

23.6 NARRANDERA STORMWATER INFRASTRUCTURE FUNDING**Document ID: 621972****Author: Deputy General Manager Corporate and Community****Authoriser: Deputy General Manager Corporate and Community****Theme: Our Infrastructure****Attachments:**

- 1. Map - Stormwater Catchment - Vector View**
- 2. Map - Stormwater Catchment - Aerial View**
- 3. Mr Wesley Hall - Submission CBD Flood Mitigation Scheme**

RECOMMENDATION

That Council proceeds with the proposal by:

1. Increasing its 2022-23 borrowing bid to the OLG and NSW Treasury from \$2,000,000 to \$3,000,000.
2. Engaging additional resources to prepare a Special Variation application to the IPART to fund loan repayments for a \$3,000,000 loan through a Stormwater Special rate.
3. As soon as practicable continuing community consultation to confirm support for the stormwater infrastructure design and LTFP intent to raise additional stormwater charges. (Note Council received one response to the exhibition of the proposed stormwater design and no responses to the LTFP addressed the stormwater capital works and associated funding)
4. Resolving that the Special Rate be levied by way of an Annual Charge on the rate assessments within the Special Rate boundaries.
5. Lobbying the Commonwealth and NSW State Government, politicians and agencies to provide significant grant funds towards the implementation of the stormwater project.
6. Resolving that Council submits applications to finance the stormwater project when Commonwealth and State infrastructure grant programs open.

PURPOSE

The purpose of this report is to provide Council with options for the funding of new stormwater infrastructure in Narrandera.

SUMMARY

Council at its May 2022 meeting considered a design solution to remediate the urbanised flash flooding as experienced in January 2022, and to resolve support for the project and the required funding allocation.

Council endorsed the design solution for public exhibition and later provision of funding options.

Consultant hydrologists' reports have been overlaid on Council's rating database to indicate the rate assessments that contribute to the need for or benefit from the proposed new stormwater infrastructure as the basis for any Special Rate.

This report discusses options to fund the proposed infrastructure works.

Consideration will need to be given to raising additional funds to complete the project, or the scope varied, or the project deferred until funding becomes available.

BACKGROUND

Following the inundation of properties by storm events in January 2022, Council engaged consultant hydrologists and engineers to design solutions to mitigate the impacts of these types of stormwater flood events on the urban areas of Narrandera.

Council’s 2022-23 Long Term Financial Plan (LTFP) was being finalised prior to the design solution being developed. It was essential that provision be made in the LTFP for the stormwater project and the financing of the works. The LTFP made the following provisions for the proposed project.

2022-23 Financial Year

Capital Works Proposed \$4,000,000.

Funded by grants \$2,000,000 and external loan (drawn June 2023) \$2,000,000.

2023-24 and Forward Years

Repayments for loan drawn in 2022-23 financed by a stormwater special rate.

The engineering investigation and design outcomes were reported to Council in May 2022 with the works proposed in three components as detailed below:

Drainage Line	Description	Estimated Cost
Proposed Line 1	Bolton Street & Cadell Street Concrete lined inlet channel between Charles & Arthur Streets, through to Marie Bashir Park	\$2,500,000
Proposed Line 2A	Marie Bashir Park at Twynam and Adams Streets 3.6 x 1.5 box culvert	\$2,850,000
Proposed Line 3	Cadell & Larmer Streets 1.2m concrete pipe	\$550,000

The total estimated cost of the three lines is \$5,900,000. While the ultimate design will include all three sections of upgrade, it was recommended that the minimum works should include the drainage line 1 and 2A works with an estimated combined construction cost of \$5,350,000. Since the May report to Council, engineers have componentised the costs and provided a contingency sum. These project costs are as follows:

Summary of Estimated Construction Costs Combined Costing All Parts	
Related Works	Estimated Costs
General items	\$666,517
Site preparation	\$1,322,580
Culvert works	\$3,650,991
Road reinstatement works	\$231,503
Sub-Total	\$5,871,590
5% contingency for un-estimated costs	\$293,580
Total Estimated Cost (excluding GST)	\$6,165,170

FUNDING OPTIONS

The following options are to be considered to fund the new stormwater infrastructure.

1. Source additional revenue
2. Change priorities within the existing capital works program
3. Amend the scope of the proposed stormwater infrastructure project.

1. Source Additional Revenue

Council's LTFP has current revenue streams allocated to existing service delivery and capital works schedule. The LTFP funds a \$4,000,000 project with \$2,000,000 each from a loan and grant funds in 2022-23

After drafting the LTFP, these elements have changed.

- Project scope and estimates above have been determined which increase the cost of the project from \$4,000,000 to \$6,165,000.
- The NSW State budget has been released and does not contain the anticipated grant programs for stormwater infrastructure.

While grant programs to the extent envisaged are not presently open, programs are available to a maximum of \$300,000. Staff have lodged a grant proposal for \$250,000 to fund the detailed design of the proposed works under the NSW Disaster Risk Reduction Fund. This grant application should be determined in August 2022. If the application is not successful, the design will have to be funded by Council

Should Council wish to proceed with the works in the absence of grant funding while maintaining existing services and scheduled capital works, additional funding will need to be raised through a special rate beyond the loan repayments currently forecast in the LTFP.

Special Rate

Works such as stormwater infrastructure may be funded by making a special rate under Section 495 of the Local Government Act 1993 (the Act).

495 Making and levying of special rates

- (1) *A council may make a special rate for or towards meeting the cost of any works, services, facilities or activities provided or undertaken, or proposed to be provided or undertaken, by the council within the whole or any part of the council's area, other than domestic waste management services.*
- (2) *The special rate is to be levied on such rateable land in the council's area as, in the council's opinion—*
 - (a) benefits or will benefit from the works, services, facilities or activities, or*
 - (b) contributes or will contribute to the need for the works, services, facilities or activities, or*
 - (c) has or will have access to the works, services, facilities or activities*

Section 495 provides for the levying of a rate. An element in calculating a rate is the land value of each assessment, this results in the amount being levied increasing as the land value increases. In circumstances such as stormwater infrastructure, Council may consider that it is more appropriate that all properties paying the special rate make the same annual contribution irrespective of the land value. The Act provides for this under Section 503 as an annual charge.

503 What is the relationship between rates and charges?

- (1) *A charge may be made—*
 - (a) in addition to an ordinary rate, and*
 - (b) in addition to or instead of a special rate*

A special rate levied under Section 495 is levied on land that in Council's opinion:

- *benefits or will benefit from the works, services, facilities or activities, or*
- *contributes or will contribute to the need for the works, services, facilities or activities*

To determine the properties that will meet the above criteria, the hydrological map has been applied to Council's rate data to extract the rate assessments within the prescribed area. This is a high-level analysis without detailed examination of properties on the perimeter of the catchment or the rateable status of individual properties within the area. The purpose is to provide Council with an overview of a potential special rate. Should Council proceed to levy such a rate, a more detailed analysis would be performed.

Council currently levies a \$25 Stormwater Management Service Charge under Section 496(a) of the Act over much of the area covered by the proposed special rate. Should a Stormwater Special rate be applied to an assessment paying the Stormwater Management Charge, the Management Charge is removed. In the analysis below it is assumed that all properties will have the \$25 charge removed. A detailed analysis will determine which properties within the special rate area are currently exempt from the stormwater charge. This anomaly can occur as Section 496(a) excludes some properties that would be rated under Section 495.

The Act prescribes under Section 506 that "general income" is regulated by the Minister. This is often referred to as the "rate cap" or "permissible income". To raise rates above the percentage set by the Minister, Council is required to apply to the Independent Pricing and Regulatory Tribunal (the IPART) seeking approval for a Special Rate Variation (SRV). Council cannot raise additional revenue without approval from the IPART. Section 505 of the Act defines "general income" and which charges are excluded.

505 Application of Part

This Part applies to—

- (a) **general income**, that is, income from ordinary rates, special rates and annual charges, other than—
 - (i) *water supply special rates and sewerage special rates, and*
 - (ii) *charges for water supply services and sewerage services, and*
 - (iii) *annual charges for waste management services, including annual charges for domestic waste management services, and*
 - (iv) *annual charges referred to in section 611, and*
 - (v) *annual charges for stormwater management services, and*
 - (vi) *annual charges for coastal protection services, and*
 - (vii) *fire and emergency service levies payable under the Fire and Emergency Services Levy Act 2017, and*
- (b) *annual charges made and levied towards the cost of providing domestic waste management services, and*
- (c) *annual charges made and levied towards the cost of providing stormwater management services.*

A stormwater special rate made under Section 495 will be assessed as general income and IPART must give approval before that rate can be levied.

The SRV process is extensive. Council in proceeding with a Special Variation to IPART for the coming financial year must consider numerous factors such as project management of the process, resourcing, integration of strategic documents demonstrating the need for a Special Variation, the period for which the Special Variation applies, the magnitude of the Special Variation, and the community engagement process.

In summary Council need to identify the essential works, the options to fund the work, demonstrate the ratepayers' understanding of additional charges and their ability to afford that charge.

The Office of Local Government (OLG) describes each of these criteria in its *Guidelines for the preparation of an application for a special variation* published in 2020. All special variation applications must comply with the requirements set out in these guidelines.

The purposes for a Special Variation could include one, or a combination of:

1. Improving financial sustainability
2. Maintaining existing services and service levels generally
3. Providing new or enhanced services or service levels for specific council operations
4. Implementing new projects or activities, eg: environmental works
5. Reducing infrastructure backlogs for asset maintenance and/or renewals
6. Investing in new assets
7. Contributing to projects of regional significance
8. Meeting special cost pressures faced by the council
9. Meeting the shortfall where contributions for local infrastructure are capped.

The proposed stormwater project could be aligned with items 3,4,6 and 9.

IPART also requires councils to actively engage residents in discussions about the proposed increase above the rate peg. Councils can do this with public hearings and other community engagement tools that suit their population. IPART will consider how effective each council's community inclusion has been before determining its application to increase charges above the set rate.

Council must demonstrate to IPART there is:

- community awareness of their plans
- a demonstrated need for higher increases to charges
- a reasonable impact on ratepayers
- a sustainable financing strategy
- a history of well-documented council productivity improvements and cost containment strategies.

In addition to Council's evidence, IPART will assess any other information they consider relevant, including letters from ratepayers.

In determining a Special Variation, IPART may consider the Socio-Economic Indexes for Areas (SEIFA). 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. ABS data series 2033.0.55.001 'Socio-Economic Indexes for Australia (SEIFA), 2016 - Local Government Area (LGA) Index of Relative Socio-economic Disadvantage, 2016' shows Narrandera Shire Council Local Government Area ranked 23rd out of 130 NSW Local Government Areas (with a ranking of 1 being the highest disadvantaged and a ranking of 130 being the least disadvantaged).

IPART can wholly or partially approve or reject Council's application.

The special rate proposed in the LTFP to commence in 2023-24 to fund repayment of the stormwater loan drawn in 2022-23 can only proceed once IPART has approved a special variation to raise the additional general income through the special rate.

To commence the IPART process, Council must resolve to make application and advise IPART of this intent prior to the cut-off date which was 26 November 2021 for 2022-23 applications. Applications are to be lodged prior to 7 February 2023 with IPART releasing its determination in May 2023. Given this timeline Council could not contract for the project

until the approval is given in May 2023 as, without the approval, funds to make loan repayments will not be available in 2023-24.

The timeline set by IPART for the 2022/23 Special Variation process was:



The LTFP provides for Council to borrow \$2,000,000 with repayments commencing in 2023-24. Given that the project cost has now been estimated at \$6,165,000 and substantial grants are not currently on offer, the modelling of a special rate includes servicing loans of \$2M, \$3M, \$4M and \$6M. An indicative loan servicing cost has been calculated on a 30-year term at an interest rate of 7.5%. The annual cost to service the loans are estimated at \$168,000, \$253,000, \$337,000 and \$505,000.

The proposed stormwater rate area takes in 1,389 rate assessments with a land value of \$64,525,563. The average general rate paid by these assessments in 2021-22 was \$809.05. Maps indicating the stormwater rate area is attached to this report.

Council can raise the funds as a rate or an annual charge. As discussed earlier, the amount of a rate will vary with the land value of an assessment, whereas an annual charge will apply equally to all assessments.

The table below indicates the indicative annual charge at each level of borrowing and the annual charge as a percentage of the average 2021-22 general rate paid by the assessments.

Loan Drawn	Annual Charge	Charge as a % of Average General Rate
\$2,000,000	\$120.95	14.95%
\$3,000,000	\$182.15	22.51%
\$4,000,000	\$242.62	29.99%
\$6,000,000	\$363.57	44.94%

A special rate would consist of two components: a base amount common to all assessments and an ad valorem amount calculated on the land value. The yield from the base amount cannot exceed 50% of the total yield. The higher the base percentage, the less impact the land value has on the charge to each assessment.

The tables below show the base amount and yield from each component at the maximum base percentage of 50%.

Base Amount @ 50%				
	\$2M	\$3M	\$4M	\$6M

Base Amount	\$60.48	\$91.07	\$121.31	\$181.79
Base	\$84,000	\$126,500	\$168,500	\$252,500
Ad valorem	<u>\$84,000</u>	<u>\$126,500</u>	<u>\$168,500</u>	<u>\$252,500</u>
Total Yield	\$168,000	\$253,000	\$337,000	\$505,000

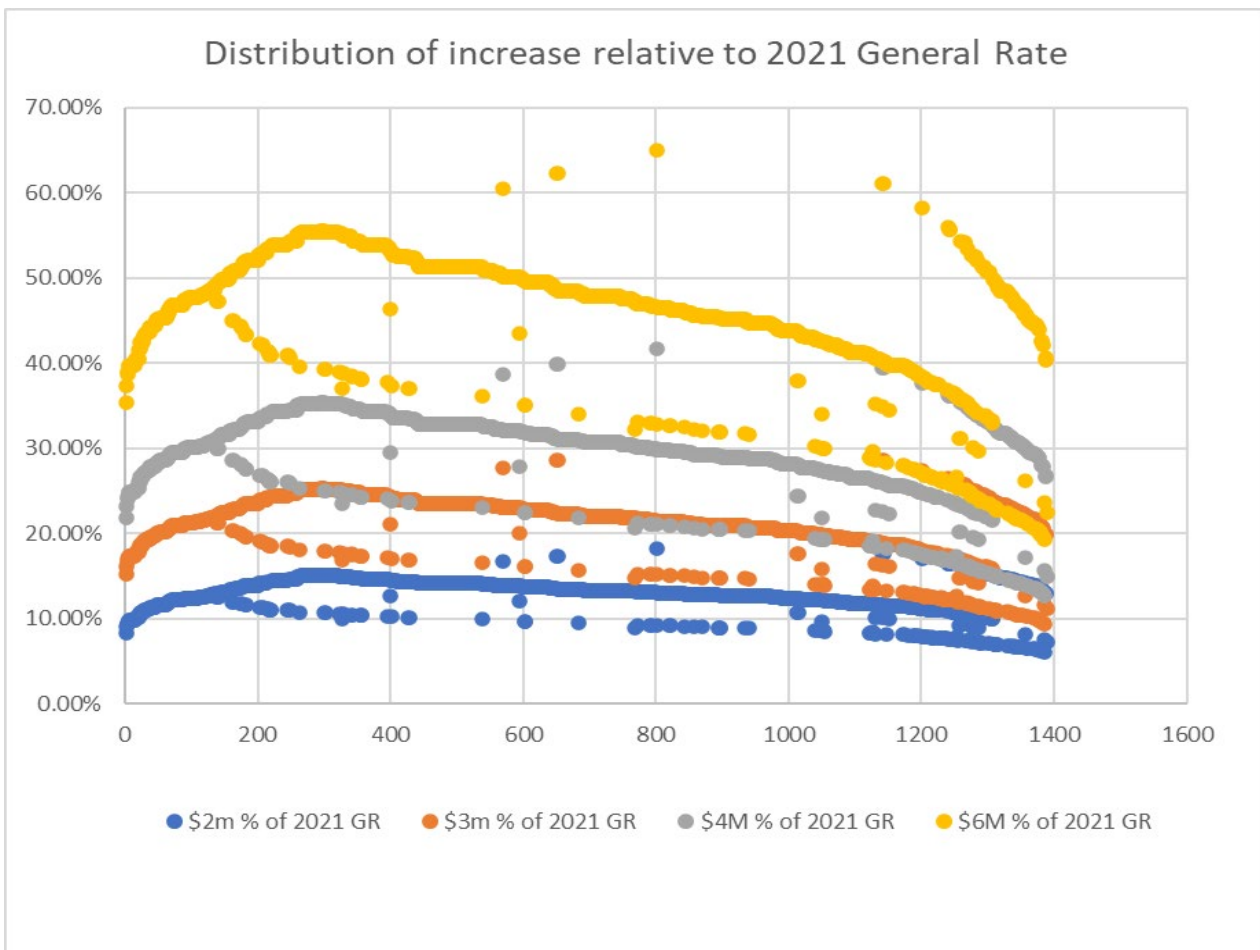
The following table indicates the distribution of additional payments across the 1389 assessments being levied the stormwater special rate.

Distribution	\$2M	\$3M	\$4M	\$6M
Lowest	\$41.01	\$74.40	\$107.41	\$173.42
Highest	\$573.12	\$875.74	\$1,174.81	\$1,772.93
Most Frequent (Mode)	\$80.00	\$133.12	\$185.62	\$290.62
Average (Median)	\$95.95	\$157.15	\$217.62	\$338.57

The table below provides an indication of the number of assessments impacted within bands of cost for a stormwater special rate and the percentage of assessments in each band.

\$ Stormwater Rate	\$2M		\$3M		\$4M		\$6M	
	Number	%	Number	%	Number	%	Number	%
<\$100	341	25	63	5	0	0	0	0
\$100 - \$200	972	70	1157	83	764	55	20	1
\$201 - \$300	64	5	112	8	496	36	591	43
\$301 - \$400	9	<1	42	3	70	5	579	42
\$401 - \$500	2	<1	8	<1	30	2	92	7
>\$500	1	<1	7	<1	29	2	107	7

The purpose of the following chart is to demonstrate the impact of a stormwater rate as a percentage increase over an assessment’s 2021 general rate charge.



2. Change priorities within the existing capital works program

Council’s revenue-funded capital works program for 2022-23 is reflective of the longer-term program where general fund revenue of \$3M is allocated to capital works. Of this expenditure, \$2.5M is allocated to roads with \$1.3M under Roads to Recovery and Regional roads contracts the balance of \$1.2M from rates and other revenue.

The Roads to Recovery agreement, worth approximately \$1M annually, requires Council to maintain expenditure of its “own source revenue”. This limits Council’s ability to reallocate its own revenue from roads to other activities, such as stormwater infrastructure.

The capital expenditure outside the roads function is \$500,000. Reallocation of these funds will remove existing funding for functions such as parks, ovals, pools, library and buildings.

The 2022-23 program is broken down as follows:

Total Capital works from recurrent revenue	\$3,077,638
Roads Capital Work	\$2,581,124
Funding from Road to Recovery & Regional Roads	\$1,353,762
Funding from Rates and General revenue	\$1,227,367
Capital Expenditure other than roads	\$496,514

The Capital Expenditure other than roads is as follows:

Information services	\$82,000
CCTV	\$4,000
Cemeteries	\$70,000

Library	\$31,314
Pools	\$8,500
Sportsgrounds	\$10,000
Parks	\$151,000
Lake Talbot	\$12,000
Buildings and Structures	\$120,000
Airport	\$7,500
Total	\$496,314

Council does not have sufficient recurrent revenue available to fund the proposed stormwater project, even if it were staged over several years. Funding can come from borrowing or reallocation of cash currently internally restricted to fund future capital works. If Council was to borrow the maximum modelled sum of \$6,000,000 and not introduce a stormwater special rate to service the loan, the current available funds of \$500,000 per year would be utilised for loan service and be unavailable for capital expenditure for the term of the loan.

Reallocation of funds currently internally restricted for future capital work.

Integral to Council's capital works program is the retention of internally restricted cash (reserves) to fund future capital work. The table below is extracted from Council's forecast cash balances for the 30 June 2023 at the conclusion of the current financial year.

Reserve Details	Estimated Balance 30 Jun 2023	Future Purpose
Employees' Leave Entitlement	\$1,229,888	Future payment of accrued annual and long service leave
Plant & Vehicle Replacement	\$1,734,350	Replacement of plant
Computer Replacement	\$232,777	Complete the replacement of corporate systems; commences 2022-23
Public Art & Festive Tree Maintenance	\$25,800	Replace/refurbish water tower art
Narrandera Business Centre Master Plan	\$1,905,287	Reconstruct sections of Bolton & East Streets
Delivery of Aged Strategies	\$180,896	Fund activities under the Positive Ageing Strategy
Shire Property Renewal & Cyclical Maintenance	\$507,111	Renewal and replacement of buildings
Renewable Energy	\$50,000	Continued installation of renewable energy solutions
Narrandera Cemetery - Perpetual Maintenance	\$375,615	Long term maintenance of Narrandera Cemetery
Narrandera Stormwater Reserve	\$290,684	Expenditure in accordance with the Stormwater Management Plan

Council has the discretion to reallocate cash within these internally restricted funds to other purposes, such as stormwater infrastructure. The monies held in the Leave Entitlements reserve are evaluated against the leave entitlement liability each year to ensure that Council can meet calls on this liability. Restrictions such as Plant, Computer, Art and Property are

to refurbish or replace assets as they reach the end of useful life. There is no statutory requirement to restrict the cemetery perpetual fee, but residents would have an expectation that charges for this purpose are spent accordingly. Council could resolve to not proceed with the works at the Business Centre and reallocate these funds to stormwater infrastructure. There is also scope to reallocate funds from the Stormwater Reserve which are currently directed to retention systems within the existing network.

3. Amend the scope of the proposed stormwater infrastructure project

As discussed earlier, the upgrade design endorsed by Council at its May meeting proposed works costing \$5,900,000 constructing three new stormwater lines. The proposal provided that the minimum works should include the drainage line 1 and 2A works at an estimated combined construction cost of \$5,350,000. Council could resolve to reduce the scope of the project accordingly.

Council may also consider an option to reduce the scale of protection offered by new stormwater infrastructure and seek alternate designs for the project. Reducing the scale of protection carries with it several risks:

- The sourcing of grant funds may be impeded if the scope of protection provided by the project is reduced.
- A reduced scope will still see the project costing millions of dollars and residents' expectations will not be met if partial flooding continues.

RELEVANCE TO COMMUNITY STRATEGIC PLAN AND OTHER STRATEGIES / MASTERPLANS / STUDIES

Theme

4 - Our Infrastructure

Strategy

4.3 - To improve, maintain and value-add to our essential public and recreational infrastructure.

Action

4.3.2 - Undertake upgrades of stages 1 & 1A of the Narrandera Business Centre Upgrade, including the implementation of improved stormwater drainage and seek funding for the further stages of the project.

ISSUES AND IMPLICATIONS

Policy

The following policies will guide the implementation of the stormwater project:

- POL002 Procurement
- POL011 Borrowing & Loans
- POL053 Community Engagement

Financial

The adopted LTFP includes a project at \$4,000,000 funded by a loan of \$2,000,000 and grant of \$2,000,000. The repayment of the \$2,000,000 loan is to commence in 2023-24 financed by a special stormwater rate. The works as adopted in the LTFP cannot be

commenced until Council obtains IPART approval for a special rate commencing 2023-24 funding the loan repayments.

After adopting the LTFP the project cost has increased to \$6,000,000 and the anticipated grant programs are currently not available to the extent anticipated. Council could proceed with the project by increasing the borrowing to \$3,000,000 (subject to IPART approval for a special rate to repay the loan), reallocating \$2,000,000 currently in reserves (\$1.9M from the Narrandera CBD Masterplan with the balance from Stormwater reserves) and directing \$1M from the announced but yet to open State and Commonwealth infrastructure grants.

Should Council prior to project commencement be successful in obtaining a substantial stormwater infrastructure grant, the grant could be utilised to reduce the borrowing or transfer of funds from the CBD upgrade reserve.

The stormwater project is beyond the scope of the current general fund capital works program. The project can only proceed if Council is successful in obtaining approval for a special rate variation to finance the required borrowing.

Legal / Statutory

As the project is reliant on borrowing funded by a special rate, Council will be required to ensure compliance with Sections 495, 503 and 505 of the Local Government Act and satisfy the criteria set out in the Office of Local Government Guidelines for the preparation of an application for a special variation to general income.

Community Engagement / Communication

The IPART assessment process of a special variation requires Council to demonstrate community consultation achieving:

- community awareness of their plans
- a demonstrated need for higher increases to charges
- a reasonable impact on ratepayers
- a sustainable financing strategy
- a history of well-documented Council productivity improvements and cost containment strategies.

IPART will conduct its own community consultation to confirm the above criteria are achieved along with consideration of submissions made to the IPART and economic analysis of financial impact on ratepayers.

Engagement to date

Following receipt of the stormwater project design and costing, Council conducted a presentation of the project to the community in a public forum followed by exhibition of the project calling for public submissions. One submission was received. The submission is attached to this report and the following table addresses the matters raised in the submission.

Submission	Response
Where are the detailed costings for this \$5.9 Million Project?	The componentised cost of the project is shown earlier in the report. At this point the detailed design estimated to cost \$250,000 has not been contracted.
Due to the inability of Narrandera Shire Council to complete	Council has utilised project management process to deliver significant projects such as the Lake Talbot Pool

<p>Infrastructure Projects on time and within Budget, what Contingencies are being built into the Costings to take into account time delays and Inflation? What is the Timeline to completion?</p>	<p>redevelopment and the Sportsground Clubhouse on time and on budget. The budget shown above provides a contingency of 5% of budgeted cost. The timeline to undertake the project will be determined in the project plan following detailed design.</p>
<p>Could you please clarify what you mean when you say “50% of the Works with those costs being met by ratepayers” (FAQ)? Let us hope that you are not considering a Special Rate Increase to fund this Infrastructure Project.</p>	<p>Council’s adopted budget provides for 50% of the project cost to be funded by a loan. Loan repayments are to be financed with additional revenue from stormwater charges, not from general revenue. This report proposes a special rate as an annual charge to service the loan repayments.</p>
<p>Why is Council considering External Finance for its share of the Project?</p>	<p>Council’s internally restricted cash is allocated within the existing capital works program. Reallocating this cash to the stormwater will reduce or eliminate Council’s ability to carry out the works currently funded by this cash. This report addresses the options to reallocate internal cash to progress the project in the absence of substantial grant funding being available.</p>
<p>In an era of rising Interest Rates, what Risk Mitigation has Council undertaken if it were to externally Finance this Project? Has this Project been referred to Mr Batchelor and his Committee for a Risk Assessment?</p>	<p>Council would look to finance the project with a fixed rate loan, so the term and service cost are aligned to a Special Rate Variation permitting the proposed annual charge. The project has not been considered by the Audit, Risk and Improvement Committee.</p>
<p>The biggest Infrastructure Project for Council to implement over the past 8 Years has been the Water Filtration Plant. Why has the CBD Flood Mitigation Scheme suddenly taken over as the Number One Priority? Look at the History of CBD Flooding in East Street over the past 100 Years. It is clearly not a common event when compared to drinking the inferior Town Water every day.</p>	<p>The planned capital works for the water supply are contained within the Water Fund as part of its 30-year business plan. Water Fund activities are conducted in a separate financial entity to the General Fund where stormwater activities would be undertaken. Timing of the two projects is not interrelated. Both projects are priorities of Council</p>

Human Resources / Industrial Relations

The Special Variation process is onerous, and therefore resource intensive, requiring significant staff time dedicated to the project. Council finance staff are focused on the production and audit of statutory annual financial statements through to October. This provides little scope to undertake the scale of work required prior to the SRV notification deadline in November. Should the SRV application proceed, external resourcing will be required to meet IPART criteria for approval.

RISKS

This project is subject to substantial risk.

Project Risk

- Engineering and design estimates are not yet to the point of detailed design.

- Contractors and material may not be available within the proposed project timeframe.
- When the project is tendered to the market, costs may exceed the budget.
- Disruption to traffic and access along the route of the proposed drainage lines will occur during the construction period.
- The community may consider that it accepts the existing level of stormwater inundation risk rather than undertake the works proposed to remediate the risk.
- Not undertaking remediation of stormwater inundation may place Council at risk of litigation should inundation occur in the future.

Financing Risk

- The project relies on community support and IPART approval for a special variation to fund borrowing.
- IPART may consider that making application for a special variation which is 50% higher than that included in the LTFP is not permissible.
- Given the current economic environment, the cost of borrowing could increase substantially beyond budget prior to the project commencing.
- Utilising existing reserves to undertake this project will remove Council's capacity to internally fund the projects for which the funds are currently held.
- Grant funding is required from announced, but yet-to-open, Commonwealth and/or State grant programs. The stormwater project will need to fall within the scope of these grants and Council be successful in its applications.

OPTIONS

1. Council proceeds with the proposed works by:
 - Increasing its 2022-23 borrowing bid to the OLG and NSW Treasury from \$2,000,000 to \$3,000,000.
 - Engaging additional resources to prepare a Special Variation application to the IPART to fund loan repayments for a \$3,000,000 loan through a Stormwater Special rate.
 - As soon as practicable continuing community consultation to confirm support for the stormwater infrastructure design and LTFP intent to raise additional stormwater charges. (Note Council received one response to the exhibition of the proposed stormwater design and no responses to the LTFP addressed the stormwater capital works and associated funding)
 - Resolving that the Special Rate be levied by way of an Annual Charge on the rate assessments within the Special Rate boundaries.
 - Resolving to reallocate internally restricted cash (reserves) from the Narrandera CBD Masterplan, Infrastructure and Stormwater Management to fund the proposed stormwater project.
 - Resolving that, as Commonwealth and State infrastructure grant programs open, Council submits applications to finance the stormwater project.
2. Council suspends implementation of the adopted stormwater design while:
 - Proceeding with an application under the current resilience grant to fund the detailed design of the proposed project.

- Maintaining lobbying of politicians and government agencies to provide significant grant funds towards the implementation of the stormwater project.

CONCLUSION

Council proceeds with the proposed works by:

- Increasing its 2022-23 borrowing bid to the OLG and NSW Treasury from \$2,000,000 to \$3,000,000.
- Engaging additional resources to prepare a Special Variation application to the IPART to fund loan repayments for a \$3,000,000 loan through a Stormwater Special rate.
- As soon as practicable continuing community consultation to confirm the stormwater infrastructure design and LTFP intent to raise additional stormwater charges. (Note Council received one response to the exhibition of the proposed stormwater design and no responses to the LTFP addressed the stormwater capital works and associated funding)
- Resolving that the Special Rate be levied by way of an Annual Charge on the rate assessments within the Special Rate boundaries.
- Resolving to reallocate internally restricted cash (reserves) from the Narrandera CBD Masterplan, Infrastructure and Stormwater Management to fund the proposed stormwater project.
- Resolving that, as Commonwealth and State infrastructure grant programs open, Council submits applications to finance the stormwater project.

RECOMMENDATION

That Council proceeds with the proposal by:

1. Increasing its 2022-23 borrowing bid to the OLG and NSW Treasury from \$2,000,000 to \$3,000,000.
2. Engaging additional resources to prepare a Special Variation application to the IPART to fund loan repayments for a \$3,000,000 loan through a Stormwater Special rate.
3. As soon as practicable continuing community consultation to confirm support for the stormwater infrastructure design and LTFP intent to raise additional stormwater charges. (Note Council received one response to the exhibition of the proposed stormwater design and no responses to the LTFP addressed the stormwater capital works and associated funding)
4. Resolving that the Special Rate be levied by way of an Annual Charge on the rate assessments within the Special Rate boundaries.
5. Lobbying the Commonwealth and NSW State Government, politicians and agencies to provide significant grant funds towards the implementation of the stormwater project.
6. Resolving that Council submits applications to finance the stormwater project when Commonwealth and State infrastructure grant programs open.

19.1 NARRANDERA STORMWATER INFRASTRUCTURE FUNDING**Document ID: 627252****Author: Deputy General Manager Corporate and Community****Authoriser: Deputy General Manager Corporate and Community****Theme: Our Infrastructure****Attachments: 1. Advice from LG NSW Legal Service - extent of "benefit" under Section 495 LG Act 1993****RECOMMENDATION**

That Council:

1. Resolves not to proceed with a Special Stormwater Rate under Section 495 of the Local Government Act to fund stormwater infrastructure upgrades in Narrandera.
2. Considers at its September meeting the extent of work required and the IPART schedule to determine if an application for a General Fund special rate variation is submitted in the 2023 round of IPART determinations.

PURPOSE

The purpose of this report is to update Council regarding options for funding of new stormwater infrastructure in Narrandera.

SUMMARY

Council has resolved to proceed with a Special Rate funding proposed new stormwater infrastructure. Council, in adopting the Special Rate, indicated that its view was the rate be applied across the Narrandera township rather than those properties directly contributing to or benefitting from the new infrastructure. Legal advice indicates that the broader application of a Special Rate is not appropriate. For Council to achieve this objective, it would increase the Ordinary Rate and apply this to the Narrandera township sub-category of the Ordinary Rate.

BACKGROUND

Council at its July meeting resolved as follows:

That Council proceeds with the proposal by:

1. *Increasing its 2022-23 borrowing bid to the OLG and NSW Treasury from \$2,000,000 to \$3,000,000.*
2. *Engaging additional resources to prepare a Special Variation application to the IPART to fund loan repayments for a \$3,000,000 loan through a Stormwater Special rate.*
3. *As soon as practicable continuing community consultation to confirm support for the stormwater infrastructure design and LTFP intent to raise additional stormwater charges. (Note Council received one response to the exhibition of the proposed stormwater design and no responses to the LTFP addressed the stormwater capital works and associated funding)*
4. *Resolving that the Special Rate be levied by way of an Annual Charge on the rate assessments within the Special Rate boundaries to be further defined.*

5. *Lobbying the Commonwealth and NSW State Government, politicians and agencies to provide significant grant funds towards the implementation of the stormwater project.*
6. *Resolving that Council submits applications to finance the stormwater project when Commonwealth and State infrastructure grant programs open.*

In adopting the Special Rate, Council was of the view that the Special Rate should apply across the Narrandera township rather than be restricted to properties within the bounds of a hydrological study. The study identified properties that would contribute to the need for the new stormwater infrastructure and/or be provided protection from inundation due to the presence of the infrastructure.

Works such as stormwater infrastructure would be funded by making a Special Rate under Section 495 of the Local Government Act 1993 (the Act). Section 495 describes which land may be levied a special rate.

The special rate is to be levied on such rateable land in the council's area as, in the council's opinion -

- (a) benefits or will benefit from the works, services, facilities or activities, or*
- (b) contributes or will contribute to the need for the works, services, facilities or activities,*
or
- (c) has or will have access to the works, services, facilities or activities*

Council considered that the benefits of the proposed work extended beyond the bounds of the hydrological footprint to include all the township, and thus the Special Rate should be levied on all properties within the Narrandera township. Advice as to the broader interpretation of "benefit" within Section 495 was obtained from the Local Government NSW legal service. The following summary is within the advice received. The complete document is an attachment to this report.

"In summary, section 495 of the Local Government Act 1993 (LG Act) requires the special rate to be levied on the land that benefits (or contributes) and it is not permissible to look at wider social or economic betterment to apply the rates to land outside the land that benefits (or contributes)."

Given the above advice, Council cannot levy the Special Rate beyond the bounds of the hydrological footprint of the stormwater infrastructure.

Council could achieve the objective of applying the rate across the Narrandera township by moving from a Special Rate to an increase in the Ordinary Rate, with the increase applied only to the Narrandera township sub-categories of the Ordinary Rate.

To apply the Special Rate or to increase the Ordinary Rate beyond the rate peg, Council will need to obtain a Special Rate Variation (SRV) from the Independent Pricing and Regulatory Tribunal (IPART).

Council's integrated planning documents the Community Strategic Plan (CSP), Delivery Program (DP), Operational Plan (OP), along with the accompanying resourcing documents. The Long-Term Financial Plan and Assets Management Plans adopted in June for the current financial year provide for \$4M in stormwater infrastructure spending financed through a stormwater annual charge. Council would now be seeking an SRV to fund \$6.1M in works through the Ordinary Rate.

In accordance with part two of the above resolution, there have been initial discussions with staff of the IPART and consultants with expertise in SRV applications. From this, it appears that the steps towards an SRV application would be to:

- a. update the above IP&R documents reflecting the required infrastructure program and funding options, including an SRV for an increase in the Ordinary Rate

- b. repeat the exhibition process
- c. adopt the revised documents
- d. consider the submission of an SRV application to the IPART.

Discussions continue as to the amount of revision required to documents and the extent of consultation needed, enabling Council to meet IPART expectations prior to the IPART lodgement date of intent to seek a SRV with a commencement date of July 2023.

A further report will be made to Council detailing the extent of the work required and schedule to align with the IPART timeline for consideration of and SRV.

RELEVANCE TO COMMUNITY STRATEGIC PLAN AND OTHER STRATEGIES / MASTERPLANS / STUDIES

Theme

4 - Our Infrastructure

Strategy

4.3 - To improve, maintain and value-add to our essential public and recreational infrastructure.

Action

4.3.2 - Undertake upgrades of stages 1 & 1A of the Narrandera Business Centre Upgrade, including the implementation of improved stormwater drainage and seek funding for the further stages of the project.

ISSUES AND IMPLICATIONS

Policy

The following policies will guide the implementation of the stormwater project:

- POL002 Procurement
- POL011 Borrowing & Loans
- POL053 Community Engagement

Financial

The LTFP and Assets Management Plans will require revision to comply with IPART expectations.

Legal / Statutory

Council will need to satisfy the criteria set out in the Office of Local Government Guidelines for the preparation of an application for a special variation to general income.

Community Engagement / Communication

The IPART assessment process of a special variation requires Council to demonstrate community consultation achieving:

- community awareness of their plans
- a demonstrated need for higher increases to charges
- a reasonable impact on ratepayers

- a sustainable financing strategy
- a history of well-documented Council productivity improvements and cost containment strategies.

IPART will conduct its own community consultation to confirm the above criteria are achieved, along with consideration of submissions made to the IPART and economic analysis of financial impact on ratepayers.

Human Resources / Industrial Relations

The Special Variation process is onerous and therefore resource intensive, requiring significant staff time dedicated to the project. Council finance staff are focused on the production and audit of statutory annual financial statements through to October. This provides little scope to undertake the scale of work required prior to the SRV notification deadline in November. Should the SRV application proceed, external resourcing will be required to meet IPART criteria for approval.

RISKS

This project is subject to substantial risk.

Project Risk

- Engineering and design estimates are not yet to the point of detailed design.
- Contractors and material may not be available within the proposed project timeframe.
- When the project is tendered to the market, costs may exceed the budget.
- Disruption to traffic and access along the route of the proposed drainage lines will occur during the construction period.
- The community may consider that it accepts the existing level of stormwater inundation risk rather than undertake the works proposed to remediate the risk.
- Not undertaking remediation of stormwater inundation may place Council at risk of litigation should inundation occur in the future.

Financing Risk

- The project relies on community support and IPART approval for a special variation to fund borrowing.
- IPART may consider that making application for a special variation which is 50% higher than that included in the LTFP is not permissible.
- Given the current economic environment, the cost of borrowing could increase substantially beyond budget prior to the project commencing.
- Utilising existing reserves to undertake this project will remove Council's capacity to internally fund the projects for which the funds are currently held.
- Grant funding is required from announced, but yet-to-open, Commonwealth and/or State grant programs. The stormwater project will need to fall within the scope of these grants and Council be successful in its applications.

OPTIONS

1. Council defers the stormwater infrastructure works until the 2023-24 budget while seeking grant funding to complete the detailed design phase in 2022-23, with construction in 2023-24 in conjunction with a SRV in the 2024-25 general rate levy.

2. Council considers the intent to commence works in 2022-23 by revising the current Integrated Planning suite of documents and have these re-exhibited and adopted prior to the closing date for advice to IPART of intent to apply for an SRV increasing the Ordinary Rate above the 2023-24 rate limit.

CONCLUSION

Council considers the intent to commence works in 2022-23 by revising the current Integrated Planning suite of documents and have these re-exhibited and adopted prior to the closing date for advice to IPART of intent to apply for an SRV increasing the General Rate above the 2023-24 rate limit.

RECOMMENDATION

That Council:

1. Resolves not to proceed with a Special Stormwater Rate under Section 495 of the Local Government Act to fund stormwater infrastructure upgrades in Narrandera.
2. Considers at its September meeting the extent of work required and the IPART schedule to determine if an application for a General Fund special rate variation is submitted in the 2023 round of IPART determinations.

19.1 SPECIAL RATE VARIATION - APPLICATION SCHEDULE**Document ID: 631957****Author: Deputy General Manager Corporate and Community****Authoriser: Deputy General Manager Corporate and Community****Theme: Statutory and Compulsory Reporting – Financial / Audit****Attachments: 1. Table 2 - High Level Project Schedule****RECOMMENDATION**

That Council:

- 1 Commences the procurement for:
 - a. A revision of Asset Management Plans and Strategies with a forecast 10-year capital works program
 - b. Service reviews as the basis of an improvement plan for the IPART.
- 2 Restricts funds received from the 2022-23 financial assistance grant in excess of the adopted budget as internally restricted cash to fund 1.a and 1.b above and any subsequent expenditure to prepare and submit a SRV application to the IPART in 2024.

PURPOSE

The purpose of this report is to advise Council of the tasks to be completed in preparing a Special Rate Variation (SRV) application to the Independent Pricing and Regulatory Tribunal (IPART) and the scheduling of this work.

SUMMARY

Council at its August 2022 meeting resolved the following as part of resolution 22/199.

“That Council considers at its September meeting the extent of work required and the IPART schedule to determine if an application for a General Fund special rate variation is submitted in the 2023 round of IPART determinations.”

Following consideration of the extent of the work to be done and the time available for preparing a submission for the 2023 SRV round, staff recommend that the work be scheduled for the 2024 round of applications to the IPART.

BACKGROUND

The report to Council’s August meeting advised of initial discussions with IPART staff and consultants around the preparation of a SRV submission for 2023.

“there have been initial discussions with staff of the IPART and consultants with expertise in SRV applications. From this, it appears that the steps towards an SRV application would be to:

- a. *update the above IP&R documents reflecting the required infrastructure program and funding options, including an SRV for an increase in the Ordinary Rate*
- b. *repeat the exhibition process*

- c. *adopt the revised documents*
- d. *consider the submission of an SRV application to the IPART.”*

Staff considered options of scheduling tasks to meet 2023 application timelines or a 2024 schedule. While it is possible to meet the 2023 schedule, it is in Council’s best interest to adopt a 2024 application schedule. Table 1 below is an expanded list of the tasks required, with Table 2 being a high-level project timetable for a 2024 submission.

Table 1

Tasks
Asset Management Strategy, Plans and 10-year CAPEX Program
Long Term Financial Plan model and scenarios for SRV
Service reviews as the basis of an improvement plan for the IPART
Improvement plan – develop/review/update plan
Review rate categorisation for Narrandera centre of population
Capacity to Pay report
Councillor and staff workshops (two) – SRV options
Council approve SRV for community engagement
Develop community engagement plan and program
Develop SRV content for community engagement
Community engagement for SRV
Community engagement outcomes report
Council considers community engagement report
SRV notification to IPART
Prepare SRV application
Council approves SRV application for submission
Submit SRV application to IPART
Council incorporates SRV into IP&R documents
Implement outcome of SRV application – May to June 2024

Table 2 - See attachment 1

Council’s internal resources will not be sufficient to undertake some of the tasks detailed above in Table 1, which will require the engagement of firms specialising in the preparation of those documents or consultation around SRV applications to the IPART. Examples of these are:

- Preparation of Asset Management Plans and Strategies with 10-year Capital expenditure budgets
- Service reviews and improvements plans to IPART specifications
- Capacity to Pay research and reports
- Councillor and staff workshops to develop SRV options

- Develop and deliver community consultation around the SRV application
- Survey and deliver outcomes report on community consultation
- Review Council documents around the Long-Term Financial Plan, Delivery Program and operational plan for alignment to the proposed SRV and Council's adopted Community Strategic Plan.

Some of the largest tasks on the above list should commence in the coming months to allow outcomes to be considered when the 2023-24 budget and operational plans are being considered in the first quarter of 2023. Funding for this work is currently not provided in the 2022-23 budget. However, it should be possible to utilise anticipated additional Financial Assistance Grant (FAG) revenue to fund the SRV process through 2022-23 and 2023-24.

The Office of Local Government recently advised of the Grants Commission determination of the FAG funding for Narrandera Shire in 2022-23. Inflation rising quickly in the last half of 2021-22 has triggered an underpayment of the 2021-22 grant, which will be paid as a catch up in 2022-23. This, in combination of a conservative 2022-23 FAG provision in Council's budget, will see the 2022-23 FAG yield in the vicinity of \$400,000 additional funds in the current year. It is proposed that the budget places these funds into internally restricted cash for the purpose of funding the SRV process through 2022-23 and 2023-24.

RELEVANCE TO COMMUNITY STRATEGIC PLAN AND OTHER STRATEGIES / MASTERPLANS / STUDIES

Theme

4 - Our Infrastructure

Strategy

4.3 - To improve, maintain and value-add to our essential public and recreational infrastructure.

Action

4.3.2 - Undertake upgrades of stages 1 & 1A of the Narrandera Business Centre Upgrade, including the implementation of improved stormwater drainage and seek funding for the further stages of the project.

ISSUES AND IMPLICATIONS

Policy

- POL002 Procurement
- POL011 Borrowing & Loans
- POL053 Community Engagement

Financial

- The SRV process is proposed to be funded from an additional financial assistance grant allocation.
- Revised asset management plans and community consultation around anticipated service levels will guide the update of the Long-Term Financial Plan and inform any application to the IPART for an SRV.

Legal / Statutory

- Council will need to satisfy the criteria set out in the Office of Local Government Guidelines for the preparation of an application for a special variation to general income.

Community Engagement / Communication

The IPART assessment process of a special variation requires Council to demonstrate community consultation achieving:

- community awareness of their plans
- a demonstrated need for higher increases to charges
- a reasonable impact on ratepayers
- a sustainable financing strategy
- a history of well-documented Council productivity improvements and cost containment strategies.

IPART will conduct its own community consultation to confirm the above criteria are achieved, along with consideration of submissions made to the IPART and economic analysis of financial impact on ratepayers.

Human Resources / Industrial Relations

- The Special Variation process is onerous and therefore resource intensive, requiring significant staff time dedicated to the project.
- Should the SRV application proceed, external resourcing will be required to meet IPART criteria for approval.

RISKS

The process to undertake an SRV application is resource intensive and expensive. The IPART may determine to refuse Council's application or grant only part of the requested variation.

OPTIONS

1. Council defers the stormwater infrastructure works while seeking grant funding to complete the detailed design phase in 2022-23 and the entirety of the project in later years.
2. Council defers the stormwater infrastructure works until the 2024-25 budget while seeking grant funding to complete the detailed design phase in 2022-23, with construction in 2024-25 in conjunction with a SRV in the 2024-25 general rate levy.
3. Council defers the stormwater infrastructure works while undertaking a review of asset management strategies, associated services levels and community consultation to gauge support for a SRV application to the IPART in 2024.

CONCLUSION

Council defers the stormwater infrastructure works while undertaking a review of asset management strategies, associated services levels and community consultation to gauge support for a SRV application to the IPART in 2024.

RECOMMENDATION

That Council:

- 1 Commences the procurement for:
 - a. A revision of Asset Management Plans and Strategies with a forecast 10-year capital works program
 - b. Service reviews as the basis of an improvement plan for the IPART.
- 3 Restricts funds received from the 2022-23 financial assistance grant in excess of the adopted budget as internally restricted cash to fund 1.a and 1.b above and any subsequent expenditure to prepare and submit a SRV application to the IPART in 2024.

23.2 SPECIAL RATE VARIATION - APPLICATION STATUS

Document ID: 640525

Author: Deputy General Manager Corporate and Community

Authoriser: Deputy General Manager Corporate and Community

Theme: Statutory and Compulsory Reporting – Financial / Audit

Attachments: Nil

RECOMMENDATION

That Council

1. Notes the engagement of Morrison Low consultants to commence the review of Council's asset management systems, strategies and plans and commencing the process to lodge a SRV application to the IPART in 2024.

PURPOSE

The purpose of this report is to inform Council on the progress towards lodging a Special Rate Variation (SRV) to the Independent Pricing and Regulatory Tribunal (IPART) in 2024.

SUMMARY

Council at its September meeting resolved to progress development of an SRV application to the IPART for lodgement in 2024. Preparation of the application will proceed through 2023, with Council considering a resolution to formally lodge an application in late 2023, followed by lodgement in early 2024, and implementation from July 2024.

BACKGROUND

Council at its September 2022 meeting resolved as follows regarding the submission of an SRV application in 2024.

That Council:

1. *Commences the procurement for:*
 - a. *A revision of Asset Management Plans and Strategies with a forecast 10-year capital works program*
 - b. *Service reviews as the basis of an improvement plan for the IPART.*
2. *Restricts funds received from the 2022-23 financial assistance grant in excess of the adopted budget as internally restricted cash to fund 1.a and 1.b above and any subsequent expenditure to prepare and submit a SRV application to the IPART in 2024.*

Local Government consultancy Morrison Low described the six criteria that must be addressed in the Office of Local Government's "Special Rates Guidelines" for a successful SRV application to the IPART.

1. ***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 Integrated Planning and Report (IP&R) documents, in particular its Delivery Program, Long Term Financial Plan and Asset Management Plan where appropriate. In establishing the need for the special***

variation, the relevant IP&R documents should canvas alternatives to the rate rise. In demonstrating this need councils must indicate the financial impact in their Long-Term Financial Plan by applying a number of scenarios.

2. **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 including an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SRV.*
3. **The impact on affected ratepayers must be reasonable,** *having regard to both the current rate levels, existing ratepayer base, demonstrate that councils have 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.*
4. **The relevant IP&R documents must be exhibited (where required),** *approved and adopted by the council before the council applies to IPART for a special variation to its general income.*
5. *The IP&R documents or the council’s application must explain the productivity improvements and cost containment strategies the council has realised in past years and plans to realise over the proposed special variation period.*
6. *Any other matter that IPART considers relevant - to the extent compliance has been or is anticipated to be affected by COVID-19, councils should explain this impact in their application. IPART will take these explanations into consideration when assessing the application.*

The report to Council in September set out nineteen tasks that were identified to address the criteria above. That list has been distilled into components as follows:

<u>Component</u>
Report to Council and presentation from consultant to confirm commitment to process and timeline (December Meeting?)
Assess Council’s current Asset Management systems, process, documents, procedures, data availability and overall status
Detailed quality assessment of the asset data and financials
Asset Management Strategy and Policy
Asset Management Plans
Capacity to pay analysis and report

Improvement plan – undertake an organisational-wide service review/scan and develop the improvement plan with improvements implemented by Council to date and any additional improvements identified and incorporated.
Review Workforce Plan
Prepare SRV forecasting model), incorporating operating and capital initiatives into scenarios to finalise SRV options and documented outcomes, options and content for an SRV proposal for staff and Council workshops
Develop engagement plan, program and activities: Support development of SRV messaging and engagement material: facilitate community engagement activities: draft community engagement report.
Redraft the LTFP document for Council to use as part of the community engagement process
SRV application preparation ready for submission by Council

Procurement has commenced, with Morrison Low engaged to undertake the first four components above. Work on these will identify the quantum of work required to bring criteria five, Asset Management Plans, to the required status.

Council does not have the inhouse resources to undertake the Capacity to Pay analysis and report. This will be the next component for procurement.

The service review/scan will address the requirements for the IPART criteria, and also identify services for future in depth service reviews as required by Integrated Planning and Reporting (IP&R) provision in the Local Government Act. This component will also inform the extent of revision required in the Workforce Plan to resource the identified service levels.

Council’s existing Long Term Financial Plan (LTFP) will be reviewed and augmented with updated capital works schedules from the revised asset management plans and operational costs from the service review/scan. This data will drive an SRV forecasting model with options around the extent of the SRV and variations to service delivery. The work on the LTFP and SRV forecasting model will run concurrently with the drafting of Council’s 2023 budget. Outcomes from the SRV modelling will inform the future years in the LTFP.

The final three components will be addressed as part of developing the IP&R documents around the 2023/24 budget, operating plan and delivery program.

RELEVANCE TO COMMUNITY STRATEGIC PLAN AND OTHER STRATEGIES / MASTERPLANS / STUDIES

Theme

5 - Our Leadership

Strategy

5.1 - Have a Council that provides leadership through actions and effective communication.

Action

5.1.2 - Support ethical, transparent and accountable corporate governance.

ISSUES AND IMPLICATIONS**Policy**

- POL002 Procurement
- POL011 Borrowing & Loans
- POL053 Community Engagement

Financial

- The SRV process is proposed to be funded from an additional financial assistance grant allocation.
- Revised asset management plans and community consultation around anticipated service levels will guide the update of the Long-Term Financial Plan and inform any application to the IPART for an SRV.

Legal / Statutory

- Council will need to satisfy the criteria set out in the Office of Local Government Guidelines for the preparation of an application for a special variation to general income.

Community Engagement / Communication

The IPART assessment process of a special variation requires Council to demonstrate community consultation achieving:

- community awareness of their plans
- a demonstrated need for higher increases to charges
- a reasonable impact on ratepayers
- a sustainable financing strategy
- a history of well-documented Council productivity improvements and cost containment strategies.

IPART will conduct its own community consultation to confirm the above criteria are achieved, along with consideration of submissions made to the IPART and economic analysis of financial impact on ratepayers.

Human Resources / Industrial Relations

- The SRV process is onerous and therefore resource intensive, requiring significant staff time dedicated to the project.

RISKS

The process to undertake an SRV application is resource intensive and expensive. The IPART may determine to refuse Council's application or grant only part of the requested variation.

CONCLUSION

Council notes the engagement of Morrison Low consultants to commence the review of Council's asset management systems, strategies and plans, commencing the process to make a SRV application to the IPART in 2024.

RECOMMENDATION

That Council

Notes the engagement of Morrison Low consultants to commence the review of Council's asset management systems, strategies and plans and commencing the process to lodge a SRV application to the IPART in 2024.