



Special Variation Application Form Part B

Kyogle Council

Application Form

2022-2023

Local Government >>



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The Independent Pricing and Regulatory Tribunal (IPART)

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

Acknowledgment of Country

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

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

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Council information

Council name	Kyogle Council
Date submitted to IPART	
Primary Council contact person	Graham Kennett
Primary Council contact phone	
Primary Council contact email	

About this application form

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

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

The SV Application Form Part B consists of:

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

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

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

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

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

Attachments for Criteria

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

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Description and Context

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

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

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

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

Increase under s508(2) for one year at 2.5% total (1.8% above peg) and on a permanent basis

Table 1 The council's proposed special variation

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Percentage increase	2.5%						
Permanent or temporary?	Permanent						

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

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

To ensure Council has sufficient revenue to deliver services as outlined in its Integrated Planning and Reporting documents, and is able to ensure that the targets set out in Council's Financial Management Policy are able to be met into the future, and allowing Council to continue to improve its long term financial sustainability.

Council adopted its Long term Financial Plan 2021/2034 in June 2020. This plan included an assumed rate peg for 2020/21 of 2.6% and then 2.3% each year after that. Council adopted the Operational Plan 2021/2022 and Delivery Program 2021/2025 in June 2021, and this included the revised LTFP with the IPART rate peg of 2.0% for 2021/2022 and 2.5% each year after that based on IPARTS recommendations at the time.

On December 13, 2021 IPART announced a rate peg determination of 0.7% for 2022-23. This is the lowest increase in the rate peg in 20 years and is less than half of the lowest since which was 1.5% peg in 2017-18.

The timing around this announcement was of major concern, coming at a time after the local government election polls had closed, but before there was an elected Council in place, and with the published deadline for Council notifying of its intent to apply for a Special Variation already in the past (November 26, 2021), and the final date for applications to be lodged being February 7, 2022.

A timely response was required by Council, and at the first meeting following the declaration of the newly elected Council, Kyogle Council resolved by unanimous vote at its Extraordinary Meeting of January 5, 2022;

That Council:

1. *Receives and notes the report on the IPART Rate Peg determination for 2022-23;*
2. *Authorises the application for a Special Rate Variation to provide for the 2.5% increase in General Rates Revenue assumed in the revised Long term Financial Plan included in the Kyogle Council Operational Plan 2021/2022 and Delivery Program 2021/2025.*

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

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

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

Does the council have an ordinary rate(s) subject to a minimum amount? No

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

Which rates will the increases apply to? Residential, Farmland, Business

If the increase will apply to only some subcategories, specify Applies to all

Does the council propose to increase the minimum amount of its ordinary rate(s) by n/a
X%

What will the minimum amount of the ordinary rate(s) be after the proposed increase? n/a

Has the council submitted an application for a minimum rate increase? n/a

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

Does the council propose to increase the minimum amount of a special rate above the statutory limit? n/a

What will the minimum amount of the ordinary rate(s) be after the proposed increase?	n/a
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Has the council submitted an application for a minimum rate increase?	n/a
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The council must ensure that it has submitted Minimum Rate (MR) Increase Application Form Parts A and Part B, if required.

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

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

Does the council have an SV which is due to expire on 30 June 2022?	No
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Does the council have an SV which is due to expire at some time during the period for which the new SV is being requested?	No
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If Yes to either question:	n/a
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a. When does the SV expire?

b. What is the percentage to be removed from the council's general income?	n/a
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c. What is the dollar amount to be removed from the council's general income?	n/a
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Does the council have an SV which it proposes to terminate before the date which the instrument specifies as the date on which it expires?	No
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If Yes:	n/a
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a. When does the council propose it be terminated?

b. What is the percentage to be removed from the council's general income?	n/a
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c. What is the dollar amount to be removed from the council's general income?	n/a
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Has OLG confirmed the calculation of the amount to be removed?	n/a
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**Attachments required:**

Copy of the relevant instrument

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

**Attachments**

Copy of the relevant instrument

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

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

Refer to:

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

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

In the text box:

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

n/a

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

Refer also to OLG's SV Guidelines Section 6.

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

Does the council have a s 508(2) or s 508A SV which IPART has approved in the past five years? No

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

- Specify the type of SV and the increase to general income approved.
- Outline the council's actions in complying with conditions in the instrument approving the original SV.
- Describe any *significant* changes of relevance to the conditions in its instrument since it was issued.

n/a

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

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

If Yes, has a review been done and submitted to OLG? n/a

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

Refer also to OLG's SV Guidelines Section 4.

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

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

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

If Yes, has the collection of these additional rates been included in the Council's LTFFP n/a

Criterion 1 Need for the variation

Criterion 1 in the SV Guidelines is:

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

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

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

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

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

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

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

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

At the core of the proposal for the SRV is the assumption made for the 2022/23 general revenue increase in the current adopted Integrated Planning and Reporting documentation. Council adopted its Long term Financial Plan 2021/2034 in June 2020. This plan included an assumed rate peg for 2020/21 of 2.6% and then 2.3% each year after that. Council adopted the Operational Plan 2021/2022 and Delivery Program 2021/2025 in June 2021, and this included the revised LTFP with the IPART rate peg of 2.0% for 2021/2022 and 2.5% each year after that based on IPARTS recommendations at the time.

The revision of the LTFP to adjust for the lower than expected rate peg in 2021/22 required the assumed rate peg to increase from 2022/23 onwards. Whilst this is in line with the suggested assumptions to be used in SRV applications by IPART, this relies on a cumulative revenue stream to ensure financial sustainability targets can be met without compromising the ability of the organisation to adjust to any unforeseen circumstances.

On December 13, 2021 IPART announced a rate peg determination of 0.7% for 2022-23. This is the lowest increase in the rate peg in 20 years and is less than half of the lowest since which was 1.5% peg in 2017-18. The peg is far below reasonable expectations and an insufficient increase for 2022/23 to ensure long term financial targets can be achieved.

The 2020-21 cost data used to calculate the Local Government Cost Index and subsequent rate peg, does not provide a reliable basis for determining the increase in costs for 2022-23. There is already evidence of a significant uptick in inflation during the first six months of 2021-22, most noticeably fuel costs have nearly doubled and building and construction materials are rapidly escalating as the result of increased activity and major shortages. This is due to the limitations of the LGCI model to account for the current global economic downturn, and the additional expenditure needed to deliver the economic stimulus currently being implemented as part of the government led recovery. It is certain that Council will face much higher costs across the board in 2022-23.

For Kyogle Council the adoption of the rate peg of 0.7% would mean a loss of **\$136k** from next year's budget, and a reduction in total income of **\$2.13 million** over the 12 years remaining in the Long Term Financial Plan (LTFP), due to the compounding effect of the loss of the income from next year. This potentially puts jobs and services at risk, and even the economic stimulus projects and programs supported by other levels of government, such as the Fixing Country Bridges Program, for which Council has had to borrow in order to fund its share.

There could have been an alternative option for Council to address this revenue shortfall through the amendments to S495 of the Local Government Act that will introduce Special Rates for Intergovernmental Projects. The intent of these new provisions would allow for revenue to be raised to support the Council contribution towards programs and projects jointly funded with other tiers of government, such as the Fixing Country Bridges Program mentioned above. Unfortunately, these changes that were included in the Local Government Amendment Bill 2021 are yet to be proclaimed, and as such, are not yet available despite passing through parliament back in May 2021.

These factors left Council with little option but to pursue a SRV to increase the general rates revenue in 2022/23 to align with the assumed increase of 2.5% already included in Councils adopted IP&R documentation.

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

In the text box explain how the proposed SV will:

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

The application of the proposed SRV avoids the General Fund bank balance from falling below the minimum required bank balance required by Council's adopted Financial Management Policy in 2024/25 and 2025/26.

The SRV will also avoid the negative impacts associated with the resulting reduction in the Operating performance Ratio and Own Source Revenue financial sustainability indicators.

b. Fund specific projects or programs of expenditure, or

The SRV is required to ensure that the wide range of projects and services already identified and committed to by Council can be funded. The SRV avoids Council needing to determine where services would need to be cut to cover the shortfall in revenue.

c. Achieve both outcomes

The SRV will avoid the need for services or project budgets to be cut and the reduction in the Operating Performance Ratio that would occur under the rate peg due to the initial loss of income. The SRV also allows Council to avoid the negative impact of the cumulative loss of income over the longer term, and remain within its financial management targets which are designed to ensure that the organisation remains flexible, robust and resilient to any unforeseen financial impacts in the future, and a ready partner in the delivery of State and Federal Government initiatives and objectives when needed.

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

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

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

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

The proposed SRV is intended to avoid a reduction in the Operating Performance Ratio and Own Source Revenue Ratio that would result if the rate peg is adopted. If the 0.7% rate peg were to be adopted, the OPR would reduce by 0.6% each year from 2022/23 onwards. It would also result in a 0.2% reduction each year of the OSRR. The positive impact on both of these ratios that the SRV will provide increases the financial sustainability and resilience of the Council.

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

The last major review of the LTFP was undertaken in 2020. The LTFP is then reviewed annually as part of the Operational Plan and Delivery Program development, and included as an appendix in the final adopted plans. The current LTFP assumes a rate peg of 2.5% for 2022/23 and then calculates the key indicators on that basis. The model was then used to assess the impact of the rate peg of 0.7% on the key indicators.

Table 1.1 Council's key financial indicators

Ratio	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Operating performance ratio excluding capital items						
Own source revenue ratio						
Building and asset renewal ratio	121.81					
Infrastructure backlog ratio	9.74					
Asset maintenance ratio	109.45					
Debt service ratio						
Unrestricted current ratio						
Rates and annual charges ratio						

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

In the text box explain:

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

n/a

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

n/a

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

n/a

Table 1.2 Criterion 1 attachments

Council-assigned number	Name of document	Page references ^a
Attachment 1	Operational Plan 2021/2022 Delivery Program 2021/2025	LTFP Appendix Page 55, Sheet six of the appendix titled LTFP Assumptions
Attachment 2	Long Term Financial Plan 2021/2034	Page 10, Income Assumptions. Page 30, Assumptions

a. If document only relevant in part.

Criterion 2 Community awareness and engagement

Criterion 2 in the SV Guidelines is:

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

To complete the questions for Criterion 2

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

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

In the text box:

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

The consultation with the community has occurred in two stages. The first is as part of the development of the Operational Plan 2021/2022 and Delivery Program 2021/2025, and the second stage is in relation to the proposal to apply for a SRV to achieve the 2.5% increase in general revenue proposed in this document, once the rate peg of 0.7% was announced. The first stage of consultation occurs through the regular annual IP&R process, which involves preparation of draft documents and presentation of these drafts to the community for their consideration and feedback prior to adoption by Council.

At its 12 April, 2021 meeting, Council resolved to place the *Draft Operational Plan 2021/2022 and Delivery Program 2021/2025* on public exhibition for a minimum of 28 days and seek submissions from the community on its content. The draft Operational Plan and Delivery Program and Fees and Charges were placed on public display along with the revised Long Term Financial Plan, and advertised calling for submissions from the public up until 4pm Wednesday, 12 May 2021. The final Operational Plan 2021/2022 and Delivery Program 2021/2025 was adopted at Councils June 15, 2021 Ordinary Meeting.

The first meeting of the newly elected Council was held on January 5, 2022. Council received a report at this meeting and resolved to authorise the application for a Special Rate Variation to provide for the 2.5% increase in General Rates Revenue assumed in the revised Long term Financial Plan included in the Kyogle Council Operational Plan 2021/2022 and Delivery Program 2021/2025. On January 6, 2022 Council gave public notice of this resolution and the intention to apply for a SRV, and calling for submissions from the public up till 4pm Monday January 31, 2022 to allow sufficient time for submissions to be considered and included in the application to IPART.

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

Council used social media (Facebook), its corporate website, and the hard copy Council newsletter which is distributed to all residences in the Kyogle Local Government Area. These three methods were selected to ensure that Council was able to reach the largest number of residents and ratepayers in the short time period available between the date the rate peg was announced, the first opportunity that the newly elected Council had to meet, and the closing date for SRV applications to IPART.

2.2 How did the council present the impact of the proposed special variation in the consultation material?

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

The community were made aware of the overall percentage figures, and the difference between the rate peg (0.7%) and the SRV amount which was based on the previously assumed peg (2.5%). In financial terms this was expressed as the impact on the "average" ratepayer across all categories combined (ie total rates revenue over total number of assessments). This equated to a \$26 per year difference between the previously advised increase and the rate peg, which was also expressed as 50 cents per week.

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

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

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

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

There was one written submission received in support of the SRV, and several comments on the Facebook post, and a small number of enquiries received at Councils offices.

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

The only written submission was in support of the SRV, and most other enquiries were from residents and ratepayers seeking clarification around various aspects of the proposal, none of which resulted in objections being submitted to the proposed SRV.

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

In the text box explain the action, if any, the council took in response to feedback from the community.

Council responded by providing verbal clarification to any enquiries from the community, and by acknowledging the one written submission received.

Table 2.1 Criterion 2 attachments

Council-assigned number	Name of document	Page references ^a
Attachment 3	Copy of social media (Facebook) post advising the community of the proposed SRV and calling for submissions	2 of 2
Attachment 4	Copy of Council website post advising the community of the proposed SRV and calling for submissions	1
Attachment 5	Copy of article on the front page of the January/February 2022 Kyogle Council Community Newsletter advising the community of the proposed SRV and calling for submissions	1
Attachment 6	Copy of the one written submission received, which was in support of the SRV	1

a. If document only relevant in part.

Criterion 3 Impact on ratepayers

Criterion 3 in the SV Guidelines is:

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

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

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

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

The proposed SRV is relatively modest, amounting to an annual increase of \$26 for the "average ratepayer". The SRV is for a 1.8% above peg variation, resulting in an increase of 2.5% in general rates revenue. This annual increase is in line with the expectations of most ratepayers, and is as per the assumptions contained in Councils previous IP&R documentation.

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

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

The proposed SRV equates to an increase of around 50 cents per week for the average ratepayer. This relatively small increase is not expected to impact on the financial position of any ratepayers, or cause financial hardship.

3.2.1 How does the council intend to address hardship?

Does the council have a Hardship Policy? Yes

If Yes, is an interest charge applied to late rate payments? Yes

In the text box:

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

In the event that any ratepayer finds themselves facing financial hardship for any reason, Council has in place an adopted Debt Recovery and Hardship Policy that provides a range of assistance measures Council may apply to assist ratepayers facing genuine financial hardship. This is in addition to the pensioner rebates offered by Council and subsidised by the NSW Government to help support those ratepayers most at risk. Council also charges less interest on outstanding components of all rates and charges than is permitted by the Office of Local Government, with Council charging 5% rather than the maximum allowed of 6% for 2021/2022.

b. Indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided).

The adopted Fees and Charges documentation includes a note advising readers of the provisions where Council may be able to waive or reduce payment of a fee and references the Community Assistance Policy and Debt Recovery and Financial Hardship Policy. The Operational Plan and Delivery Program specifies the applicable interest rate for outstanding components of all rates and charges.

Table 3.1 Criterion 3 attachments

Council- assigned number	Name of document	Page references ^a
Attachment 7	Kyogle Council Debt Recover and Hardship Policy	Pages 3-4
Attachment 8	Kyogle Council Fees and Charges 2021/2022	Page 2
Attachment 1	Operational Plan 2021/2022 Delivery Program 2021/2025	Page 11

a. If document only relevant in part.

Criterion 4 Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

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

To complete the questions for Criterion 4.

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

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

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

Council adopted its Long term Financial Plan 2021/2034 in June 2020. This plan included an assumed rate peg for 2020/21 of 2.6% and then 2.3% each year after that. Council adopted the Operational Plan 2021/2022 and Delivery Program 2021/2025 in June 2021, and this included the revised LTFP with the IPART rate peg of 2.0% for 2021/2022 and 2.5% each year after that based on IPARTS recommendations at the time.

At its 12 April, 2021 meeting, Council resolved to place the *Draft Operational Plan 2021/2022 and Delivery Program 2021/2025* on public exhibition for a minimum of 28 days and seek submissions from the community on its content. The draft Operational Plan and Delivery Program and Fees and Charges were placed on public display along with the revised Long Term Financial Plan, and advertised calling for submissions from the public up until 4pm Wednesday, 12 May 2021. The final Operational Plan 2021/2022 and Delivery Program 2021/2025 was adopted at Councils June 15, 2021 Ordinary Meeting.

The first meeting of the newly elected Council was held on January 5, 2022. Council received a report at this meeting and resolved to authorise the application for a Special Rate Variation to provide for the 2.5% increase in General Rates Revenue assumed in the revised Long term Financial Plan included in the Kyogle Council Operational Plan 2021/2022 and Delivery Program 2021/2025. On January 6, 2022 Council gave public notice of this resolution and the intention to apply for a SRV, and calling for submissions from the public up till 4pm Monday January 31, 2022 to allow sufficient time for submissions to be considered and included in the application to IPART.

The draft Operational Plan and Delivery Program for the upcoming 2022/2023 financial year are yet to be prepared and presented to the community. It is expected that this will be done once the SRV has been considered and determined by IPART, whereby there will be a further opportunity for the community to comment on the draft plans for 2022/23 and beyond.

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

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

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

Table 4.1 Mandatory IP&R documents

Document	Date(s)
Community Strategic Plan	
Exhibition	February – April 2016
Adoption by council	May 2016
Placed on council website	May 2016
Operational Plan for 2020-21 and Delivery Program for 2021/2025	
Exhibition	April – May 2021
Adoption by Council	June 2021
Placed on council website	June 2021
Long Term Financial Plan	
Exhibition	April – May 2020
Adoption by Council	June 2020
Placed on council website	June 2020

Table 4.2 Other IP&R documents (if relevant)

Document	Date(s)
Asset Management Strategy	
Endorsed by council	August 2019
Placed on council website	August 2019
Asset Management Plans (Roads, Bridges, Buildings, Sewer, Water, Stormwater)	
Endorsed by council	May 2019
Placed on council website	May 2019
Workforce Management Plan	
Endorsed by council	April 2017
Placed on council website	April 2017
Community Engagement Strategy	
Endorsed by council	October 2017
Placed on council website	October 2017

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

Document	Website link
Community Strategic Plan	https://www.kyogle.nsw.gov.au/wp-content/uploads/2017/07/Community-Strategic-Plan-2016-Final-Adopted-web-v2.pdf
Operational Plan and Delivery Program	https://www.kyogle.nsw.gov.au/wp-content/uploads/2021/04/Item-13.3-2-Draft-2021-2022-Delivery-Operational-Plan.pdf
Long Term Financial Plan	https://www.kyogle.nsw.gov.au/wp-content/uploads/2020/06/Adopted-KC-Long-Term-Financial-Plan-June-2020.pdf
Asset Management Strategy / Plan(s)	https://www.kyogle.nsw.gov.au/wp-content/uploads/2019/11/Kyogle-Asset-Management-Strategy-2019.pdf https://www.kyogle.nsw.gov.au/wp-content/uploads/2019/06/Kyogle-Bridges-Asset-Management-Plan-2018.pdf https://www.kyogle.nsw.gov.au/wp-content/uploads/2019/06/Kyogle-Buildings-Asset-Management-Plan-2018.pdf https://www.kyogle.nsw.gov.au/wp-content/uploads/2019/06/Kyogle-Roads-Asset-Management-Plan-2018.pdf https://www.kyogle.nsw.gov.au/wp-content/uploads/2019/06/Kyogle-Sewer-Asset-Management-Plan-2018.pdf https://www.kyogle.nsw.gov.au/wp-content/uploads/2019/06/Kyogle-Stormwater-Asset-Management-Plan-2018.pdf https://www.kyogle.nsw.gov.au/wp-content/uploads/2019/06/Kyogle-Water-Asset-Management-Plan-2018.pdf
Workforce Management Plan	https://www.kyogle.nsw.gov.au/wp-content/uploads/2017/07/Workforce-Management-Plan-Adopted-10-4-2017.pdf
Community Engagement Strategy	https://www.kyogle.nsw.gov.au/wp-content/uploads/2018/02/Community-Engagement-Strategy_FINAL-ADOPTED-October-2017.pdf

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

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

There were no issues arising that relate to the SRV application specifically, or the assumed increases in general revenue contained in the IP&R documents.

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

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

Table 4.4 Insert text

IP&R document	Page reference(s)
Criterion 1: Financial need	
Operational Plan 2021/2022 Delivery Program 2021/2025	LTFP Appendix Page 55, Sheet six of the appendix titled LTFP Assumptions
Long Term Financial Plan 2021/2034	Page 10, Income Assumptions. Page 30, Assumptions
Criterion 2: Community awareness and engagement	
N/A	
Criterion 3: Impact on ratepayers	
N/A	

Table 4.5 Criterion 4 attachments

Council- assigned number	Name of document	Page references ^a
Attachment 9	Council report to January 5, 2022 Extraordinary Meeting in relation to proposed SRV	
Attachment 10	Unconfirmed Minutes of the January 5, 2022 Extraordinary Meeting	11

a. If document only relevant in part.

Criterion 5 Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

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

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

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

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

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

Council has in place adopted Financial Management Policy and Asset Management Policy that set the foundation for ongoing operations and financial sustainability.

Council has developed Asset Management Plans for all its infrastructure assets, and an overarching Asset Management Strategy and Core Infrastructure Risk Management Plan that details its strategic approach to the management of assets. These plans remain focused on achieving the lowest life cycle costs by ensuring renewals are funded and completed in a timely manner, and the existing backlog is reduced to ensure that each asset class remains in satisfactory condition and renewals and other interventions can be undertaken at an optimum period in the life of the assets and avoid the rapid deterioration and high cost interventions required when assets fall into poor condition.

Council has an ongoing focus on continuous improvement and containment of operational costs across all aspects of the business. This is manifested through the LTFP which includes an efficiency dividend in all budget areas that requires cost savings of between 1.1% and 0.3% to be developed each year.

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

In the text box:

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

Council implemented a series of operational improvements with assistance from the NSW Governments Local Government Innovation Fund on the back of the Fit For The Future reforms in 2017-2019. This included upgrades to IT systems, on-line services such as Customer Requests, Payments, and Development Tracking, mobile IT capacity for field staff, improvements to water supply and sewerage systems SCADA, Council has recently completed the installation of a suite of solar PV systems across its buildings and water and sewer assets that will save \$60,000 a year in electricity costs and deliver a total of 26% of the Councils energy needs.

Council undertook a joint tendering process with a number of other Councils for the provision of insurance services in 2017 that resulted in savings of \$180,00 per year for the three year period of the tender.

Council undertook a review of its electricity supply contracts in 2019 and undertook a procurement process across all sites that saw a total saving of \$106,000 per year and included the purchase of 25% renewable energy.

Council has undertaken a program of initial sealing over the last four years to reduce the ongoing maintenance needs across sections of its road network. This allows the maintenance budgets to be used more effectively on other areas of the network.

Council has continued with its ongoing timber bridge replacement program which aims to eliminate all remaining timber bridges to help reduce ongoing operating costs and improve long term financial sustainability.

b. Outline the outcomes which have been achieved.

Reduced operating costs. Achieving renewable energy targets. Improved efficiency in available asset maintenance expenditure.

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

Savings of \$60,000 per year for the solar PV systems.

Savings of \$106,000 per year from the electricity supply contracts.

Savings of \$180,000 per year for insurance services.

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

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

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

Council is working with Essential Energy on the roll out of LED street lighting in the 2022/23 financial year. This requires an initial investment of \$140,000 and is expected to reduce annual costs by around \$10,000 per year ongoing.

Council is in the process of undertaking the largest scale of timber bridge replacement program ever seen. This program will see the remaining 115 timber bridges under Councils control all but eliminated, dramatically reducing the demand and cost of ongoing maintenance and repairs associated with bridges constructed from this aging building material.

Council will continue its initial sealing program to target unsealed roads with higher than average maintenance requirements in order to continue to reduce the required annual maintenance across the road network.

b. Estimate their financial impact.

Savings of \$10,000 per year in street lighting and reduced energy demand.

Savings of \$300,000 per year in timber bridge maintenance once all bridge replacements are completed, estimated at 2024/2025.

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

All initiatives have been incorporated into Councils IP&R documents.

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

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

Kyogle Council remains a strong performing Council, which is shown in the results of the audited financial statements and outcomes from the annual external reporting process. Council has shown it can consistently meet the required financial sustainability and operational performance targets set by the Office of Local Government. The only performance indicator that is currently lagging is the Own Source Revenue Ratio, which is primarily due to current high levels of external grants. It is important to note that any further reduction in general revenue, such as that which would result from Council adopting the 0.7% rate peg amount, will only serve to make the OSRR more difficult to achieve over time.

The Office of Local Government (<https://www.yourcouncil.nsw.gov.au/compare-councils/>) and NSW Audit Office (<https://www.audit.nsw.gov.au/our-stakeholders/local-government>) publish a variety of reports and comparative performance data that can be viewed to compare Kyogle Council to other Councils if and as required for this application, however the general overall performance of Kyogle Council remains strong when compared to similar sized Councils in NSW.

The recently completed Kyogle Council End of Term Report 2016-2021 includes more details of Councils achievements over recent years and shows how the productivity and efficiency of the organisation has changed over that period and is included in the attachments to this application for reference as required.

Table 5.1 Criterion 5 Attachments

Council- assigned number	Name of document	Page references^a
Attachment 11	Kyogle Council Innovation Fund Final Progress Report March 2019	
Attachment 12	Kyogle Council End of Term Report 2016-2021	

a. If document only relevant in part.

Criterion 6 Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

6.1 Reporting requirements SV compliance

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

Should the SRV be approved by IPART, it is still expected that there will be a separate opportunity for the community to review the draft Operational Plan and Delivery Program with the SRV included before the adoption of these IP&R documents by Council.

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

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

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

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

In preparing for this SRV application, Councils Chief Financial Officer compiled a comparison between the figures used in the IPART Local Government Cost Index calculations, and the same figures for Kyogle Council from the 2019/20 and 2020/21 audited financial statements. Where the IPART LGCI was calculated at 0.9, and subsequently used to justify the rate peg of 0.7%, the figures for Kyogle Council for the same period resulted in the Kyogle Council Cost Index figure of 17.1. This should provide some measure of the low relativity of the single industry wide LGCI to Kyogle Council's circumstances, and hence the need for this SRV application, and a review more generally of the way the single LGCI is both calculated and applied across the state.

Table 6.1 Criterion 6 attachments

Council- assigned number	Name of document	Page references^a
Attachment 13	Kyogle Council Local Government Cost Index Comparison 2020-2021 (pdf)	
Attachment 14	Kyogle Council Local Government Cost Index Comparison 2020-2021 (excel)	

a. If document only relevant in part.

Council certification and contact information

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

Certification of application

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

Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

Name of council:

Kyogle Council

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

General Manager (name):

Graham Kennett

Signature and Date:

Responsible Accounting Officer (name):

Glenn Rose

Signature and Date:

Council contact information

General Manager

General Manager contact phone

General Manager contact email

Primary council contact

Council contact phone

Council contact email

Council email for inquiries about the SV application

List of attachments

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

To complete (adding rows as necessary):

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

List of attachments to the council's application

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
AFA	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
AFB	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
Attachment 9, 10	Council resolution to apply for the for the minimum rate increase variation Certification	<input checked="" type="checkbox"/>
If applicable for Description and Context Question 4		<input type="checkbox"/>
	Instrument for expiring special variation	<input type="checkbox"/>
	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
If applicable for Description and Context Questions 5 and 6		<input type="checkbox"/>
	Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
	Relevant instrument(s) for past special variations (if applicable)	<input type="checkbox"/>
	Evidence of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
Mandatory public supporting material (i.e. to be published on IPART's website)		<input checked="" type="checkbox"/>
Attachment 15	Community Strategic Plan – Relevant extracts	<input checked="" type="checkbox"/>
Attachment 1	Delivery Program – Relevant extracts	<input checked="" type="checkbox"/>
Attachments 1, 2	Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	<input checked="" type="checkbox"/>
Attachments 3, 4, 5	Consultation material, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation	<input checked="" type="checkbox"/>
Attachment 6	Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
	Willingness to pay study (if applicable)	<input type="checkbox"/>
Attachment 7	Hardship Policy	<input checked="" type="checkbox"/>
Other public supporting material		<input type="checkbox"/>
	Asset Management Strategy / Plan(s) (if applicable)	<input type="checkbox"/>

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
Attachment 1	Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)	<input checked="" type="checkbox"/>
Attachment 16	NSW Treasury Corporation report on financial sustainability (if applicable)	<input checked="" type="checkbox"/>
Attachment 8	221/22 Fees and Charges	<input checked="" type="checkbox"/>
Attachment 11	Kyogle Council Innovation Fund Report March 2019	<input checked="" type="checkbox"/>
Attachment 12	Kyogle Council End of Term Report 2016-2021	<input checked="" type="checkbox"/>
Attachment 13	Kyogle Council Local Government Cost Index Comparison 2020-2021 (pdf)	<input checked="" type="checkbox"/>
Attachment 14	Kyogle Council Local Government Cost Index Comparison 2020-2021 (excel)	<input checked="" type="checkbox"/>
Confidential supporting material (i.e. not to be published on IPART's website)		
n/a		

Important information

Submitting online

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

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

Confidential content

We will post all applications (excluding confidential content) on our website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, a document such as a council working document that does not have formal status, or document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as CONFIDENTIAL.

Publishing the council's application

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