IPART Independent Pricing and Regulatory Tribunal | NSW

Hornsby Shire Council

Special Variation Application for 2023-24

Final Report

June 2023

Local Government

Acknowledgment of Country

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

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

Tribunal Members

The Tribunal members for this review are:
Carmel Donnelly PSM, Chair
Deborah Cope
Sandra Gamble

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The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from IPART's website.

Contents

Foreword from the Chair

The 128 councils in NSW are an important part of our democracy and significant providers of essential services. On average they raise about a third of their revenue through rates and the Independent Pricing and Regulatory Tribunal of NSW (IPART) determines how much each council's total rates revenue can increase each year through the rate peg.

IPART has recently consulted widely with ratepayers, councillors, council staff and other stakeholders across NSW about council rates. Our consultation has been an important part of IPART's current review of the rate peg methodology which is how we calculate the rate peg for each council each year.

When councillors decide they need total rates revenue to increase above the rate peg, they can apply to IPART for a special variation. We have also consulted about 17 council special variation applications, received in February and March 2023, seeking rates increases above the rate peg, including some very large proposed increases.

We want to thank every single person who has come forward and provided feedback. We have considered every issue raised in that consultation.

We have heard that some councils are experiencing financial sustainability problems, which they suggest are related to the current financial model for councils. This is requiring strong financial management and council action to either increase rates or cut services, at a time when many people are less able to afford higher rates or to do without essential council services.

We heard that ratepayers are indeed concerned about cost of living pressures and affordability of rates while they also depend on and value council services.

This has raised the question of whether the funding and financial model for councils is as good as it needs to be, at a time when NSW has faced drought, bushfires, floods, COVID, supply chain disruption, labour shortages, higher inflation and rising interest rates.

Feedback to IPART indicates communities want councils to demonstrate good financial management and provide services that are efficient and value for money, so they can be confident the rates they pay are well used. Councillors, as the representatives of the community, play a key role in holding council management to account, and need the tools and information to do so.

Ratepayers have told us they want to be better consulted about council priorities, so councils deliver good quality services that are needed by their local community. We also heard ratepayers would like more consultation about the way rates are set - so rates are fair, reasonable and affordable.

Some councils have stronger financial sustainability than others. A range of reasons have been suggested for why this is the case. We have heard that the capability, workforce shortages, resources and alternative sources of revenue available to councils are not the same across NSW. Populations, economies, distances and geography are quite varied. Councils are very diverse and we have heard that a 'one size fits all' financial model does not make sense.

Our proposed new rate peg methodology is designed to respond to many of the issues raised in the review so far, including being more forward looking and agile, while recognising the diversity of councils. But it cannot address all the issues people have identified.

The rate peg sets the appropriate movement in a council's existing cost base but does not address the cost base itself. Trying to fix the cost base through the rate peg could potentially lead to unwarranted increases for some councils that could do more to control costs, and insufficient increases for councils with genuine financial need.

In assessing special variation applications, in line with current laws and guidelines, the Tribunal has carefully considered the impact of any increases in rates on individual ratepayers and whether increases in total rates revenue are needed so council services can continue to be provided. We note that, within the total rates revenue approved by IPART, it remains the responsibility of councillors to set rates in a way that takes into account the circumstances of their constituents. Councillors also have the authority to provide hardship programs that lessen the impact on people who cannot afford increased rates.

The Tribunal also questions whether the large special variation applications lodged in February and March indicate the financial model needs closer investigation, if the only way a council is able to address financial sustainability is through seeking substantial rates revenue increases.

The Tribunal believes it would be timely for NSW Government to initiate an independent investigation into the financial model for councils in NSW, including the broader issues highlighted in our draft report on the rate peg methodology.

IPART stands ready to work with the NSW Government, councillors, ratepayers and communities to address the issues we have heard through our consultation over recent months.

Carmel Donnelly PSM
IPART Chairperson

1 Executive summary

Hornsby Shire Council (the council) applied to IPART to increase its general income through a permanent special variation (SV) of 31.05% (including the rate peg) over a 4-year period to 2026-27.[1]

Under the proposed SV, rates would increase by 8.5% in 2023-24, 7.5% in 2024-25, 6.5% in 2025-26 and 5.5% in 2026-27, including the rate peg. These increases would be applied across all rating categories.

The council sought the special variation to[2]:

- improve financial sustainability
- maintain existing services and service levels generally
- reduce infrastructure backlogs for asset maintenance and renewals
- implement new strategic initiatives projects or activities (currently unfunded priority initiatives from the council's endorsed strategic documents and supported by the Community Strategic Plan, *Your Vision/Your Future 2032.*

1.1 IPART's decision

We approve the council's application. Our decision means the council can raise up to an additional $38 million in general income (above the rate peg), in total, over the next 4 years.

Some stakeholders have told us that the SV is likely to create affordability challenges – particularly when combined with other cost-of-living pressures, such as high inflation and increases in mortgage interest rates.

Our assessment found that the council met the Office of Local Government (OLG) criteria for its proposed SV. Without the SV, its operating expenses would exceed its revenue from 2025-26. This is unsustainable if the council is to continue to deliver the services and infrastructure the community needs.

While the increase in rates with the SV will be large, the council demonstrated the impact on ratepayers is reasonable, considering its current rates and the community's capacity to pay. The council's current average rates are generally lower than those of similar and neighbouring councils. With the approved SV, its average rates for the next 4 years are expected to be in line with the average of similar and neighbouring councils. Median household incomes in the Hornsby council area are relatively high, and the level of disadvantage in the community as measured by the SEIFA rating is relatively low.

In response to concerns from the community about the potential impact of the SV, the council has committed to reviewing its financial hardship policy, which assists ratepayers who have difficulty paying their rates, and it has resolved to increase its eligible pensioner concession rebate from $250 to $300.[3]

1.2 IPART's assessment of the council's application

To make our decision, we assessed the council's proposed SV against the 6 criteria set by the Office of Local Government (OLG) in its *Guidelines for the preparation of an application for an SV to general income* (OLG Special Variation Guidelines). We found that the proposal meets these criteria. Our assessment against each criterion is summarised below.

Criteria	Grading	Assessment
01	Demonstrated	**Financial need** The council demonstrated a financial need for the SV to improve its financial sustainability, maintain existing services and service levels, reduce infrastructure backlogs and implement new initiatives in line with its Community Strategic Plan.
02	Demonstrated	**Community awareness** The council engaged with and consulted its community and largely provided sufficient information about the need for and extent of the proposed SV.
03	Demonstrated	**Reasonable impact on ratepayers** The council's Delivery Program and Long-Term Financial Plan (LTFP) could have more clearly demonstrated the council's consideration of the community's capacity and willingness to pay rates. However, overall, its application demonstrated the impact on ratepayers is reasonable, considering its current rates and the community's capacity to pay. With the SV, its average rates will be comparable to neighbouring and similar councils. We note the median household income in Hornsby is relatively high, and the level of disadvantage is relatively low.
04	Demonstrated	**Integrated Planning and Reporting documentation** The council exhibited and adopted all necessary Integrated Planning and Reporting (IP&R) documents.

Criteria	Grading	Assessment
05	Demonstrated	**Productivity improvement and cost containment** The council listed and quantified productivity improvement and cost containment initiatives to date of approximately $6.2 million per year, over the last 10 years. However, its Long-Term Financial Plan (LTFP) could have more clearly identified and quantified its planned efficiency strategies over the term of the SV. Although there were shortcomings with the council's planned initiatives, based on our assessment of the council's savings to date, we consider it has met this criterion.
06		**Other matters IPART considers relevant** In the past 5 years, the council was granted one SV – a permanent additional SV of 2.28% in 2022-23.[4]

1.3 Stakeholders' feedback

We expect the council to engage and consult with its community so that ratepayers are fully aware of any proposed SV and the impact on them and have opportunities to provide feedback to the council. This is one of the criteria we use to assess the council's application.

Hornsby Shire Council consulted on its proposed SV with its community using a variety of engagement methods. The council received 506 written submissions, recorded 1,841 survey responses, held public meetings attended by 265 participants and published website content that had 6,428 visitors.[5]

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period and invited stakeholders to make submissions directly to IPART. Through this process, we received 426 submissions on Hornsby Shire Council's proposed SV. These submissions raised concerns about the:

- affordability of the proposed rate increases
- council's consultations with the community
- community's willingness to pay for an SV
- council's financial management
- impact of recent land valuations on the council's income.

We also received some submissions that supported the increase in rates to maintain service levels and conduct infrastructure renewals and maintenance.

1.4 Next steps for the council

Our determination sets the maximum amount by which the council can increase its general income over the 4-year period. The council can defer rate increases up to this maximum amount for up to 10 years.[6] We encourage the council to consult with its community to decide how best to implement the increase. Below are the council's proposed increases. It retains the discretion to revise how it raises its general income across the rating categories.

The council should still continue to pursue productivity improvements, to minimise costs to ratepayers and ensure its financial stability over the long term.

Table 1.1 Council's proposed rates

	2023-24	2024-25	2025-26	2026-27	Cumulative increase
Residential	8.5%	7.5%	6.5%	5.5%	31.1%
Business	8.5%	7.5%	6.5%	5.5%	31.1%
Farmland	8.5%	7.5%	6.5%	5.5%	31.0%

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct. These are the council's proposed increases and it retains the discretion to apply the general income across the rating categories.
Source: IPART calculations

The rest of this report explains how and why we reached our decision on Hornsby Shire Council's proposed special variation application in more detail.

2 The council's special variation application

The council applied for a permanent SV with a cumulative increase of 31.05% over the 4 years from 2023-24 to 2026-27. Under the proposed SV, the council would increase its general income by 8.5% in 2023-24, 7.5% in 2024-25, 6.5% in 2025-26 and 5.5% in 2026-27.

The council sought the special variation to[7]:

- improve its financial sustainability
- maintain its existing services and service levels generally
- reduce its infrastructure backlogs for asset maintenance and renewals
- implement new strategic initiatives projects or activities (currently unfunded priority initiatives from the council's endorsed strategic documents and supported by the Community Strategic Plan, *Your Vision/Your Future 2032*.

This section of our report sets out the council's proposal and summarises the information that the council provided to support its application.

2.1 Impact of the special variation on ratepayers

The council proposed that rates would increase for all rating categories over the 4-year SV period.[8] On average, it proposed:

- **residential rates** by 2026-27 would increase by $395 or 31.1%
- **business rates** by 2026-27 would increase by $1,068 or 31.1%
- **farmland rates** by 2026-27 would increase by $662 or 31.0%.

The council has provided the number of rate notices that will be issued for 2022-23 in Table 2.1.

Table 2.1 Number of ratepayers per category in 2022-23

Ratepayer category	Number of rate notices
Residential	52,016
Business	2,638
Farmland	313

Source: Hornsby Shire Council, Part A application Worksheet 2.

2.2 Council's assessment of affordability and capacity to pay

The council assessed the affordability of the proposed rate increases, including the community's capacity to pay.

The analysis considered the levels of social disadvantage, vulnerable groups and household expenditure in the Hornsby Shire local government area (LGA) relative to other areas.[9] It found that the LGA generally has higher levels of advantage and lower levels of disadvantage compared to Greater Sydney, NSW and Australia.[10] The findings concluded that ratepayers do have a capacity to pay, particularly if supported by appropriate hardship policies.[11]

The council indicated that it has a financial hardship policy to assist ratepayers who have difficulty paying their rates. The policy allows residents to enter different types of payment plans, and the council to write-off accrued interest and defer amounts owing against estates.[12]

The council also noted it has resolved to increase its eligible pensioner concession rebate from $250 to $300, in consideration of the proposed SV's impact.[13]

2.3 Impact of the special variation on the council's general income

The council estimated that its proposed permanent 4-year SV, with a cumulative increase of 31.05%, would result in a $38 million cumulative increase in the council's permissible general income in total over the next 4 years (above the assumed rate peg).[14]

2.4 Further information provided

Following our preliminary assessment of the council's application, we asked the council to provide further clarification on:

- how the council canvassed alternatives to an SV
- the impact of the proposed rates rise on the community and the community's capacity and how willingness to pay was incorporated in its Delivery Program and Long-Term Financial Plan.

The council provided correspondence to clarify the items above. We considered this additional information in our assessment (see section 4).

3 Stakeholders' submissions to IPART

We expect the council to engage with its community so that ratepayers are fully aware of any proposed special variation and the full impact on them. This is one of the criteria we use to assess the council's application (see Appendix A).

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period, and stakeholders could make submissions directly to us. The Tribunal has taken all submissions into account in making its decision in accordance with our Submissions Policy, including any confidential submissions. In this section, we summarise the key issues raised in all published (non-confidential) submissions.

3.1 Summary of submissions we received

We received 426 submissions from stakeholders between 10 February 2023 and 3 March 2023. The key issues and views raised in these submissions, and our responses to them, are summarised below. There are approximately 55,000 ratepayers in the council's local government area.

3.1.1 Affordability of proposed rates increases

More than three-quarters of the submissions we received (around 330) raised concerns about the impacts of the council's proposed SV on the affordability of rates and suggested this would lead to financial hardship. Many of these said that the timing of the SV was poor in the current economic climate. They cited increasing costs of living and mortgage stress to note that any increases in rates would have a detrimental effect.

We have considered these concerns and outlined our conclusion in section 4.3.

3.1.2 The council's consultation with the community

More than half of the submissions (280) put the view that the council's community consultation on the proposed SV was not transparent. Some said the key information about the SV was only available via the internet. A few said that they only became aware of the SV from word of mouth, and that the council had not taken on stakeholders' feedback, noting that the council had pursued an SV even though 95% of the submissions made to it were opposed to this.

We have considered these concerns and outlined our conclusion in section 4.2.

3.1.3 The community's willingness to pay for a special variation

Around 190 (or 4 in 10) of the stakeholders who made submissions to IPART indicated they were unwilling to pay for some of the council's proposed projects. For example, some expressed the view that the council should 'live within its means' rather than pursuing a 'wish list'. They put the view that the council would use the SV to fund non-essential projects, including a walking and cycling path, and maintaining Hornsby and Westleigh Parks.

We have considered these concerns and outlined our conclusion in section 4.3.

3.1.4 The council's financial management

Around 100 submissions expressed concern that the council has previously wasted funds and that ratepayers should not 'pay' for the council's shortcomings. Some cited the Quarry capital works project as an example of past mismanagement.

We have considered these concerns and outlined our conclusion in section 4.5.

3.1.5 Impact of recent land valuations on the council's income

Around 80 submissions said that rates would already increase considerably due to the recent land valuations. They noted that an SV on top of revised valuations would lead to a significant rate rise.

This is not the case. Routine changes in land valuations (those that occur when the Valuer-General values lands every 3 years as part of its general valuation cycle) do not increase (or decrease) the council's maximum permitted level of general income. As set out in Box 3.1 below, the council is required to adjust its rates following routine changes in land valuations to ensure the total amount of general income recovered from ratepayers does not exceed the maximum permitted amount.

Box 3.1 Effect of land valuation on rates

Routine changes to land valuations do not increase the total amount of general income the council can recover from ratepayers (also known as the 'permissible general income' or PGI). A council's PGI for each year is limited by the rate peg or a percentage determined by IPART in a special variation.[a] However, individual ratepayers may pay either higher or lower rates.

Individual rates depend on the combination of:

- the council's rating structure
- the relevant rating category
- the property's unimproved land value.

The variable component of rates, ad valorem, is determined by:

$$\textit{ad valorem component} = \textit{amount in the dollar} \times \textit{land value}$$

Generally, the council recalculates the 'amount in the dollar' rate every year to ensure the council does not collect rates above its PGI.

A routine increase in a ratepayer's land value by the Valuer-General does not mean that a ratepayer's rates will automatically increase. The impact on rates depends on whether the land value has increased or decreased compared to others in the ratepayer's local government area.

[a] Councils' PGI may be affected by supplementary valuations of rateable land under the *Valuation of Land Act 1916* and estimates provided under section 513 of the *Local Government Act 1993*. Such supplementary valuations and estimates are made when land within a council area has changed outside the general valuation cycle (such as where land has been subdivided or rezoned). This is distinct from the routine changes in land value by the Valuer-General.

4 IPART's assessment of the council's application

The Minister for Local Government has delegated the power to grant special variations to IPART.[b] We are required to assess the council's SV application against the 6 criteria set out in the OLG Guidelines. We found that the council met all OLG criteria for its proposed SV. Specifically, we found the council:

- demonstrated a financial need for the SV to improve its financial sustainability, maintain existing services and service levels, reduce infrastructure backlogs and implement new initiatives in line with its Community Strategic Plan
- demonstrated it had engaged with ratepayers on its SV application and that its community is aware of the need for and purpose of the SV
- showed that the impact of its proposed rate rises on ratepayers is reasonable
- exhibited, approved and adopted its Integrated Planning & Reporting (IP&R) documentation appropriately
- explained and quantified the productivity improvements and cost containment strategies it has realised and plans to realise over the SV period
- has been granted one SV in the past 5 years, which was an additional SV of 2.28% in 2022-23.

Our detailed assessment and the reasons for our decision are set out below.

4.1 OLG Criterion 1: The council demonstrated a financial need for the SV

Criterion 1 requires the council to clearly articulate and identify the need for, and purpose of, the proposed SV in its IP&R documents. It also requires the council to demonstrate the financial need for the SV by assessing the impact of the SV on its financial performance and position, and to canvass alternatives to the SV to meet the financial need.

Note: See Appendix A for full details

To assess whether the council met this criterion, we reviewed the council's IP&R documents and the information in its application. We undertook our own analysis of the council's financial performance and position. We also considered stakeholders' comments on financial need in the submissions we received. We do not audit council finances, as this is not part of our delegated authority.

The sections below discuss our assessment, and why we found that the council met this criterion.

[b] By delegation dated 6 September 2010, the Minister for Local Government delegated to the Tribunal all her functions under sections 506, 507, 508(2), 508(6), 508(7), 508A, 548(3) and 548(8) of the *Local Government Act 1993* (NSW), pursuant to section 744 of that Act.

4.1.1 Stakeholder comments on financial need

In their submissions to us, stakeholders raised a range of concerns related to the financial need criterion. In particular, they said:

- non-essential projects should be deferred to avoid an SV
- the need for rate increases results from poor financial management and oversight
- additional funds could come from efficiency savings, including cutting the council's staff numbers and reducing its reliance on consultants.

We considered these concerns, taking account of all the information available to us.

4.1.2 Council's IP&R documents and application

We found that the council's IP&R documents, including its Long-Term Financial Plan (LTFP), Delivery Program and Asset Management Strategy, identify and articulate the need for and purpose of the SV. The documents state that the proposed SV of 31.05% over 4 years (including the rate peg) is needed to[15]:

- improve the council's financial sustainability
- allow for the continued provision of the council's current service offerings into the future
- fund the recurrent costs to operate Hornsby Park, once construction is complete
- address the annual forecasted asset management funding gap of approximately $4.1 million
- fund strategic initiatives[c, 16] that the community has identified as important.

However, we found the documents could have more clearly communicated the canvassing of alternatives to the SV. The Delivery Program makes only brief references to exploring alternatives to the SV. For example, it notes the council should investigate opportunities to raise additional income from increases to user fees and charges, and implement them wherever possible to potentially reduce the size of any SV required.[17] The other relevant document, the LTFP, lists future cost-saving initiatives, However, it is not clear whether the council canvassed these initiatives as an alternative to the proposed SV or proposes to implement them in conjunction with the SV.

[c] The council noted these are sustainable and resilient community, planning for our future, upgrading community infrastructure, connected cycling and walking paths, protecting bushland and improving open space and improving technology initiatives.

4.1.3 Our analysis of the council's financial performance and position

We used information provided by the council in its application and IP&R documents to do our own analysis of the impact of the proposed SV on the council's financial performance and financial position. This involved calculating financial forecasts under 3 scenarios:

1. **Proposed SV Scenario** – which includes the council's proposed SV revenue and expenditure.
2. **Baseline Scenario** – which does not include the council's proposed SV revenue or expenditure.
3. **Baseline with SV expenditure Scenario** – which includes the council's full expenditure from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with its full expenditure program included in its application but could only increase general income by the rate peg.

We then used these forecasts to examine the impact of the SV on key indicators of its financial performance and position – namely its operating performance ratio, net cash (or net debt) and infrastructure ratios.

Impact on Operating Performance Ratio

The Operating Performance Ratio (OPR) is a measure of a council's ongoing financial performance or sustainability. In general, a council with an OPR consistently greater than zero is considered to be financially sustainable because the OPR measures a council's ability to contain operating expenditure within operating revenue.[18] The OLG has set a benchmark for the OPR of greater than zero (see Box 4.1 for more information).

Box 4.1 Operating Performance Ratio

The OPR measures whether a council's income will fund its costs and is defined as:

$$OPR = \frac{Total\ operating\ revenue - operating\ expenses}{Total\ operating\ revenue}$$

Where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.

The OLG has set a benchmark for the ratio of greater than 0%.

The ratio measures net operating results against operating revenue and does not include capital expenditure. That is, a positive ratio indicates that an operating surplus is available for capital expenditure.

Generally, IPART considers that a council's average OPR over the next 10 years should be 0% or greater, as this represents the minimum level needed to demonstrate financial sustainability. An OPR consistently well above 0% would bring into question the financial need for an SV.

However, we recognise that other factors, such as the level of borrowings or investment in infrastructure, may affect the need for a council to have a higher or lower operating result than the OLG breakeven benchmark as set by OLG.

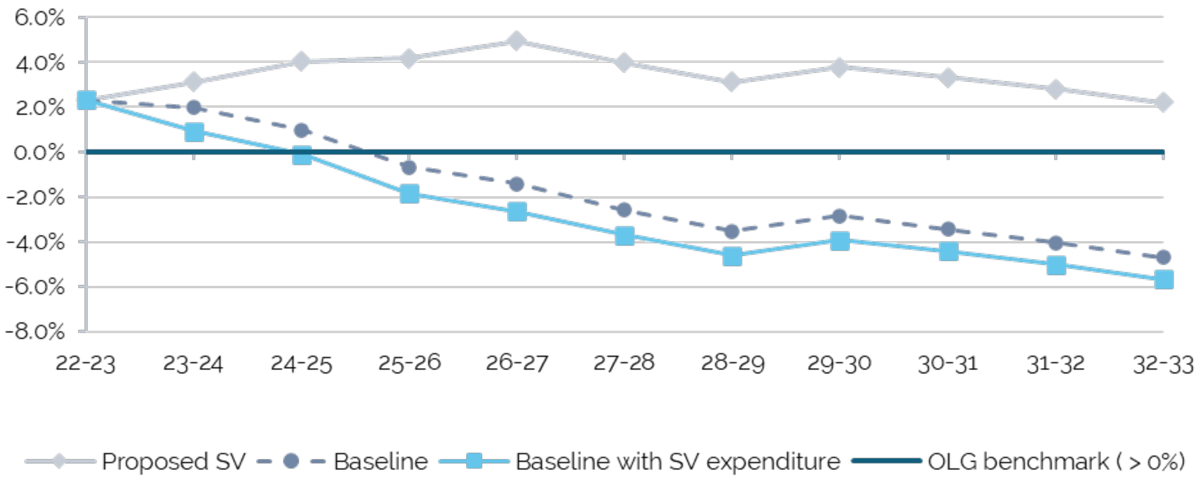
Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

Our analysis found that, over the next 5 years:

- **Under the Baseline Scenario**, the council's OPR would fall below the OLG benchmark of greater than zero in 2025-26 and continue to decline. Its average OPR over this five-year period would be -0.3%.
- **Under the Baseline with SV Expenditure Scenario**, the council's OPR would fall below the OLG benchmark of greater than zero in 2024-25 and continue to decline. Its average OPR over this five-year period would be -1.5%.
- **Under the Proposed SV Scenario**, the council's OPR would meet the OLG benchmark of greater than zero for the next 5 years. Its average OPR over the five-year period would be 4.1%. (See Figure 4.1 and Table 4.1)

This suggests that without the SV, the council's operating expenses would exceed its operating revenue and its finances would continue to decline to well below the OLG benchmark.

Figure 4.1 The council's OPR from 2022-23 to 2032-33



Note: OPR shown excludes capital grants and contributions.
Source: Hornsby Shire Council, Application Part A and IPART calculations.

Table 4.1 The council's projected OPR with proposed special variation, 2023-24 to 2032-33 (%)

	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
Proposed SV	3.1	4.1	4.2	5.0	4.0	3.1	3.8	3.3	2.8	2.2
Baseline	2.0	1.0	-0.7	-1.4	-2.6	-3.5	-2.8	-3.4	-4.0	-4.7
Baseline with SV expenditure	0.9	-0.1	-1.9	-2.6	-3.7	-4.6	-3.9	-4.4	-5.0	-5.7

Source: Hornsby Shire Council, Application Part A and IPART calculations.

Impact on net cash

A council's net cash (or net debt) position is another indicator of its financial position. For example, it indicates whether a council has significant cash reserves that could be used to fund the purpose of the proposed SV.

On 30 June 2022, the council held a total of $302.9 million in cash[19] with:

- **$200.6 million externally restricted funds** (i.e. subject to external legislative or contractual obligations)
  - Examples include contributions paid by developers, monies collected for domestic waste management charges and specific purpose grants, such as the Stronger Communities Funding for Hornsby Quarry.[20]
- **$82.4 million internally restricted funds** (i.e. subject to a council resolution to cover commitments and obligations expected to arise in the future and where it is prudent to hold cash in restrictions to cover those obligations)
  - Examples include employee leave entitlements and funds collected through previous SVs for specific projects. [21]
- **$19.9 million unrestricted funds** (i.e. can be used to fund the council's day to day operations).

This suggests that the majority of the council's cash reserves were committed to other purposes, except for the $19.9 million that is unrestricted.

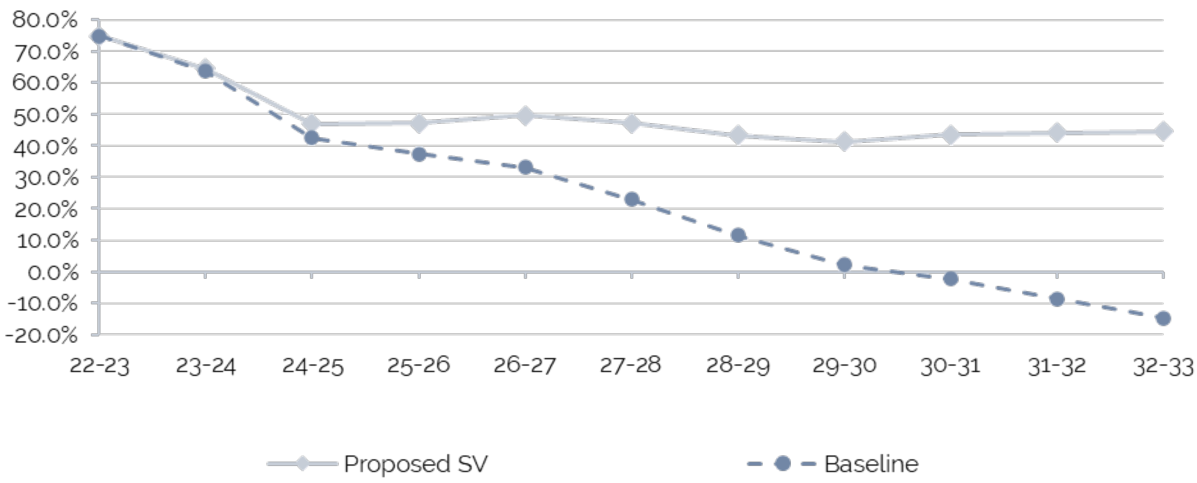
In addition, the council's LTFP indicates, that without an SV, its unrestricted cash reserves will decline to $4.0 million by 30 June 2033. This is because most of its unrestricted reserves will be required to fund its accumulated operating deficits each year.[22]

As at 30 June 2023, the council's net cash will be $110.8 million, or 74.8% of its income. As Figure 4.2 shows, over the next 10 years:

- **under the Proposed SV Scenario**, the council's net cash to income ratio would remain fairly stable, and be 44.5% by 30 June 2033
- **under the Baseline Scenario**, the council's net cash (debt) to income ratio would steadily decline and be -14.7% by 30 June 2033.

Taking into account the council's OPR and net cash position, we found that the council's forecasts demonstrate a financial need to increase its revenue above the rate peg to improve its financial position and sustainability.

Figure 4.2 The council's net cash (debt) to income ratio, 2022-23 to 2032-33 (%)



Source: Hornsby Shire Council, Application Part A and IPART calculations.

Impact on infrastructure ratios

Managing infrastructure assets is an important council function. A council's ability to maintain and renew these assets as they depreciate is an indicator of its financial position, and its capacity to provide services to the community. To measure this indicator, we used information provided by the council to assess its infrastructure backlog and infrastructure renewals ratios, and compared them to OLG's benchmarks:

- **The infrastructure backlog ratio** indicates whether the council has a need for additional revenue to maintain its infrastructure assets. It shows the infrastructure backlog as a proportion of the total value of a council's infrastructure. OLG's benchmark for the infrastructure backlog ratio is less than 2%.

- **The infrastructure renewals ratio** measures the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. OLG's benchmark for the infrastructure renewals ratio is greater than 100%.

See Box 4.2 for more information on these ratios and how we interpret them.

Box 4.2 Infrastructure ratios for councils

Infrastructure backlog ratio

The infrastructure backlog ratio measures the council's backlog of assets against its total written down value of its infrastructure and is defined as:

$$Infrastructure\ backlog\ ratio = \frac{Estimated\ cost\ to\ bring\ assets\ to\ a\ satisfactory\ standard}{Carrying\ value\ of\ infrastructure\ assets}$$

Where the carrying value of infrastructure assets is the historical cost less accumulated depreciation.

OLG has set a benchmark for the ratio of less than 2%.

Infrastructure renewals ratio

Where relevant, we may also consider the council's infrastructure renewals ratio, which assesses the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. It is defined as:

$$Infrastructure\ renewals\ ratio = \frac{Infrastructure\ asset\ renewals}{Depreciation, amortisation\ and\ impairment}$$

OLG has set a benchmark for the ratio of greater than 100%.

Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

Impact on infrastructure backlog ratio

Our analysis shows that both with and without the proposed SV, the council's infrastructure backlog ratio would remain in line with the OLG benchmark of less than 2.0% for the next 10 years (Figure 4.3). However, this ratio would be slightly lower (i.e. better) with the proposed SV.

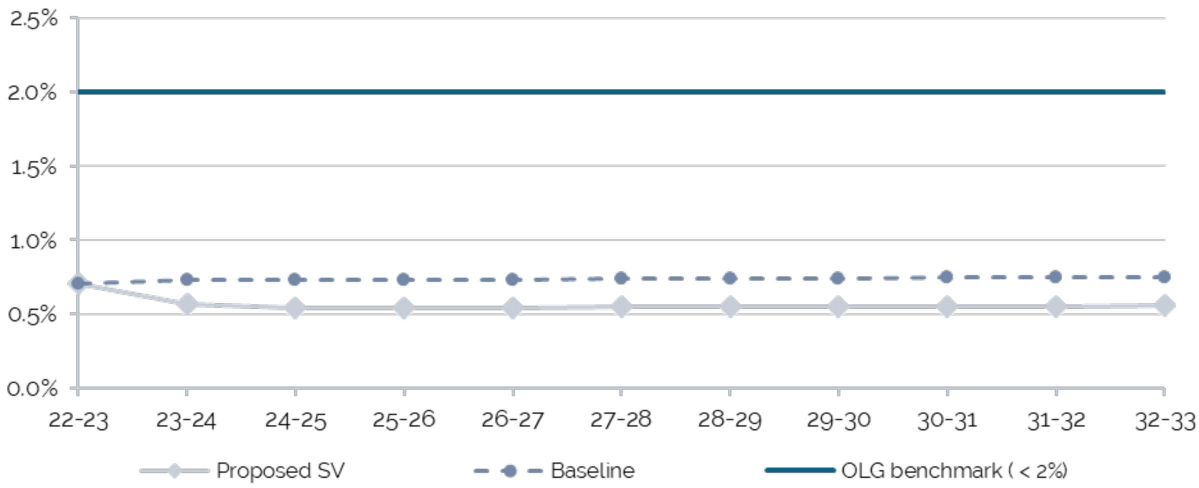
Over the next 5 years,[d] we estimate the council's average infrastructure backlog ratio would be:

- 0.5% under the Proposed SV Scenario
- 0.7% under the Baseline Scenario.

[d] We averaged over a 5-year period rather than 10 years because we recognise forecasts are subject to variability.

Although, this may seem like a small difference. Our analysis shows that a 0.2% improvement in the council's infrastructure backlog ratio could mean an extra $2 million could be spent on bringing assets to a satisfactory standard.[e, 23]

Figure 4.3 The council's infrastructure backlog ratio 2022-23 to 2032-33



Source: Hornsby Shire Council Application Part A and IPART calculations.

Impact on infrastructure renewals ratio

Similarly, we found that both with and without the proposed SV, the council's infrastructure renewals ratio would be near the OLG benchmark of 100% over the next 10 years (Figure 4.4). But the ratio is higher (i.e. better) with the SV.

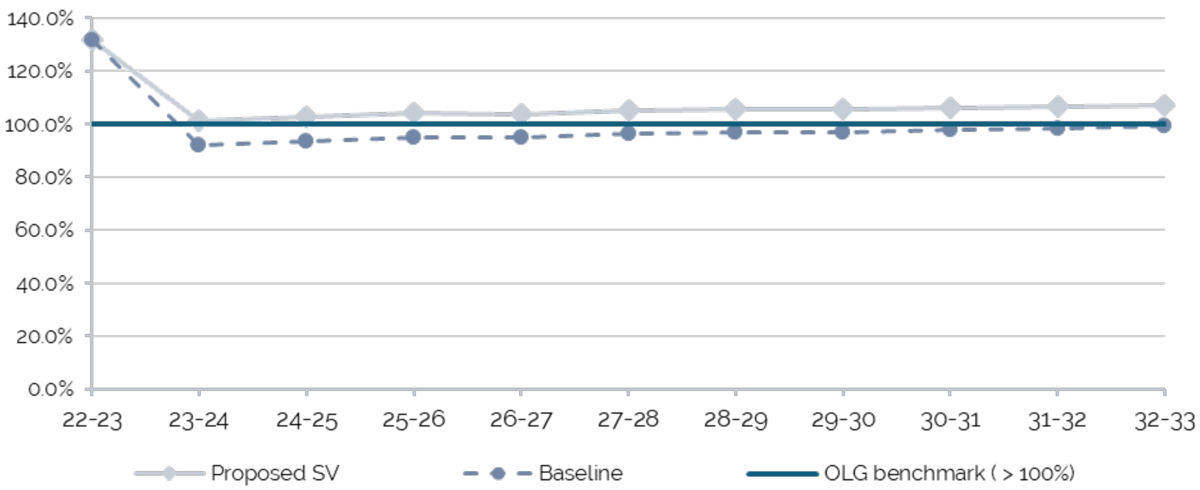
Over the next 5 years, we estimate the council's infrastructure renewals ratio would average:

- 103.3% under the Proposed SV Scenario
- 94.4% under the Baseline Scenario.

[e] Based on approximately $1 billion value for its consolidated infrastructure, property and plant equipment asset's net carrying amount as at 30 June 2022.

As Figure 4.4 shows, the council's infrastructure renewals ratio would be slightly over and meet the OLG benchmark of greater than 100% under the Proposed SV Scenario. In comparison, the council's infrastructure renewal ratio would be slightly below and does not meet the OLG benchmark under the Baseline Scenario.

Figure 4.4 The council's infrastructure renewal ratio, 2022-23 to 2032-33 (%)



Source: Hornsby Shire Council, Application Part A and IPART calculations.

Alternatives to the rate rise

We assessed whether, in establishing the need for the SV, the council's relevant IP&R documents canvassed alternatives to the rate rise to meet the financial need.

We found that these documents do not clearly show that the council adequately canvassed the alternatives. For example, the Delivery Program only notes that the council should explore opportunities to raise additional income from increases to user fees and charges and implement them wherever possible to potentially reduce the size of a special rate variation required.[24]

While the LTFP lists some future cost-saving initiatives, it is not clear whether the council canvassed these initiatives as an alternative to the proposed SV or proposes to implement them in conjunction with the SV. These initiatives include:

- reviewing fees and charges to generate additional income
- maintaining non-labour cost increases to modest levels
- not taking out new loans unless certain criteria are met
- not creating new positions unless the cost can be offset by other financial sources
- rationalising under-utilised assets.[25]

We also investigated whether and to what extent the council has any available deferred rate increases. We found that it does not have any available deferred rate increases.

4.2 OLG Criterion 2: The council provided evidence of community awareness

Criterion 2 requires the council to provide evidence that the community is aware of the need for and extent of the proposed rate increase. It requires the council to:

- communicate the full cumulative increase of the proposed SV in percentage terms and in dollar terms for the average ratepayer, by rating category
- outline its ongoing efficiency measures and performance
- use a variety of engagement methods to ensure community awareness and provide opportunities for community input.

The criterion does not require the council to demonstrate community support for the SV application.

Note: See Appendix A for full details

To assess this criterion, we considered stakeholder comments about community awareness. We also analysed the council's community engagement on the proposed SV. The sections below discuss our assessment, and why we found that the council met this criterion.

4.2.1 Stakeholder comments on community awareness

In submissions to IPART, stakeholders raised concerns that the council:

- was not transparent in its consultation on the SV
- did not respond to their concerns about the proposed SV
- did not make information about the SV available on non-internet mediums
- was misleading when it used average rates to communicate the proposed SV impact
- ignored community feedback by pursuing an SV, despite strong community opposition.

We considered these concerns, alongside other available information. Our assessment is discussed in section 4.2.2.

4.2.2 Our assessment of council's engagement and consultation

To assess the effectiveness of the council's community engagement and consultation on the proposed SV, we considered whether:

- the information provided to ratepayers was generally sufficient and clear,
- the variety of engagement methods used were effective,
- the process used to consult the community provided timely opportunities for ratepayers to provide input and feedback on the proposed SV, and
- the outcomes from the consultation were considered in preparing the SV application.

Information provided to ratepayers

We found that the materials the council provided to ratepayers about the proposed SV was generally clear and contained the information they needed to be aware of the need for the rate increases. For instance, the council's LTFP sets out the annual percentage increase in rates under the proposed SV.[26]

The council's consultation materials set out:[27]

- the need for the SV, including a brief outline of efficiency measures explaining the need for the SV[28]
- the full cumulative percentage increase of the proposed SV and the projected average rates in dollar terms for residential and business rating categories
- what the additional income from the proposed SV would fund
- how to find out more information.

However, the council's IP&R documents and consultation materials had the following shortcomings:

- the Delivery Program does not set out the extent of the rate rise
- some consultation materials did not include the cumulative percentage increase and total increase in dollar terms for the average farmland rate
- some consultation materials said the current average business rate (in 2022-23) is $2,437 whereas the council's SV application indicates this figure to be $3,441.[f]

On balance, despite these deficiencies, we found that the council provided sufficient information to its community about its SV application.

Engagement methods used

We found the council used an appropriate variety of engagement methods to promote awareness of its proposed rate increase and provided opportunities for ratepayers to provide feedback. For example, its engagement activities throughout the consultation period included:

- direct mail out to all ratepayers
- online survey
- newspaper advertisements and in-language information (e.g. via printed inserts in local newspapers)
- electronic newsletters
- social media channels
- council's webpage – Your Say Hornsby
- digital banner on Hornsby Footbridge and in all council staff email signatures
- community roadshow, which involved the council conducing face-to-face and online forums with a variety of community groups

[f] Our analysis in section 4.3 uses the higher of these 2 amounts ($3,441) to assess the impact of the council's proposed SV on ratepayers.

- four public forums—3 face-to-face and one online—that involved a presentation by the council followed by a question-and-answer session, one of which was targeted at members of the business community
- a recording of one of the public forums made available online
- a library drop-in session with translators (Korean, Mandarin and Farsi interpreters available)
- a presentation to council staff (hybrid face-to-face and via Microsoft Teams).[29]

Process for community consultation

We found the process the council used to engage with and consult the community about the proposed SV was effective. The council consulted with the community from 4 October to 8 November 2022. This consultation period provided enough opportunity for ratepayers to be informed and provide feedback on the proposal.

Outcomes of community consultation

As noted above, Criterion 2 does not require the council to demonstrate community support for the proposed special variation. However, it does require the council to consider the results of community consultation in preparing its application.

We found that Hornsby Shire Council did consider these results. It engaged consultants to prepare a Community Engagement Outcomes Report.[30] This report indicates that during the consultation period:

- the council's online survey received 1,977 responses
- the council received 506 written or emailed submissions
- its community forums attracted 265 attendees
- its "SRV Your Say Hornsby" page received 8,821 visits from 6,428 visitors
- its customer service, planning and rates and debtors' teams received 90 calls from ratepayers in relation to the proposed SV.[31]

The report assessed that the community's response to the proposed SV was largely negative, with many stakeholders arguing against the SV. However, it noted that responses were generally more positive when the council had the opportunity to fully articulate the background and need for the SV.

The report found that of the 1,977 responses to the council's online survey:[32]

- A significant majority (86.29%) did not support the proposed SV, with 8.85% partially supporting and 4.20% supporting the proposed SV
- A majority (63.48%) said they understood why the council needs to apply for the SV, while 19.32% said they did not understand, 9.16% said they were unsure, and 8.04% said they preferred not to say.

Of those who opposed the SV, feedback included:

- the SV increase would be too high and unaffordable (particularly for pensioners and retirees), especially in the current economic conditions of inflation, interest rate rises and general cost of living pressures
- the growth in development (unit and apartments) should be providing a base for increased rates and levies
- the nominated priorities are not what the community wants and only essential projects and core services should be funded
- rather than the SV, alternatives should be considered, including reducing services, prioritising projects, increasing productivity and efficiency, reducing staff salaries or overhead costs and better financial management.

Of those who supported the SV, some comments included:

- rising costs/prices are affecting the council, as well as the community
- the SV is required to maintain services at levels the community is currently receiving.

There was also further support if the council used the SV for particular purposes, such as facility maintenance, retaining services or maintaining or improving assets and if the council considered a reduced rate rise.[33]

In response to the outcomes of community consultation, the council resolved to:

- increase its pensioner rate concession by $50, to $300 per annum from 2023-24 (subject to the approval of the SV application)[34]
- undertake a review of its Hardship Policy in time for the adoption of the 2023-24 Operational Plan and budget.[35]

4.3 OLG Criterion 3: The council demonstrated the SV's impact on ratepayers is reasonable

Criterion 3 requires the council to show that the impact on ratepayers is reasonable considering current rates, the community's capacity to pay and the proposed purpose of the special variation.

Note: See Appendix A for full details

To assess this criterion, we considered stakeholder comments on the SV's impact on ratepayers, and whether the council has policies in place to mitigate impacts of rate rises, including whether there is a hardship policy and whether pensioner rebates are available. We also analysed the council's Delivery Program and LTFP, and its assessment of the impact of its proposed SV on ratepayers.

The sections below discuss our assessment, and why we found that the council met this criterion.

4.3.1 Stakeholder comments on impact on ratepayers

More than 300 of the 426 submissions we received raised concerns about the impact of the proposed SV on the affordability of rates, particularly for those experiencing financial hardship. We note that there were around 52,000 residential ratepayers in the council in 2022-23. Some commented that the SV would have:

- a significant impact on ratepayers due to broader circumstances such as ongoing economic pressures of high inflation
- a large impact on ratepayers on fixed incomes.

We have considered these concerns as part of our assessment of this criterion, alongside other available information. We acknowledge that ratepayers are experiencing cost-of-living pressures, and the rate increases associated with the SV will add to those. However, on balance, we consider the impact of the increases is reasonable, given the council's proposed increase to the pensioner concession, and its hardship policy (see section 4.3.3) and that its average rates would be in line with comparable councils, even with the SV (see section 4.3.2).

4.3.2 Our analysis of the council's assessment of the SV's impact on ratepayers

We analysed the council's assessment of the impact of the proposed SV on ratepayers, and the community's financial capacity to pay the proposed increased rates. We also considered how the council's rates have changed over the past 5 years, and how its rates compare to those of other councils.

Impact on average rates

The council assessed the impact on ratepayers. Table 4.2 sets out its estimates of the expected increase in average rates in each main ratepayer category under the proposed 4-year permanent SV. It shows that over the proposed SV period (2023-24 to 2026-27):

- the average residential rate would increase by $395 or 31.1% in total
- the average business rate would increase by $1,068 or 31.1% in total
- the average farmland rate would increase $662 or 31.0%. in total

Table 4.2 Impact of the proposed special variation on average rates

	2022-23	2023-24	2024-25	2025-26	2026-27	Cumulative increase $	Cumulative increase %
Residential average $ rates	1,272	1,380	1,483	1,580	1,667		
$ increase		108	103	96	87	395	
% increase		8.5	7.5	6.5	5.5		31.1
Business average $ rates	3,441	3,733	4,013	4,274	4,509		
$ increase		292	280	261	235	1,068	
% increase		8.5	7.5	6.5	5.5		31.1

	2022-23	2023-24	2024-25	2025-26	2026-27	Cumulative increase $	Cumulative increase %
Farmland average $ rates	2,134	2,315	2,489	2,650	2,796		
$ increase		181	174	162	146	662	
% increase		8.5	7.5	6.5	5.5		31.0

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct.
Source: Hornsby Shire Council, Application Part A and IPART calculations.

Community's capacity to pay

The council's capacity to pay analysis, undertaken by its consultant Morrison Low, provides an analysis and evaluation of relative wealth and financial capacity to pay the proposed rate increase within the Hornsby Shire local government area (LGA). It also examines the financial vulnerability and exposure of different community groups within the LGA.

The report concluded that the community generally has a higher capacity to pay if supported by appropriate hardship policies. This was based on findings[36], including that:

- the LGA generally has higher levels of advantage, and lower levels of disadvantage, when compared with Greater Sydney, NSW and Australia. Hornsby LGA's SEIFA score is in the 94th percentile. This means approximately 94% of Australian LGAs are more disadvantaged, than Hornsby.[37]
- the impact of the rate rise on residential ratepayers would be relatively small. With the SV, residential rates would be between $3.79 and $5.65 per week more than the standard rate peg[38]
- the areas within the LGA expected to pay more in terms of the rate rise were also the areas with higher household income, higher socio-economic advantage, lower mortgages, fewer dependents and less socio-economic disadvantage
- Hornsby Shire Council regularly has among the lowest levels of outstanding rates in NSW. This could also be an indication of capacity to pay. [39]

However, the council's Delivery Program and LTFP did not include this analysis of the community's capacity to pay, or an assessment of the impact of the proposed SV on ratepayers.

Criteria 3 of the OLG Guidelines says that the Delivery Program and LTFP should include these things. However, when we assessed the council's application as a whole, we consider that the council has demonstrated that it considered these matters, and the impact on affected ratepayers is reasonable.

How the council's rates changed over time

Over the past 5 years, the average annual growth in the council's residential rates has been broadly in line with the rate peg. As Table 4.3 shows, residential rates have increased at an annual average rate of 2.3%, compared to the average rate peg of 2.1% over the same period.

Table 4.3 Historical average rates in Hornsby Shire Council, 2017-18 to 2022-23 ($)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Average annual growth (%)
Residential	1,134	1,172	1,196	1,154	1,177	1,272	2.3
Business	3,004	2,689	3,221	3,325	3,392	3,441	2.7
Farmland	1,848	1,864	1,911	2,061	2,102	2,134	2.9

Note: FY22 and FY23 are estimated based on FY21 escalated by the rate peg or the council's SV.
Source: IPART calculations

How the council's rates compare to other councils

The council's current average rates – that is, before the proposed SV – are lower than some neighbouring councils, and higher than others. However, they are generally low compared to those of comparable NSW councils (i.e. those in OLG Group 7). Box 4.3 provides more information about how we compared councils.

Box 4.3 Comparable councils

In our analysis, we have compared Hornsby Shire Council to other councils in several ways.

Office of Local Government (OLG) groups

- The Office of Local Government (OLG) groups similar councils together for comparison purposes.
- Hornsby Shire Council is in OLG Group 7 which is considered a fringe metropolitan area and also includes Camden Council, Blue Mountains City Council, Campbelltown City Council and Central Coast Council.
- The OLG groupings are based on broad demographic variables such as total population, level of development, and typical land use. It should be noted that there can still be broad differences between councils within the same OLG group.

Socio-Economic Indexes for Areas (SEIFA) rank

- SEIFA is a product developed by the Australian Bureau of Statistics that ranks areas in Australia according to relative socio-economic advantage and disadvantage.
- Hornsby Shire Council has a SEIFA rank of 120 out of 130 councils in ABS 2016 which is high and indicates relative advantage
- The 3 councils with closest SEIFA rank within the OLG Group 7 are Hills Shire Council, Camden Council and Blue Mountains City Council.

Median household income

- The councils can be ranked by the median household income.
- We compared Hornsby Shire Council to the 3 councils within OLG group 7 with closest median income ranking. These are Hills Shire Council, Camden Council and Penrith City Council.

Neighbouring councils

- We compared Hornsby Shire Council to the neighbouring councils of Hill Shire Council, City of Parramatta, City of Ryde, Ku-ring-gai Council, Northern Beaches Council and Central Coast Council.
- We consider these councils are geographically close to, but do not necessarily share a common border.

As Table 4.4 shows, in 2022-23 the council's:

- average residential rates are lower than 3 of the neighbouring councils, lower than 2 of the comparable councils based on both SEIFA score and income, and lower than the average of other Group 7 councils
- average business rates are lower than 4 of the neighbouring councils, lower than 2 of the comparable councils based on both SEIFA score and income, and lower than the average of other Group 7 councils
- average farmland rates are lower than 2 of the 3 neighbouring councils with this rating category, lower than 2 comparable councils based on SEIFA score, and lower than the average of other Group 7 councils
- outstanding rates ratio is lower than all neighbouring councils, comparable councils based on SEIFA score and income, and the average of other Group 7 councils.

Table 4.4 Comparison of the council's average rates and socio-economic indicators with those of other councils prior to the SV (2022-23)

Council (OLG Group)	Average residential rate[a] ($)	Average business rate ($)	Average farmland rates ($)	Median annual household income[b] ($)	Average residential rates to median household income ratio (%)	Outstand-ing rates ratio	SEIFA Index NSW[c] Ranking
Hornsby (7)	1,272	3,441	2,134	125,684	1.0	2.3	120
Neighbouring councils							
Hills	1,130	2,233	1,486	147,212	0.8	4.7	122
Parramatta	1,027	.	.	106,652	1.0	8.6	112
Ryde	1,130	10,236	.	109,096	1.0	4.6	115
Ku-ring-gai	1,507	4,112	.	157,976	1.0	3.6	130
Northern Beaches	1,573	3,778	2,238	134,784	1.2	3.9	121
Central Coast	1,421	3,979	2,309	78,364	1.8	4.9	86
Average	**1,298**	**4,868**	**2,011**	**122,347**		**5.1**	**114**
Comparable councils (SEIFA)							
Hills	1,130	2,233	1,486	147,212	0.8	4.7	122
Camden	1,400	5,169	3,560	122,356	1.1	6.3	109
Blue Mountains	1,922	4,486	2,893	91,312	2.1	5.8	105
Average	**1,484**	**3,963**	**2,646**	**120,293**		**5.6**	**112**
Comparable councils (Income)							
Hills	1,130	2,233	1,486	147,212	0.8	4.7	122
Camden	1,400	5,169	3,560	122,356	1.1	6.3	109
Penrith	1,494	8,041	9,738	98,956	1.5	4.7	93
Average	**1,341**	**5,148**	**4,928**	**122,841**		**5.2**	**108**
Group 7 average (excluding Hornsby)	**1,447**	**5,196**	**4,928**	**104,433**	**1.4**	**5.2**	**95**

a. The average residential rate (ordinary and special) is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.
b. Median annual household income is based on 2021 ABS Census data.
c. This is the SEIFA index of Relative Socio-economic Advantage and Disadvantage. The highest possible ranking is 130, which denotes a council that is least disadvantaged in NSW.
Source: OLG, Time Series Data 2018-19; ABS, Socio-economic Indexes for Areas (SEIFA) 2016, March 2020; ABS, 2021 Census DataPacks, General Community Profile, Local Government Areas, NSW, Median Weekly Household Income and IPART calculations.

With the council's proposed 4-year SV, the council's proposed average rates in 2026-27 would generally be in line with the rest of its OLG group, the neighbouring councils and comparable councils. As Table 4.5 shows, its:

- average residential rates would be expected to be reasonably close to the average for the other councils in its OLG Group and for comparable councils based on SEIFA score but higher than the average for its neighbouring councils and comparable councils by income
- average business rates would be expected to be below the average for the other councils in its OLG Group, neighbouring councils and comparable councils based on income, but slightly above the average for comparable councils based on SEIFA score
- average farmland rates would be expected to be below the average for the other councils in its OLG Group and comparable councils based on both SEIFA score and income, but above the average for its neighbouring councils.

We note there are limitations with this analysis, as it does not include the impact of other councils potentially receiving an SV from 2023-24 onwards. Therefore, it may overstate, for example, the extent to which the council's rates with its proposed SV would be higher than other councils.

Table 4.5 Comparison of the council's average rates with those of other councils for period of the SV ($)

Council (OLG Group)	2022-23	2023-24	2024-25	2025-26	2026-27
Residential					
Hornsby	1,272	1,380	1,483	1,580	1,667
OLG Group 7 (excluding Hornsby)	1,447	1,510	1,548	1,587	1,626
Neighbouring councils (average)	1,298	1,347	1,381	1,415	1,451
Comparable councils (SEIFA) (average)	1,484	1,555	1,594	1,634	1,675
Comparable councils (Income) (average)	1,341	1,407	1,442	1,478	1,515
Business					
Hornsby	3,441	3,733	4,013	4,274	4,509
OLG Group 7 (excluding Hornsby)	5,196	5,422	5,558	5,697	5,839
Neighbouring councils (average)	4,868	5,051	5,177	5,307	5,439
Comparable councils (SEIFA) (average)	3,963	4,166	4,270	4,377	4,487
Comparable councils (Income) (average)	5,148	5,395	5,530	5,668	5,810
Farmland					
Hornsby	2,134	2,315	2,489	2,650	2,796
OLG Group 7 (excluding Hornsby)	4,928	5,136	5,265	5,396	5,531
Neighbouring councils (average)	2,011	2,089	2,141	2,195	2,249
Comparable councils (SEIFA) (average)	2,646	2,783	2,853	2,924	2,997
Comparable councils (Income) (average)	4,928	5,149	5,278	5,410	5,545

a. The average residential rate (ordinary and special) is calculated by dividing total Ordinary Rates revenue by the number of assessments in the category.

b. Median annual household income is based on 2016 ABS Census data.

c. This is the SEIFA index of Relative Socio-economic Advantage and Disadvantage. The highest possible ranking is 130, which denotes a council that is least disadvantaged in NSW.

Source: IPART calculations.

4.3.3 The council's hardship policy and availability of rebates

We are satisfied that council has a hardship policy in place and provides information about its Pensioner Rebate Scheme.

A hardship policy can play an important role in mitigating the impact of an SV on vulnerable ratepayers. The Hornsby Shire Council's hardship policy provides the following assistance to ratepayers experiencing financial difficulties:

- extending the period in which the outstanding rates may be repaid
- writing off any accrued interest
- deferring amounts owing against an estate in extreme situations.[40]

A pensioner rebate scheme provides eligible ratepayers with a concession of up to $250 on their ordinary rates, which is funded by the NSW State Government and the council.[41] Councils may also elect to provide an additional voluntary rebate for eligible pensioners.

Hornsby Shire Council has a pensioner concession scheme in place, where eligible ratepayers can apply for an ordinary rates rebate of up to $250, as shown on its website. We also note that the council has resolved to increase its pensioner rate concession by $50 to $300 per annum from 2023-24, subject to the approval of the SV application by IPART.[42]

4.4 OLG Criterion 4: The council appropriately exhibited and adopted its IP&R documents

Criterion 4 requires the council to exhibit, approve and adopt the relevant Integrated Planning and Reporting (IP&R) documents before applying for the proposed SV.

Note: See Appendix A for full details

To assess whether the council met this criterion, we checked the information provided by the council. We found that it met the criterion. The council:

- exhibited its current Community Strategic Plan from 10 March to 11 April 2022, considered 57 submissions on this plan and adopted it on 8 June 2022
- exhibited its current Delivery Program from 14 April to 16 May 2022, received 66 submissions on this program and adopted it on 29 June 2022
- exhibited its current LTFP from 4 October to 8 November 2022 and adopted it on 23 November 2022
- adopted its Asset Management Strategy on 28 September 2022
- submitted its SV application on 3 February 2023.

Box 4.3 Integrated Planning & Reporting (IP&R) documents

The Integrated Planning and Reporting (IP&R) framework allows councils and the community to engage in important discussions about service levels and funding priorities and to plan for a sustainable future. This framework underpins decisions on the revenue required by each council to meet the community's needs.

The relevant documents are the Community Strategic Plan, Delivery Program, Long-Term Financial Plan (LTFP), and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended) public exhibition for 28 days (and re-exhibition if amended). The OLG Guidelines require that the LTFP be posted on the council's website.

Source: Office of Local Government Integrated Planning and Reporting Guidelines

4.5 OLG Criterion 5: The council explained and quantified its productivity and cost containment strategies

Criterion 5 requires councils to explain the productivity improvements and cost containment strategies that have been realised in past years and are expected to be realised over the proposed SV period.

Councils should present their productivity improvements and cost containing strategies in the context of ongoing efficiency measures, and indicate if the estimated financial impact of those measures have been incorporated in the council's Long Term Financial Plan.

Note: See Appendix A for full details

To assess this criterion, we considered stakeholders' comments on the council's productivity and cost containment strategies, analysed the information provided by the council, and examined some key indicators of the council's efficiency.

The sections below discuss our assessment, and why we found that the council met this criterion.

4.5.1 Stakeholder comments on productivity and cost containment

Some submissions to IPART expressed that the council should:

- improve its own efficiency to cover the revenue shortfall
- improve its labour productivity
- reduce the amount spent on consultants and contingent labour.

We have considered these concerns as part of our assessment of this criterion.

4.5.2 Our analysis of the council's information on productivity and cost containment strategies

We consider the council:

- demonstrated it has achieved some past achievements in delivering productivity improvements and cost containment
- outlined strategies and activities for further improving its productivity and efficiency, but did not clearly quantify them in its application or its LTFP

Although there were shortcomings with its planned initiatives, on balance, when assessed with the council's savings to date, we assess that the council has demonstrated this criterion.

Productivity and cost containment strategies to date

We consider the council has made some significant productivity and cost containment gains to date. In its SV application, it estimates that, over the last 10 years, it has delivered an average of $6.2 million of annual ongoing costs savings and revenue improvements, with a further $3.2 million in one-off cost savings.[43] This equates to about 4% of the council's total expenses.[g,44]

The application indicates that the savings are result of the following initiatives:

- reviewing all internal services in 2012
- reviewing all external services in 2013
- implementing budgetary management processes through the quarterly review process, and identifying and ring-fencing savings throughout the financial year
- tendering for operations of Aquatic Centres for optimal efficiency in service delivery
- reviewing its childcare operations
- reviewing its Development Application pricing
- reviewing the costs of its Workers Compensation Insurance Scheme and other insurances
- using savings it has achieved to reduce the need for debt to fund the Hornsby Aquatic and Leisure Centre in redevelopment from 2013, resulting in an annual average interest savings of $513,000 over the 20-year life of the loan
- implementing a general freeze on any increase to non-labour operational expenditure unless grants and/or fees and charges could support an increase in 2014-15 and again in 2017-18.[45]

Planned productivity and cost containment strategies over the SV period

We found that the council outlined some strategies and activities for further improving its productivity and efficiency in its application. These are:

- a service review to identify inefficiencies
- budgetary cost controls
- other income opportunities that are not rates.

[g] The 4% is calculated by dividing $6.2 million over $144.9 million, which is the council's total expenses from continuing operations at 30 June 2022.

However, the council did not provide information on its future efficiency strategies in its LTFP. We note that it provided the document Continual Improvement and Service Review Program as supporting material for this criterion.[46] This document provides information on the council's approach to service reviews, but does not identify the specific productivity and cost containment strategies the council proposed to implement in the coming years.

The council also did not quantify future productivity and cost containment savings in its application or LTFP. The council noted that, given its work undertaken in the last 10 years to contain costs and find efficiencies, "there is not expected to be significant savings made."[47]

4.5.3 Indicators of the council's efficiency

We examined indicators of the efficiency of the council's operations and asset management processes, including how its efficiency has changed over time and how its performance compares with that of similar councils. This data is presented in Table 4.6 and Table 4.7 below.

We found that between 2017-18 and 2020-21, the council's:

- number of full time equivalent (FTE) staff, on average, has grown by 2.1% each year
- average annual cost per FTE increased by an average of 2.0% per annum, and
- employee costs as a percentage of operating expenditure has remained stable at approximately 36%.

We also found that the council's:

- ratio of FTE staff to the council's population is higher than the Group 7 average – it has one FTE for every 303.0 residents, whereas the Group 7 average is one FTE for every 215.5 residents
- operating expenditure per capita is lower than the Group 7 average.

These performance indicators only provide a high-level overview of the council's productivity at a point in time. Additional information would be required to accurately assess the council's efficiency and its scope for future productivity gains and cost savings.

Table 4.6 Trends in selected indicators for Hornsby Shire Council 2017-18 to 2020-21

Performance indicator	2017-18	2018-19	2019-20	2020-21	Average annual change (%)
FTE staff (number)	472	499	458	503	2.1
Ratio of population to FTE	316	302	332	303	-1.4
Average cost per FTE ($)	92,835	94,974	101,262	98,417	2.0
Employee costs as % of operating expenditure (General Fund only) (%)	36.3	37.6	36.0	35.6	-0.7

Source: IPART calculations

Table 4.7 Select comparator indicators for Hornsby Shire Council

	Hornsby Council	OLG Group 7 Average	NSW Average
General profile			
Area (km2)	455	736	5,570
Population	152,419	184,494	63,104
General Fund operating expenditure ($m)	139.1	220.2	94.1
General Fund operating revenue per capita ($)	1,038	1,564	
Rates revenue as % of General Fund income (%)	63.7	47.8	45.8
Own-source revenue ratio (%)	80.9	62.7	67.0
Productivity (labour input) indicators			
FTE staff	503	856.2	379.6
Ratio of population to FTE	303.0	215.5	166.3
Average cost per FTE ($)	98,417	114,085	98,923
Employee costs as % of operating expenditure (General Fund only) (%)	36	41.7	37.7
General Fund operating expenditure per capita ($)	913	1,193	1,491

Source: OLG, Time Series Data 2020-21 and IPART calculations.

4.6 OLG Criterion 6: Any other matter that IPART considers relevant

Criterion 6 provides that IPART may take into account any other matter that it considers relevant.

We consider that a relevant matter is whether the council has been granted an SV over the past 5 years, and if so, whether the council has complied with any conditions.

IPART approved a permanent Additional Special Variation (ASV) for the council of 2.28%, for 2022-23.

The council's application noted that conditions of the ASV included that it reports on actual revenues, expenses and operating results against those projected in the application in its 2022-23 annual report, as well as the reasons for any significant differences. It indicated that it would action these at the end of the 2022-23 financial year.[48]

5 IPART's decision on the special variation

Based on our assessment of the council's application against the 6 OLG criteria and consideration of stakeholder submissions, we have approved the council's proposed permanent SV to general income from 2023-24 to 2026-27.

The approved increase to general income is set out in Table 5.1 below.

Table 5.1 IPART's decision on the special variation to general income (%)

	2023-24	2024-25	2025-26	2026-27
Permanent increase above the rate peg	4.8	5.0	4.0	3.0
Rate peg[a]	3.7	2.5	2.5	2.5
Total increase	8.5	7.5	6.5	5.5
Cumulative increase				31.05

a. The 2023-24 rate peg is the actual rate peg issued by IPART. The rate peg of 2.5% from 2024-25 is the assumed rate peg that the OLG Guidelines advise councils to use in their forecasts. The approved total increase will not change when an actual rate peg is set in future years.

Source: Hornsby Shire Council, Application Part A, Worksheets 1 and 4 and IPART calculations.

The special variation is subject to the following conditions:

- The council uses the additional income for the purpose of funding the proposed program.
- The council report in its annual report for each year from 2023-24 to 2027-28 (inclusive):
  - the program of expenditure that was actually funded by the additional income, and any differences between this program and the proposed program;
  - any significant differences between the council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in the Long-Term Financial Plan, and the reasons for those differences;
  - the outcomes achieved as a result of the additional income;
  - the productivity savings and cost containment measures the council has in place, the annual savings achieved through these measures, and what these savings equate to as a proportion of the council's total annual expenditure; and
  - whether or not the productivity improvements identified in its application have been implemented, and if not, the rationale for not implementing them.

5.1 Impact on ratepayers

IPART sets the maximum allowable increase in the council's general income, but the council determines how it allocates any increase across different categories of ratepayer. Based on what the council has told us in its application, the expected impacts on ratepayers under the approved SV are shown in Table 5.2 below.

This shows that from 2023-24 to 2026-27, if the council chooses to increase rates so as to recover the maximum permitted general income under the approved SV:

- the average residential rate would increase by $395 or 31.1%
- the average business rate would increase by $1,068 or 31.1%
- the average farmland rate would increase by $662 or 31.0%.

Table 5.2 Indicative annual increases in average rates under the approved SV (2022-23 to 2026-27)

	2022-23	2023-24	2024-25	2025-26	2026-27	Cumulative increase $	Cumulative increase %
Residential average $ rates	1,272	1,380	1,483	1,580	1,667		
$ increase		108	103	96	87	395	
% increase		8.5	7.5	6.5	5.5		31.1
Business average $ rates	3,441	3,733	4,013	4,274	4,509		
$ increase		292	280	261	235	1,068	
% increase		8.5	7.5	6.5	5.5		31.1
Farmland average $ rates	2,134	2,315	2,489	2,650	2,796		
$ increase		181	174	162	146	662	
% increase		8.5	7.5	6.5	5.5		31.0

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct.
Source: Hornsby Shire Council, Application Part A and IPART calculations.

5.2 Impact on the council

Our decision means that the council may increase its general income by $3.6 million above the rate peg in 2023-24, $7.9 million above the rate peg in 2024-25, $11.6 million in 2025-26 and $14.7 million in 2026-27. These increases can remain in the rate base permanently.

Table 5.3 shows the percentage increases we have approved and estimates of the annual increases in the council's permissible general income.

Table 5.3 Permissible general income of council from 2023-24 to 2026-27 from the approved SV

	Increase approved (%)	Cumulative increase approved (%)	Increase in PGI above rate peg ($'000)	Cumulative increase in PGI ($'000)	PGI ($'000)
2023-24	8.5	8.5	3,643	6,451	82,341
2024-25	7.5	16.64	7,851	12,626	88,516
2025-26	6.5	24.22	11,588	18,380	94,270
2026-27	5.5	31.05	14,706	23,565	99,455
Total cumulative increase approved	-	-	37,787	-	-

Source: Hornsby Shire Council, Application Part A, Worksheets 1 and 4 and IPART calculations.

We estimate that over the 10 years between 2023-24 and 2032-33, the council will collect an additional $134 million in general income in total compared with an increase limited to the assumed rate peg. This extra income will enable the council to:

- be financial sustainable
- maintain its existing services and service levels generally
- reduce its infrastructure backlogs for asset maintenance and renewals
- implement new strategic initiatives (projects or activities) consistent with its Community Strategic Plan, *Your Vision/Your Future 2023*.

With the SV, the council's projected:

- OPR will improve and reach around 5% in 2026-27, in line with OLG benchmark of greater than 0% – as shown in Figure 4.1 in section 4.1.3
- net cash to income ratio, which is currently projected to decline, will stabilise and remain around 50% until 2032-33 – as shown in Figure 4.2 in section 4.1.3.

Appendices

A Assessment criteria

The Office of Local Government (OLG) sets the criteria for assessing special variation applications in its special variation guidelines. The guidelines help councils prepare an application to increase general income by means of a special variation.

A special variation allows a council to increase its general income above the rate peg. Special variations can be for a single year or over multiple years and can be temporary or permanent.

IPART applies the criteria in the guidelines to assess councils' applications. In brief, the 6 criteria for a special variation include:

1. the need for, and purpose of a different revenue path for the council's General Fund must be clearly set out and explained in the council's IP&R documents
2. there must be evidence that the community is aware of the need for and extent of a proposed rate rise
3. the impact on affected ratepayers must be reasonable
4. the relevant IP&R documents must be exhibited (where required) approved and adopted by the council
5. the IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies of the council
6. any other matter that IPART considers relevant.

We also provide comprehensive guidance on our approach to assessing special variation applications in fact sheets and information papers available on our website. Additionally, we publish information for councils on our expectations of how to engage with their community on any proposed rate increases above the rate peg.

Criterion 1: Financial need

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[8]:

- 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.

[8] Page 71, IP&R Manual for Local Government "Planning a Sustainable Future", March 2013

The IP&R documents and the council's application should provide evidence to establish the community need/desire for service levels/project and limited council resourcing alternatives. Evidence could also include analysis of council's financial sustainability conducted by Government agencies.

In assessing this criterion, IPART will also consider whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the *Local Government Act*. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the special variation.

Criterion 2: Community awareness

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 SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV. 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 IPART fact sheet includes guidance to councils on the community awareness and engagement criterion for special variations.

Criterion 3: Impact on ratepayers is reasonable

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

- clearly show the impact of any rate 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.

In assessing the impact, IPART may also consider:

- Socio-Economic Indexes for Areas (SEIFA) data for the council area; and
- Whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the *Local Government Act*.

Criterion 4: IP&R documents are exhibited

The relevant IP&R documents[9] must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general income. We expect that councils will hold an extraordinary meeting if required to adopt the relevant IP&R documents before the deadline for special variation applications.

Criterion 5: Productivity improvements and cost containment strategies

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

Councils should present their productivity improvements and cost containment strategies in the context of ongoing efficiency measures and indicate if the estimated financial impact of the ongoing efficiency measures have been incorporated in the council's Long-Term Financial Plan.

Criterion 6: Any other matter that IPART considers relevant

The criteria for all types of special variation are the same. However, the magnitude or extent of evidence required for assessment of the criteria is a matter for IPART.

9 The relevant documents are the Community Strategic Plan, Delivery Program, and Long-Term Financial Plan and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended), public exhibition for 28 days. It would also be expected that the Long-Term Financial Plan (General Fund) be posted on the council's web site.

B Hornsby Shire Council projected revenue, expenses and operating balance

As a condition of IPART's approval, the council is to report over the next 5 years against its proposed SV expenditure and projected revenue, expenses and operating balance as set out in its LTFP (see Table B.1 and Table B.2)

Revenues and operating results in the annual accounts are reported both inclusive and exclusive of capital grants and contributions. To isolate ongoing trends in operating revenues and expenses, our analysis of the council's operating account in the body of this report excludes capital grants and contributions.

Table B.1 Summary of projected operating statement for Hornsby Shire Council under its proposed SV application 2023-24 to 2032-33 ($'000)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Total revenue	166,630	174,303	180,948	236,680	192,531	197,044	201,693	206,453	211,345	217,055
Total expenses	152,292	158,073	164,119	169,432	175,339	181,162	184,330	189,647	195,326	201,979
Operating result from continuing operations	14,338	16,230	16,829	67,248	17,191	15,882	17,363	16,806	16,019	15,077
Net operating result before capital grants and contributions	5,010	6,779	7,257	8,958	7,402	5,979	7,346	6,671	5,758	4,686
Cumulative net operating result before capital grants and contributions	5,010	11,789	19,046	28,004	35,406	41,385	48,731	55,401	61,159	65,845

Note: Numbers may not add due to rounding.
Source: Hornsby Shire Council, Application Part A, Worksheet 8 and IPART calculations.

Table B.2 Summary of projected expenditure plan for Hornsby Shire Council under its proposed SV application 2023-24 to 2032-33 ($'000)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
SV revenue above assumed rate peg	3,642	7,851	11,588	14,706	15,073	15,450	15,836	16,232	16,638	17,054
Asset management funding gap	2,349	2,108	3,558	3,824	7,691	5,373	3,647	3,809	4,170	4,312
Community climate change mitigation and adaptation	160	160	160	0	0	0	0	0	0	0
Enhance Cyber Security maturity	250	100	100	100	100	100	100	100	100	100
Track and trail asset management	63	66	69	72	76	80	84	88	92	97
Pennant Hills Town Centre Review	0	0	0	250	250	250	250	0	0	0
Bushfire risk mitigation	319	561	666	644	428	428	428	428	428	428
Bushland Reserve Asset management	750	788	827	868	912	957	1,005	1,055	1,108	1,164
Hello Hornsby	80	80	80	80	80	80	80	80	80	80
Hornsby Park recurrent operations and maintenance	0	0	684	684	1,532	1,568	1,606	1,645	1,686	1,728
Public Amenities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Park amenities renewal and upgrade	650	650	650	650	650	650	650	650	650	650
Hornsby Park asset renewals	0	0	716	716	1,603	1,641	1,681	1,721	1,764	1,808
Track and trail upgrade including accessibility and signage	260	273	287	301	316	332	348	366	384	403
Shared Paths	1,393	1,393	1,393	1,393	1,393	1,393	1,393	1,393	1,393	1,393
To provide inclusive community centre for all members of the public to access	431	431	431	431	431	431	431	431	431	431
Drainage Improvement Works	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New and upgraded playspaces	85	85	85	85	85	85	85	85	85	85

Note: Numbers may not add due to rounding.
Source: Hornsby Shire Council, Application Part A, Worksheet 6 and IPART calculations.

Glossary

ABS	Australian Bureau of Statistics
Baseline Scenario	Shows the impact on the council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.
Baseline with SV expenditure Scenario	Includes the council's full expenses from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with its full expenditure program included in its application, but could only increase general income by the rate peg percentage.
General income	Income from ordinary rates, special rates and annual charges, other than income from other sources such as special rates and charges for water supply services, sewerage services, waste management services, annual charges for stormwater management services, and annual charges for coastal protection services.
IPART	The Independent Pricing and Regulatory Tribunal of NSW
IP&R	Integrated Planning & Reporting
Local Government Act	*Local Government Act 1993* (NSW)
OLG	Office of Local Government
OLG SV Guidelines	Guidelines for the preparation of an application for a special variation to general income.
OPR	The Operating Performance Ratio (OPR) measures whether a council's income will fund its costs, where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.
PGI	Permissible General Income is the notional general income of a council for the previous year as varied by the percentage (if any) applicable to the council. A council

	must make rates and charges for a year so as to produce general income of an amount that is lower that the PGI.
Proposed SV Scenario	Includes the council's proposed SV revenue and expenditure.
Rate peg	The term 'rate peg' refers to the annual order published by IPART (under delegation from the Minister) in the gazette under s 506 of the *Local Government Act 1993*.
SEIFA	Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census. It consists of four indexes, the Index of Relative Socio-economic Disadvantage (IRSD), the Index of Relative Socio-economic Advantage and Disadvantage (IRSAD), the Index of Economic Resources (IER), and the Index of Education and Occupation (IEO).
SV or SRV	Special Variation is the percentage by which a council's general income for a specified year may be varied as determined by IPART under delegation from the Minister.

[1] Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, p 9.
[2] Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, p 10.
[3] Hornsby Shire Council, Minutes of Workshop Meeting of 23 November 2022, p 4.
[4] IPART, LG Determination - Hornsby Shire Council - Additional special variation application 2022-23, June 2022.
[5] Morrison Low, Special Rate Variation – Community Engagement Outcomes Report Hornsby Shire Council, November 2022, pp 8-9.
[6] *Local Government Act 1993* (NSW), Section 511.
[7] Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, p 10.
[8] Hornsby Shire Council, 2023-24 Special Variation Part A Application Form, WK5a – Impact on Rates.
[9] Morrison Low, Attachment 21 to IPART – Assessment of Capacity to Pay Hornsby Shire Council, September 2022.
[10] Morrison Low, Attachment 21 to IPART – Assessment of Capacity to Pay Hornsby Shire Council, September 2022, p 1.
[11] Morrison Low, Attachment 21 to IPART – Assessment of Capacity to Pay Hornsby Shire Council, September 2022, p 21.
[12] Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, pp 40-41.
[13] Hornsby Shire Council, Minutes of Workshop Meeting of 23 November 2022, p 4.
[14] Hornsby Shire Council, 2023-24 Special Variation Part A Application Form, WK4 – PGI Summary, cell J106.
[15] Hornsby Shire Council, Long Term Financial Plan 2023/24 – 2032/33, p 8.
[16] Hornsby Shire Council, Long Term Financial Plan 2023/24 – 2032/33, p 43.
[17] Hornsby Shire Council, Delivery Program 2022-26 Including the Operational Plan 2022/23, June 2022, p 85.
[18] Office of Local Government, Performance Benchmarks, May 2020.
[19] Hornsby Shire Council, 2023-24 Special Variation Part A Application Form, WK7 – Financials.
[20] Hornsby Shire Council, General purpose financial statements and associated special schedules 30 June 2022, p 31.
[21] Hornsby Shire Council, General purpose financial statements and associated special schedules 30 June 2022, p 31.
[22] Hornsby Shire Council, Long Term Financial Plan 2023/24 – 2032/33, p 36.
[23] Hornsby Shire Council, General Purpose Financial Statements for the year ended 30 June 2022, p. 95.
[24] Hornsby Shire Council, Delivery Program 2022-26 Including the Operational Plan 2022/23, June 2022, p 85.
[25] Hornsby Shire Council, Long Term Financial Plan 2023/24 – 2032/33, p 54.
[26] Hornsby Shire Council, Long Term Financial Plan 2023/24 – 2032/33, p 41.
[27] Morrison Low, Special Rate Variation – Community Engagement Outcomes Report Hornsby Shire Council, November 2022, pp 242-294.
[28] Morrison Low, Special Rate Variation – Community Engagement Outcomes Report Hornsby Shire Council, November 2022, p 289.
[29] Morrison Low, Hornsby Shire Council, Special Rate Variation – Community Engagement Outcomes Report Hornsby Shire Council, November 2022, p 4.
[30] Morrison Low, Special Rate Variation – Community Engagement Outcomes Report Hornsby Shire Council, November 2022, pp 8-9.
[31] Morrison Low, Special Rate Variation – Community Engagement Outcomes Report Hornsby Shire Council, November 2022, pp 8-9.
[32] Morrison Low, Special Rate Variation – Community Engagement Outcomes Report Hornsby Shire Council, November 2022, pp 15-16.
[33] Morrison Low, Special Rate Variation – Community Engagement Outcomes Report Hornsby Shire Council, November 2022, p 17.
[34] Hornsby Shire Council, Minutes of Workshop Meeting of 23 November 2022, p 4.
[35] Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, p 34.
[36] Morrison Low, Attachment 21 to IPART – Assessment of Capacity to Pay Hornsby Shire Council, September 2022.
[37] Morrison Low, Attachment 21 to IPART – Assessment of Capacity to Pay Hornsby Shire Council, September 2022, p 11.
[38] Morrison Low, Attachment 21 to IPART – Assessment of Capacity to Pay Hornsby Shire Council, September 2022, p 19.
[39] Morrison Low, Attachment 21 to IPART – Assessment of Capacity to Pay Hornsby Shire Council, September 2022, pp 20-21.
[40] Hornsby Shire Council, Rates Relief – Hardship, April 2015.
[41] Office of Local Government NSW, Pensioner Concession – Factsheet – 2021, August 2021.
[42] Hornsby Shire Council, Minutes of Workshop Meeting of 23 November 2022, p 4.
[43] Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, p 52.
[44] Hornsby Shire Council, General Purpose Financial Statements for the year ended 30 June 2022, p. 4.
[45] Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, p 51.
[46] Hornsby Shire Council, Attachment 23 – Continual Improvement and Service Review Program.
[47] Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, p 53.
[48]Hornsby Shire Council, 2023-24 Special Variation Part B Application Form, p 15.

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