position.

Councils across NSW and peak local government industry bodies have for many years expressed concern around the methodology of rate pegging. The assumptions used in calculating the 2022-23 rate peg are not appropriate given the baseline rate peg:

- Is based on the costs of goods last year, at a time when the economy was in a pandemic-induced slump.
- Do not recognise the skyrocketing cost of commodities and supply chain issues that have become evident as NSW has begun to emerge from the COVID-19 pandemic.
- Do not allow for recent fuel costs increases which were up nearly 100%.
- Do not cover labour cost increases as per the NSW Local Government (State) Award 2020.
- Do not reflect other operational cost increases which are growing at rates well above a 0.7% baseline rate peg.

Council is one of the largest employers within the Macleay Valley and the financial sustainability of the council is closely linked to the health of the local and regional economies. Given the impacts of natural disasters and COVID-19 over the past 3-4 years it is critical that council be a financially strong and sustainable organisation that continues to invest in employment, services and employment growth to assist in this locally led economic recovery. Following the announcement by IPART, the general manager wrote to The Hon. Melinda Pavey, MP, outlining the impacts of this decision and seeking advocacy for the decision to be reviewed.

In March this year IPART announced it would accept and process a one-off additional round of special variation (ASV) applications from councils for the 2022-23 financial year only. This one-off ASV round is for councils that can show that the special variation will enable them to meet the obligations they set for 2022-23 in their 2021-22 integrated planning & reporting (IP&R) documentation.

This decision was the result of the Office of Local Government and IPART recognising the impact of the delayed council elections and the determination of the 2022-23 rate peg being a lower rate than councils had forecast, leaving councils with insufficient time to prepare a special variation within the normal timeframes.

Councils seeking a permanent special variation will also need to demonstrate the need for the special variation to be included in their rate base on an ongoing basis.

The key timeframes for the ASV are as follows:

- IPART will accept applications until 29 April 2022.
- IPART will publish applications to enable community consultation for a period of at least three (3) weeks.
- IPART will notify councils of its decision no later than 21 June 2022.

Whilst the ASV process has been simplified compared to the normal process for a rate variation application, for an application to be successful, council must be able to demonstrate the need for the variation to meet its obligations (provision of infrastructure and services) set for 2022-23 in the 2021-22 IP&R documentation.

## KEY CONSIDERATIONS

### Policy and Legislation

Section 508(2) of the *Local Government Act 1993* states that the Minister may, by instrument in writing given to a council:

- a) specify the percentage by which the council's general income or the amount of an annual charge for domestic waste management services, or both, for a specified year (being the year in which the instrument is given or a later year) may be varied, and
- b) impose conditions with respect to the variation of that percentage.

Circular 22-07 (*Guidelines for Additional Special Variation (ASV) Process for 2022-23*) issued by the Office of Local Government (OLG) on 6 April 2022 outlines the process for applying for an ASV and the information that IPART will require to process a council's application. The key elements from the OLG circular have been extracted below.

- The ASV Guidelines apply where council is applying for:
  - a temporary or permanent single year special variation for 2022-23 under section 508(2) of the *Local Government Act 1993* (the Act), AND
  - the percentage sought in the application is the lower of:
    - 2.5% (including population factor); or
    - the council's assumed 2022-23 rate peg as set out in its 2021-22 IP&R documentation (including population factor)
- For ASV applications made under the Guidelines set out in this Circular, councils will need to provide IPART with the following information:
  - Council's 2021-22 IP&R documentation identifying that council budgeted for an income increase above the percentage specified for the council for 2022-23 under section 506 of the Act; and
  - Where councils are applying for a permanent special variation, in addition to the above information, the council's 2021-22 IP&R documentation identifying that the council forecast an average Operating Performance Ratio (OPR) of 2% or lower over the next 5 years or, alternatively, evidence of need, for example, but not limited to, that the council needs to maintain a higher OPR so it can meet its capital funding requirements; and
  - Council has resolved to apply for the special variation under section 508(2) of the Act and that the resolution clearly states:
    - whether the resolution is for a temporary or permanent special variation under section 508(2) of the Act; and
    - the additional income that council will receive if the special variation is approved; and
    - why the special variation is required; and
    - that the council has considered the impact on ratepayers and the community in 2022-23 and, if permanent, in future years if the special variation is approved and considers that it is reasonable.
- The ASV application process is a simpler more targeted application process.
- IPART will not require councils to demonstrate community consultation or criteria outside of the processes outlined above. To demonstrate community consultation, IPART will consider

the consultation undertaken through the IP&R process and consider the resolution to apply for a ASV meets the requirements outlined above.

- Under this ASV round of applications:
  - IPART will accept applications until 29 April 2022;
  - IPART will publish applications to enable community consultation for a period of at least three weeks; and
  - IPART will notify councils of its decision no later than 21 June 2022.
- This process is not intended to address applications from councils that require a special variation (above 2.5%) to achieve long term financial sustainability for reasons other than those set out in the criteria above, which should be addressed through the standard special variation process.

Copies of the IPART media release, IPART ASV Information Paper and the OLG circular have been attached to this report.

Additionally, it should also be noted that IPART will be undertaking a broader review of its rate peg methodology and will include the Local Government Cost Index as part of the process. The outcomes of the review are expected to shape rate peg determinations in future years.

### Strategic Alignment

A successful ASV will assist in the delivery of the 2022-23 operational plan and will also assist in actions being taken to address council's financial sustainability issues as detailed in the draft 2022-2032 LTFP.

### Impact on Financial Sustainability

As noted in the background section above, the impact of the proposed additional 1.2% under the ASV equates to \$266k in the 2022-23 financial year and approximately \$2.9M in total over the 10-year LTFP, as detailed in the table below.

Rates Revenue (\$'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10 Years
@ 0.8% rate peg	22,337	22,784	23,240	23,705	24,179	24,662	25,155	25,659	26,172	26,695	
@ 2% with ASV	22,603	23,055	23,516	23,987	24,466	24,956	25,455	25,964	26,483	27,013	
Variance	266	271	277	282	288	294	299	305	312	318	2,912

As detailed below, council's adopted 2021-2031 LTFP forecast sizeable general fund operating deficits of between \$2.9M to \$4M per year. These forecasts assumed a 2% rate peg in 2022-23 rather than the 0.8% rate peg that was announced for Kempsey Shire Council.

Kempsey Shire Council  
10 Year Financial Plan for the Years ending 30 June 2031  
INCOME STATEMENT - GENERAL FUND  
Scenario: Final

	Actuals	Current Year	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>												
Revenue:												
Rates & Annual Charges	25,742	26,404	27,240	27,785	28,340	28,907	29,485	30,075	30,677	31,290	31,916	32,554
User Charges & Fees	6,499	7,744	8,053	8,174	8,317	8,462	8,631	8,804	8,980	9,182	9,389	9,624
Other Revenues	1,395	1,797	1,645	1,670	1,699	1,729	1,764	1,799	1,835	1,876	1,918	1,966
Grants & Contributions provided for Operating Purposes	14,279	14,705	12,536	10,592	10,559	10,570	10,389	10,400	10,412	10,423	10,435	10,448
Grants & Contributions provided for Capital Purposes	11,752	14,166	36,486	22,489	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Interest & Investment Revenue	598	359	396	385	755	803	1,019	906	982	959	854	873
<b>Total Income from Continuing Operations</b>	<b>60,265</b>	<b>65,176</b>	<b>86,355</b>	<b>71,085</b>	<b>50,670</b>	<b>51,471</b>	<b>52,288</b>	<b>52,984</b>	<b>53,885</b>	<b>54,731</b>	<b>55,512</b>	<b>56,465</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	19,945	19,432	20,866	20,992	21,447	22,037	22,617	23,352	24,111	24,955	25,828	26,732
Borrowing Costs	411	232	408	356	393	536	654	716	844	966	1,063	1,199
Materials & Contracts	15,050	10,332	10,494	7,978	8,026	8,089	8,044	8,154	8,193	8,278	8,364	8,460
Depreciation & Amortisation	17,304	13,508	15,186	16,123	16,147	16,147	16,184	16,428	16,387	15,557	15,557	15,557
Other Expenses	2,148	6,030	6,887	6,641	6,645	6,900	6,655	6,661	6,666	6,923	6,679	6,686
Net Losses from the Disposal of Assets	2,362	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>57,220</b>	<b>49,534</b>	<b>53,841</b>	<b>52,090</b>	<b>52,659</b>	<b>53,709</b>	<b>54,155</b>	<b>55,311</b>	<b>56,201</b>	<b>56,678</b>	<b>57,490</b>	<b>58,635</b>
<b>Net Operating Result for the Year</b>	<b>3,045</b>	<b>15,642</b>	<b>32,514</b>	<b>18,995</b>	<b>(1,988)</b>	<b>(2,238)</b>	<b>(1,867)</b>	<b>(2,327)</b>	<b>(2,316)</b>	<b>(1,948)</b>	<b>(1,978)</b>	<b>(2,170)</b>
Net Operating Result before Grants and Contributions provided for Capital Purposes	(8,707)	1,476	(3,972)	(3,495)	(2,988)	(3,238)	(2,867)	(3,327)	(3,316)	(2,948)	(2,978)	(3,170)

The impact on ratepayers of the proposed ASV equates to less than \$20 per annum, on average.

### Stakeholder Engagement

As noted above, councils are not required to undertake specific consultation with the community prior to applying for the ASV. The community engagement council has already undertaken as part of the IP&R process will be taken into consideration by IPART when determining the ASV.

At this meeting council will also be considering a report to adopt the Community Strategic Plan 2042 (agenda item 9.1) which has already been on public exhibition, as well as a further report (agenda item 9.2) recommending the placement of council's IP&R document suite, including the Delivery Program and Operational Plan 2022-23 and Long-Term Financial Plan, on public exhibition. Both of these reports include significant commentary regarding the community engagement that was undertaken and which informed their development, as well as the further engagement that will be undertaken in relation to council's IP&R document suite.

IPART will publish all ASVs on their website for a period of at least three (3) weeks to enable community comment.

### Other Matters

Not applicable.

### CONCLUSION

Council's adopted 2021-22 LTFP forecast sizeable general fund operating deficits of between \$2.9M to \$4M per year over the 10-year time horizon of the LTFP. These forecasts assumed a 2% rate peg in 2022-23 rather than the 0.8% rate peg that was announced for Kempsey Shire Council. The impact of the lower announced rate peg, without the proposed ASV, would be to worsen the forecast general fund operating deficits by approximately \$0.3M per annum.

The draft 2022-2032 LTFP, which has also been reported to this council meeting as part of item 9.2, forecasts annual operating deficits within the general fund consistent with the adopted 2021-22 LTFP, with accumulated deficits over the 10-years totalling approximately \$46M.

While plans are in place (as detailed within the draft 2022-32 LTFP) to reduce these deficits, and longer-term to return the general fund back to a balanced budget position, it is important that this challenge is not made more difficult through the application of a rate increase of only 0.8% for 2022-23, when operating costs are growing at a significantly greater cost.

A decision to not seek an ASV may result in services being reduced to offset the financial impacts and a greater burden being placed on future ratepayers as the accumulated deficit position worsens. As noted above, should council endorse for the ASV application to be submitted and the ASV be awarded, this would equate to a less than \$20 per annum impact, on average, per ratepayer.

Consequently, it is recommended that council endorse the submission of the ASV seeking the special variation of 1.2% be included in their rate base on an ongoing basis given the demonstrable need for the additional rate revenue to minimise the size of council's operating deficit and not adversely impact service delivery to the community.

#### **ATTACHMENTS**

1. IPART Media Release 2022-23 rate peg [9.3.1 - 1 page]
2. OLG circular 22-07 - Updated Guidelines for Additional Special Variation ASV 2022-23 [9.3.2 - 3 pages]
3. Information Paper Additional Special Variations 2022-23 [9.3.3 - 3 pages]

### 9.3 Additional Special Variation 2022-23

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**Officer** Stephen Mitchell, Director Corporate & Commercial

**File Number** F21/1789

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#### 2022.66 RESOLVED (Cr Bain/Cr Riddington):

That council:

1. make an application to the Independent Pricing and Regulatory Tribunal under section 508(2) of the *Local Government Act 1993* to seek a permanent special variation of 1.2% above the announced annual rate peg of 0.8% for the 2022-23 financial year;
2. note that additional income in 2022-23 amounting to \$265,920 will be received if the special variation is approved;
3. note that the special variation is required to partly reduce the projected general fund operating deficit, both in 2022-23, as well as in all outer years within council's draft Long Term Financial Plan 2022-2032; and
4. note that the impacts of the special variation on ratepayers and the community have been considered and that these impacts are considered reasonable.

**CARRIED UNANIMOUSLY (9 / 0)**

**FOR:** Cr Bain, Cr Campbell, Cr Craigie, Cr Fergusson, Cr Freeman, Cr Hauville, Cr Patterson, Cr Riddington and Cr Wyatt

**AGAINST:** Nil

#### 9.4 Planning Proposal PP-2021-7144 – 1022 Crescent Head Road, Crescent Head

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# Media Release

13 December 2021

## Council rates revenue to rise with population growth

For the first time, the amount that councils will be able to increase the revenue they can collect from rates will depend on their level of population growth, under the 2022-23 rate peg decision announced today by the Independent Pricing and Regulatory Tribunal (IPART). IPART has set a rate peg for each council, ranging from 0.7% to 5.0%.

Tribunal Chair Carmel Donnelly said that in setting the rate peg for 2022-23, IPART has used a new methodology that recognises that some councils face higher costs from growing populations.

"We have developed a way of incorporating population growth into the rate peg that balances the need to ensure councils are financially sustainable, while protecting ratepayers from excessive rate rises.

The methodology we have used will ensure councils maintain the average amount of money collected per person as their population grows. This will enable councils to provide services to their growing communities," said Ms Donnelly.

IPART's rate peg also takes into account the annual change in the Local Government Cost Index (LGCI), which measures the average costs faced by NSW councils.

The rate peg represents the maximum percentage amount by which a council may increase its general income. For almost all councils, general income consists entirely of revenue from rates. The rate peg applies to each council's general income in total, not to individual ratepayers' rates. Councils may increase categories of rates by more than, or less than the rate peg, as long as the total increase in general income remains within the rate peg. Individual ratepayers' rates are also impacted by land values set by the Valuer General NSW.

An Information Paper that includes information on IPART's rate peg methodology and the rate peg for each council for 2022-23 is available on IPART's [website](#).

We have proposed a benchmark waste peg for 2022-23 to provide a guide to councils. IPART has released a Draft Report on these charges which may impact future decisions, and we are currently seeking feedback on our proposed approach.

IPART's Draft Report on domestic waste charges, and opportunities to have your say are available on IPART's [website](#). Submissions to IPART are due by 25 March 2022.

Media Contact: Adrian Flood

 0427 105 865

 [media@ipart.nsw.gov.au](mailto:media@ipart.nsw.gov.au)



<b>Circular Details</b>	22-07/6 April 2022/A815377
<b>Previous Circular</b>	22-03 Guidelines for Additional Special Variation (ASV) Process for 2022-23
<b>Who should read this</b>	Councillors / General Managers / Rating and Finance Staff
<b>Contact</b>	Policy Team / 02 4428 4100 / <a href="mailto:olg@olg.nsw.gov.au">olg@olg.nsw.gov.au</a>
<b>Action required</b>	Information

## Subject

### Guidelines for Additional Special Variation (ASV) Process for 2022-23

**\*\*\* The ASV Guidelines set out in this circular apply in place of, and supersede, the ASV Guidelines issued in Circular 22-03 \*\*\***

### What's new or changing

- The Independent Pricing and Regulatory Tribunal (IPART) will accept and process an additional round of 2022-23 Special Variation (ASV) applications from councils.
- For applications made under the ASV process, the ASV Guidelines set out in this circular apply in place of the [Guidelines for the preparation of an application for a special variation to general income](#) issued by the Office of Local Government in 2020.
- The ASV Guidelines set out in this circular apply in place of, and supersede, the ASV Guidelines issued in Circular 22-03.
- For more information on when these ASV Guidelines apply, please see 'What this will mean for your council' below.
- This one-off ASV round is available for the 2022-23 financial year only.
- This one-off ASV round is for councils that can show that the special variation will enable them to meet the obligations they set for 2022-23 in their 2021-22 Integrated Planning and Reporting (IP&R) documentation.
- Councils seeking a permanent special variation will also need to demonstrate the need for the special variation to be included in their rate base on an ongoing basis.
- Separately, IPART has also agreed to undertake a broader review of its rate peg methodology, including the Local Government Cost Index, with outcomes from the review expected to shape rate peg determinations in future years.

### What this will mean for your council

- The ASV Guidelines set out in this Circular apply where council is applying for:
  - a temporary or permanent single year special variation for 2022-23 under section 508(2) of the *Local Government Act 1993* (the Act), AND
  - the percentage sought in the application is the lower of:
    - 2.5% (including population factor) or

- the council's assumed 2022-23 rate peg as set out in its 2021-22 IP&R documentation (including population factor)
- For ASV applications made under the Guidelines set out in this Circular, councils will need to provide IPART with the following information:
  - Council's 2021-22 IP&R documentation identifying that council budgeted for an income increase above the percentage specified for the council for 2022-23 under section 506 of the Act; and
  - Where councils are applying for a permanent special variation, in addition to the above information, the council's 2021-22 IP&R documentation identifying that the council forecast an average Operating Performance Ratio (OPR) of 2% or lower over the next 5 years or, alternatively, evidence of need, for example, but not limited to, that the council needs to maintain a higher OPR so it can meet its capital funding requirements; and
  - Council has resolved to apply for the special variation under section 508(2) of the Act and that the resolution clearly states:
    - whether the resolution is for a temporary or permanent special variation under section 508(2) of the Act; and
    - the additional income that council will receive if the special variation is approved; and
    - why the special variation is required; and
    - that the council has considered the impact on ratepayers and the community in 2022-23 and, if permanent, in future years if the special variation is approved and considers that it is reasonable.
- The ASV application process is a simpler more targeted application process.
- IPART will not require councils to demonstrate community consultation or criteria outside of the processes outlined above. To demonstrate community consultation, IPART will consider the consultation undertaken through the IP&R process and consider the resolution to apply for a ASV meets the requirements outlined above.
- Revised application forms and further information will be released by IPART shortly.
- Under this ASV round of applications:
  - IPART will accept applications until 29 April 2022;
  - IPART will publish applications to enable community consultation for a period of at least three weeks; and
  - IPART will notify councils of its decision no later than 21 June 2022.

## Key points

- In late 2021, IPART announced the rate peg for the 2022-23 financial year was set at an increase of between 0.7% and 5.0%.
- Special variations provide an opportunity for councils to vary general income by an amount greater than the annual rate peg. However IPART's normal period for special variation applications in relation to the 2022-23 rate peg has now passed.
- The Office of Local Government and IPART recognise that, due to the delayed council elections and the determination of the 2022-23 rate peg at a lower rate than councils had forecast, councils may not have had sufficient time to prepare special variation application within the normal timeframe.

This may result in some councils not having sufficient funds to pay for required infrastructure and services.

- As such the NSW Government and IPART have agreed to a one-off ASV round for the 2022-23 financial year only.
- This process is not intended to address applications from councils that require a special variation (above 2.5%) to achieve long term financial sustainability for reasons other than those set out in the criteria above, which should be addressed through the standard special variation process.
- [IPART's website](#) will be updated with revised application forms and information papers shortly.

#### **Where to go for further information**

- For further information please contact IPART on 02 9290 8400 or by email to [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au).

**Melanie Hawyes**

**Group Deputy Secretary, Crown Lands and Local Government**

# Additional special variations 2022-23

7 April 2022

This Information Paper explains the process for applying for an Additional Special Variation (ASV) for 2022-23 and the information that IPART will require to process a council's application, based on the Office of Local Government's updated ASV Guidelines (22-07).<sup>a</sup>

## What type of special variation can a council apply for?

A council can apply for either a temporary or permanent ASV which is capped at the lower of:

- 2.5% (including population factor), or
- the council's assumed 2022-23 rate peg in its 2021-22 Integrated Planning and Reporting (IP&R) documentation (including population factor).

If IPART gives an ASV instrument, the amount specified in that instrument will replace the 2022-23 rate peg. No additional population factor will be added.

## What will councils need to provide to IPART for all ASV applications?

Councils will need to provide their 2021-22 IP&R documentation which identifies a budgeted increase in general income above the percentage specified for the council for 2022-23 under section 506 of the Act.

Councils must provide a council resolution that states that the council has resolved to apply for the special variation under section 508(2) of the *Local Government Act 1993* (the Act), and:

- whether the resolution is for a temporary or permanent special variation under section 508(2) of the Act, and
- the additional income that the council will receive if the special variation is approved, and
- why the special variation is required, and
- that the council has considered the impact on ratepayers and the community in 2022-23 and, if permanent, in future years if the special variation is approved, and considers that it is reasonable.

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<sup>a</sup> The updated ASV Guidelines set out in Circular 22-07 apply in place of, and supersede, the ASV Guidelines issued in Circular 22-03.

## What will councils need to demonstrate to IPART for a permanent ASV?

Where a council is applying for a permanent special variation, in addition to providing the above information, the council must demonstrate that it has, in its 2021-22 IP&R documentation, forecast an average Operating Performance Ratio (OPR) of 2% or lower over 2022-23 to 2026-27.

If a council has forecast an average OPR of higher than 2% over the next 5-years it will need to provide other evidence of need.

### How can councils provide other evidence of need?

Councils applying for a permanent ASV that need to provide additional evidence of need can demonstrate that the 2% OPR benchmark is too low for that council's circumstances. For example, a council may demonstrate that it needs to maintain a higher OPR to meet its capital funding requirements.

Alternatively, or additionally, a council may submit justifications as to why specific revenue and/or expenses should be included/excluded in the calculation of the OPR. These adjustments can be items that were not included in the council's 2021-22 IP&R documentation due to unforeseen events or changes in circumstance since the adoption of the IP&R documentation.

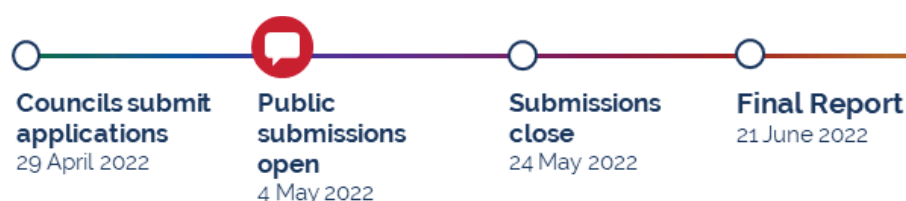
We will consider the evidence provided by councils that they need to maintain a higher OPR.

IPART has published an updated ASV application form to capture these adjustments. We will also accept applications using the original ASV application form. However, this form does not capture the information required to assess an application proposing that we use an adjusted OPR in our analysis. The original application form also asks for additional information that is no longer necessary. We recommend that applicants use the updated application form to ensure that all information needed to assess against the updated guidelines can be incorporated into IPART's analysis.

## How to apply for an ASV

Councils can complete the application form and submit via IPART's Local Government Portal ([here](#)). Councils will also be required to provide evidence, such as the LTFP and council resolution, to support their application.

### 1.1 Timing



## Contact person

If you have any questions about this process or the information required, please contact:

Edward Jenkins

[Edward\\_jenkins@ipart.nsw.gov.au](mailto:Edward_jenkins@ipart.nsw.gov.au)

(02) 9113 7774