



Special Variation Application Form Part B

Upper Hunter Shire Council

Application Form

2025-26

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.

Contact details

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The Independent Pricing and Regulatory Tribunal

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Council Information

Please fill out the table below.

Council name	Upper Hunter Shire Council
Date submitted to IPART	02 February 2025

1 About this application form

This application form is to be completed by councils applying for a special variation (SV) to general income for 2025-26 under section 508(2) or 508A of the *Local Government Act 1993* (LG Act). The application form is in two parts:

1. Application Form [Part A](#) (separate Excel spreadsheet)
2. Special Variation Application Form Part B (this MS Word document)

The SV Application Form Part B collects:

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

It also provides a List of attachments and checklist to assist councils.

When completing this Application Form, councils should refer to:

- The 'Apply for a SV or minimum rates (MR) increase' page of IPART's [website](#)
- The Office of Local Government (OLG) [Guidelines](#) issued in November 2020
- IPART's SV Guidance Booklet – *Special Variations: How to prepare and apply* available on our [website](#).

We encourage Councils to contact IPART early in their preparation to apply, or potentially apply, for an SV.

2 Description and Context

These questions seek information not tied to a specific criterion in the OLG guidelines.

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

In Table 1, please use the checkboxes to indicate the type of SV the council is applying for. In Table 2, please provide, rounded to **1 decimal place**, unless otherwise specified in Table 3:

- the total percentage increase (including the rate peg) and,
- for a section 508A SV, the cumulative percentage increase over the SV period.

The percentage increases applied for should match any percentages specified in the council resolution to apply for an SV. That is, the council resolution should be specified to 1 decimal place unless the council specifically wants a different number of decimal places.

Should an SV be approved, the instrument will list the approved percentage(s) and the maximum permitted cumulative increase. If the cumulative increase is not specified in the council resolution, we will use 1 decimal place unless a different number of decimal places is specifically requested in Table 3.

If applying for a Crown Land Adjustment (CLA), please **do not** include the CLA percentage in Table 2. Information about CLAs is collected in Question 2 below.

In Table 3, please explain if the council would like its instrument issued to a different number of decimal places and if it has used an assumed rate peg that is not 2.5%.

Our [Guidance Booklet - Special variations: How to prepare and apply](#) has an example of these questions completed.

Table 1 Type of special variation

What type of SV is this application for?	<input type="checkbox"/> Section 508(2)	<input checked="" type="checkbox"/> Section 508A	
Are you applying for Permanent or Temporary?	<input checked="" type="checkbox"/> Permanent	<input type="checkbox"/> Temporary	<input type="checkbox"/> Permanent + Temporary

Table 2 The council's proposed special variation

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Is this year in the SV period?	Yes	Yes	Yes	No	No	No	No
Percentage increase	10.0%	10.0%	10.0%	n/a	n/a	n/a	n/a
Rate peg	4.3%	3.4%	3.1%	2.8%	2.5%	2.5%	2.5%

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Cumulative percentage increase over the SV period for s 508A	10.0%	21.0%	33.1%	n/a	n/a	n/a	n/a
Indicate which years are permanent or temporary	Permanent	Permanent	Permanent	n/a	n/a	n/a	n/a

Table 3 Further questions

Question	The council's response
Does the council wish its potential SV instrument to be issued with a different number of decimal places?	No
If the council used an assumed rate peg that is not 2.5%, please briefly justify why it did so.	<p>The rate peg approved for the Council has been significantly higher than 2.5% for the last three years, as a result of higher inflation factors for the key cost drivers for local government.</p> <p>The assumed rate peg reflects the current expectations that inflation will fall over time and that Council's costs will generally reflect this trend. The assumption built into the Long Term Financial Plan (LTFP) is that inflation moves back into the Reserve Bank of Australia's (RBA) target range of 2-3% over the next four years.</p> <p>These assumptions are generally in line with the RBA forecasted trend for inflation over the coming years.</p>

Question 2: Is the council applying for a Crown Land Adjustment (CLA) in 2025-26?

Please fill out the table below if the council is also applying for a CLA, otherwise leave it blank.

Is the council also applying for a CLA?	No
If so, by what percentage?	n/a
What is the dollar (\$) value for the CLA?	\$n/a
Who was the prior owner of the Crown Land?	n/a
Briefly outline the reason for the land becoming rateable.	n/a

Question 3: What is the key purpose of the requested SV?

In the text box below please summarise the key purpose(s) of the proposed SV.

The key purpose of the SV is to enable council to continue delivering essential services and to maintain infrastructure. The SV will ensure that the council can continue to provide essential services such as road maintenance and community facilities without interruption.

The SV will provide the necessary funds to keep infrastructure in good condition. Over recent years, the costs associated with delivering services and maintaining infrastructure have increased significantly due to inflation and other economic factors. The SV will help bridge the gap between revenue and expenses, ensuring that Council can operate sustainably without depleting cash reserves.

The SV will provide the necessary funds to keep infrastructure in good condition. Over recent years, the costs associated with delivering services and maintaining infrastructure have increased significantly due to inflation that affected labour, material and contract costs and other factors including significant natural disaster events discussed below.

The SV will help bridge the gap between revenue and expenses, ensuring that Council can operate sustainably without depleting cash reserves. Upper Hunter Shire has faced severe weather events, including droughts and floods, which have significantly impacted road infrastructure and other community assets. Additional funding is required to repair and maintain critical infrastructure to meet community expectations and safety standards. However, the funding available does not cover the full cost of recovery. While Council has been successful in securing capital grants in the past, the availability of such funding is not guaranteed. With tightening budgets at the State and Federal levels, Council cannot rely on external grants to fund essential projects. The SV will provide a stable funding source that Council can depend on.

Question 4: Is the council proposing to increase minimum rates in conjunction with the special variation?

Complete Table 4 if the council proposes to increase minimum ordinary and/or Table 5 if the council proposes to increase special rates in conjunction with the SV for 2025-26. Otherwise, leave it blank. IPART will also use data provided in Application Form [Part A](#) to understand the details of the proposed SV and minimum amounts of rates.

In some situations, a minimum rates increase will be subject to IPART approval. In these cases, councils will need to also complete *Minimum Rate Increase Application Form Part B 2025-26* (Word document) available on our [website](#). Please see Table 2.4 of the [Guidance Booklet - Special variations: How to prepare and apply](#) for further information on when an additional MR increase application may be required. Councils do not need to submit another Application form Part A (Excel document).

Table 4 Minimum rates increase for ordinary rates

Does the council have an ordinary rate(s) subject to a minimum amount?	No
Does the council propose to increase the minimum rate(s) above the statutory limit for the first time? (If yes, you must complete a separate minimum rate increase application form.)	No
Does the council propose to increase the minimum rate(s) above the proposed SV percentage(s)? (If yes, you must complete a separate minimum rate increase application form, even if the council has been approved to increase its minimum rate above the statutory limit in the past.)	No
Has the council submitted an application for a minimum rate increase?	No

In the text box below, provide the council's proposed minimum rates increase (both in percentage and dollar terms) and to which rating category (or sub-category) the increase is to apply for each year (this can be in table form).

n/a.

Worksheets 4, 5 and 7 (WS 4, 5 and 7) of the [Part A](#) application form collects more detailed information about the proposed minimum rates increase.

Table 5 Minimum rates increase for special rates

Does the council propose to increase the minimum amount of a special rate above the statutory limit?	No
What will the minimum amount of the special rate(s) be after the proposed increase?	\$n/a
Has the council submitted an application for a minimum rate increase?	No

The council must ensure that it has submitted [MR Increase Application Form Part B](#), if required. No separate Part A is required.

Question 5: Does the council have an expiring SV?

Complete the table below if the council has a temporary SV which is due to expire:

- on 30 June 2025, or
- at the end of any year in the period the requested SV would apply.

To calculate the amount to be removed from general income when the SV expires, councils must follow the terms of the relevant condition in the SV instrument. Councils may find the example in Attachment 1 to the [OLG SV Guidelines](#) useful. The OLG's SV Guidelines also specify that councils must contact the OLG to confirm the calculation of this amount.

Does the council have an SV which is due to expire on 30 June 2025?	No
Does the council have one or more SV/s due to expire during the proposed SV period?	No
If Yes to either question: a. When does the SV expire?	n/a
b. What is the percentage to be removed from the council's general income?	n/a
n/ac. What is the dollar amount to be removed from the council's general income?	n/a
Has OLG confirmed the calculation of the amount to be removed?	n/a

Attachments required:

- Instrument(s) approving any SV which expires at 30 June 2025 or during the period covered by the proposed SV.
- OLG advice confirming calculation of the dollar amount to be removed from general income as a result of the expiring SV.

Question 6: Does the council have an existing (ongoing) section 508A special variation which applies in 2025-26?

Complete this question if the council has an existing section 508A multi-year SV instrument which approves an increase to general income above the rate peg for 2025-26 and future years within the period covered by the council's SV application.

If the council has an ongoing section 508A SV and is seeking additional changes to general income during the term of that existing SV, IPART will need to vary the original instrument if the application is approved, rather than issuing a separate SV instrument to apply for 2025-26 (or later years).

Does the council have a section 508A multi-year SV instrument that applies in 2025-26?	No
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If yes to the above question, in the text box below:

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

Supporting documents could include extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

n/a

Attachments required:

- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument on the council's official letterhead.

- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument. For example, extracts from annual reports or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Question 7: Has IPART ever approved a special variation (including additional special variations in 2022-23)?

Complete this question if IPART has ever approved an SV for the council.

You **do not need** to complete the text box for this question if the relevant information has been provided in the council's response to Question 6.

Does the council have a section 508(2) or 508A SV which IPART has approved?	Yes
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If yes, in the text box below, for each SV approved by IPART, briefly:

- Specify the type of SV and the increase to general income approved.
- Outline the council's actions in complying with conditions in the SV instrument(s) or where the council has failed to comply with the conditions, provide reasons and list the corrective actions undertaken.
- Describe any *significant* changes relevant to the conditions in the SV instrument(s) since it was issued.

Supporting documents could include extracts from annual reports (or webpage hyperlinks to them) or any other publications in which compliance with the terms of the SV has been reported to ratepayers.

Upper Hunter Shire Council applied to increase its general income by a cumulative 17.87% over the 3-year period from 2013/14 to 2015/16, and to permanently incorporate this increase into its general income base. The council used this additional revenue to fund the principal and net interest repayments for 2 loans which it received for capital works. A portion of the interest for these loans was subsidised under the Local Infrastructure Renewal Scheme (LIRS).

Upper Hunter also received an Additional Special Variation (ASV) for 2022-23 that allowed a further increase from the approved rate peg of 0.7% to up to a total increase of 2.0% for that year.

Attachment 2 provides the GM declaration as to Council's compliance with the conditions of the SV instruments. Attachment 3 provides excerpts of Council's relevant annual reports demonstrating compliance with the SV instruments.

Attachments required:

- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s).
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s). For example, extracts from annual reports or any other publications in which compliance with the conditions of the SV instrument has been reported to ratepayers.
- If applicable, supporting documents providing evidence of the corrective actions undertaken in the event of a failure to comply with the conditions in the SV instrument(s).

Question 8: Does the council have deferred general income increases available to it?

Complete the question box below if the council has decided not to apply the full percentage increases to general income available to it in one or more previous years under sections 506, 508(2) or 508A of the LG Act.

Does the council have deferred general income increases available to it from one or more previous years under section 511 of the LG Act?	No
If Yes, has the collection of this additional income been included in the Council's Long Term Financial Plan (LTFP)?	n/a

In the text boxes also explain:

a. The quantum, rationale and timing of any deferred increases in general income.

n/a

b. When council plans to catch up on the deferred general income through the catch-up provisions and whether this been included in the LTFP.

n/a.

c. How does this deferred income impact on the council's need for the SV and its cumulative impact on ratepayers' capacity to pay? The council may also wish to further expand on this question in Table 6 in the OLG Criterion 1 section below.

n/a

3 OLG SV Criterion 1 – Financial need

Refer to the [OLG SV Guidelines](#) as needed, and section 3 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section.

In Table 6 below, please explain how the council met each component of Criterion 1. Please also provide a reference to evidence in the IP&R documents.

The [Part A](#) application form also collects information for this criterion in Worksheets 9 (WS 9 - Financial), 10 (WS 10 - LTFP) and 11 (WS 11 - Ratios).

Table 6 OLG Criterion 1 components

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<p>The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the SV) is clearly articulated and identified in the council's IP&R documents</p>	<p>As stated in Question 3 above, the SV is required to ensure that Council is able to continue to fund the provision of essential services and infrastructure. Costs have outstripped revenue increases and weather events have impacted Council's infrastructure. While Council has benefited from State and Federal Funding to address infrastructure, this is not expected to continue and Council must apply for this SV to ensure it can continue to adequately fund services and infrastructure.</p> <p>Council's Delivery Program and Operating Plan (DPOP) identifies the need for and purpose of the SV on page 15. The Delivery Program outlines the reasons for considering an SV, increasing cost in key areas such as construction and limited ability for revenue to keep pace, and that Council has resolved to notify IPART of its intention to apply for an SV from 1 July 2025.</p> <p>Council's LTFP provides an explanation of these impacts on pages 13-18.</p>	<p>Attachment 5 - 2022-2025 Delivery Program and 2024-2025 Operating Plan, page 15. Upper Hunter - Attachment 6 - 2024-2034 Long Term Financial Plan, pp 13-19</p>

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<p>In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.</p>	<p>Council's LTFP provides a base case (scenario 1) that outlines a revenue stream with reduced expenditure and services and a potential alternative to the SV. While this option still produced deficits in the General Fund over the 10 year forecast, reduced expenditure on asset renewal allows Council to maintain positive cash reserves over the period. While this option would enable Council to continue to operate over the forecast period, it is not sustainable, due to the detrimental impact on services and infrastructure.</p>	<p>Upper Hunter - Attachment 6 - 2024-2034 Long Term Financial Plan, pp 23-25, and pp 32-34.</p>
<p>In demonstrating this need, councils must indicate the financial impact in their LTFP by applying the baseline and special variation scenarios.</p>	<p>The LTFP includes a base case (Scenario 1) and two SV scenarios, one for 10% over three years (Scenario 2), this being the scenario that Council has resolved to apply for, and the other for 7.5% over four years (Scenario 3). A fourth scenario is also provided in the LTFP, which outlines the impact expending on assets and services to maintain service levels and infrastructure renewal ratios, without an SV.</p>	<p>Upper Hunter - Attachment 6 - 2024-2034 Long Term Financial Plan, pp 19-85.</p>
<p>Evidence of community need/desire for service levels/projects and limited council resourcing alternatives.</p>	<p>The purpose for this SV is to maintain current services and service levels and to ensure current infrastructure is maintained to a satisfactory condition. As with many local government areas, there is a diversity of views on current services and service levels. During the consultation on the SV, 11% of respondents indicated that service levels were too low, 11% indicated that these were too high, 3% expressed support for current service levels with the remaining 75% of respondents not providing any response to this question.</p> <p>There is no proposed increase in service levels nor additional projects to be funded from this SV. The burden of proposed rate increase is to be borne by all ratepayers equally. Therefore, willingness to pay is not applicable to this SV.</p>	<p>Attachment 8 - SRV Community Engagement Outcomes Report, pp 19-20.</p>

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<p>Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies</p>	<p>There has been no recent or relevant Government Agency analysis on Council's financial sustainability. However, the recent 430 Investigation Report into the condition of the Merriwa / Willow Tree Road (also known as Coulson Creek Road and MR358) after the 2019 construction project, demonstrates both the requirement for renewal of the road and the subsequent work undertaken by Council to improve project governance and management in the intervening years since the project was completed.</p> <p>The report also recognises the challenges that Council faces in "obtaining the necessary financial and human resources to support its delivery of capital works" (p.4 of S430 Investigation Report).</p>	<p>Attachment 10 - S430 Investigation Report</p>
<p>If applicable, has the council not applied 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 SV.</p>	<p>n/a</p>	<p>n/a</p>

3.1 Additional information required for councils with an existing SV applying for an additional percentage increase

If the council has **an existing SV**, then explain the need for **a variation to that SV** to increase the annual percentage increases.

n/a

3.2 Any other factors that demonstrate the council's financial need (optional)

In the text box please give a brief explanation of any other factors not already mentioned that may be relevant to demonstrate the council's need.

For instance, the council may wish to discuss the impact of **non-rateable** properties.

n/a.

Worksheet 12 (WS 12) in the [Part A](#) Excel application form can also be used to provide additional data.

4 OLG SV Criterion 2 – Community awareness and engagement

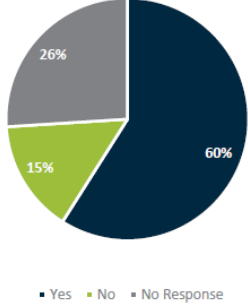
Refer to the [OLG SV Guidelines](#) as needed, and section 4 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and materials for completing this section. Please also note that section 4 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) is the IPART fact sheet referred to in the OLG SV Guidelines under Criterion 2 that provides guidance to councils on the community awareness and engagement criterion for special variations.

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

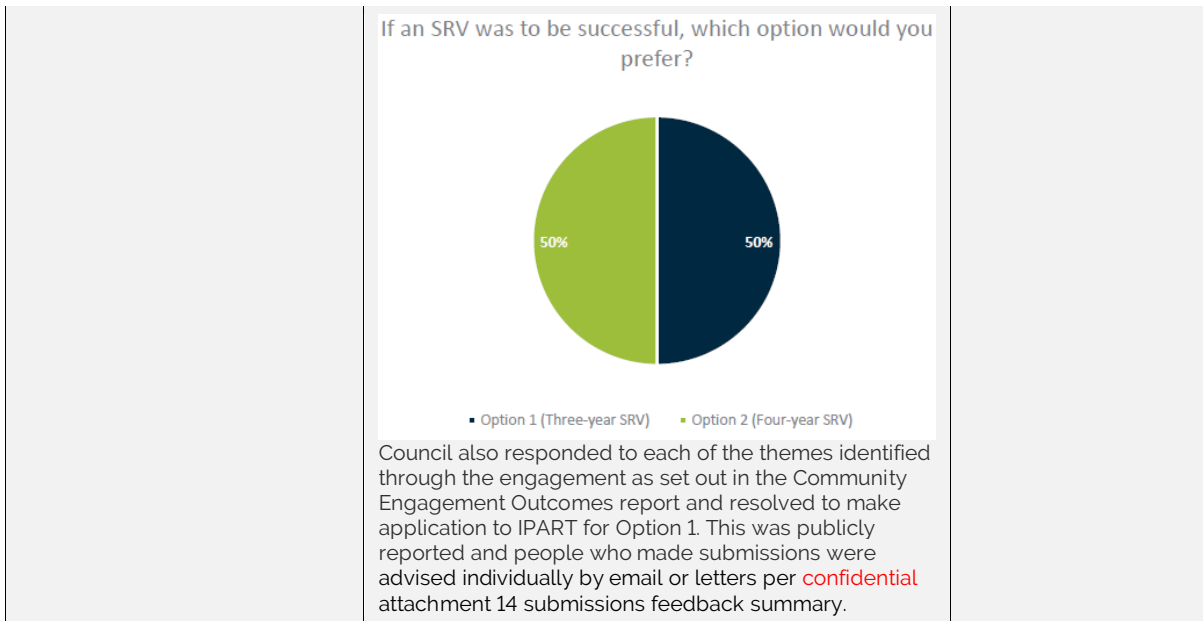
In Table 7 please provide evidence as to how the councils community engagement met Criterion 2.

Table 7 Evidence of the council's community engagement demonstrating Criterion 2

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
Evidence that the community is aware of the need for and extent of a rate rise.	<p>Council undertook a robust engagement with its community centring around the need for an SV and presenting two options for the community to consider. Engagement ran from 2 June 2024 to 15 July 2024, and included a variety of engagement mechanisms, including online information and survey, face to face community drop in sessions, direct mailout, social media and traditional media promotion.</p> <p>This engagement ran in parallel to the exhibition of the LTFP, which included modelling of the SV options. As a result of this engagement, Council received 176 survey responses, 60 written submissions and 27 attendees at drop in sessions.</p> <p>Approximately, 60% of survey respondents indicated that they understood why council was seeking an SV, 15% indicated that they didn't understand, and 26% did not respond to this question, as per the graph below from p.14 of the SRV Community Engagement Outcomes Report.</p>	Attachment 8 - SRV Community Engagement Outcomes Report, pp 8-14.

	<p>Do you understand why Council is seeking a Special Rate Variation (SRV)?</p>  <p>■ Yes ■ No ■ No Response</p>																					
<p>The council 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.</p>	<p>In all consultation material, Council communicated the two SV options in cumulative percentage terms inclusive of the assumed rate peg and dollar terms. It provided the community with the impact of the two options on average rates per category, and also provided this information in terms of averages for the localities and/or relevant sub-categories. For residents that sought specific information on their own property, rate estimates were provided on an individual property basis through Council's online tool showing full rate increase under all options (including the base option) for the full duration of the SRV period in both percentage and dollar terms.</p> <p>This information is provided on the Council's SV webpage here - https://www.upperhunter.nsw.gov.au/Council/Special-Rate-Variation, as well as in the appendices of the Community engagement report, which show examples of the engagement materials and presentations. One example of this information is shown below for percentage terms. The next question highlights an example where the dollar increase is shown.</p> <p>Option 1: SRV over three (3) years</p> <table border="1" data-bbox="571 1272 1126 1554"> <thead> <tr> <th></th> <th>2025 - 26</th> <th>2026 - 27</th> <th>2027 - 28</th> <th>Cumulative</th> </tr> </thead> <tbody> <tr> <td>Permanent increase above the rate peg</td> <td>6.30%</td> <td>6.60%</td> <td>6.90%</td> <td>2113%</td> </tr> <tr> <td>Forecasted rate peg</td> <td>3.70%</td> <td>3.40%</td> <td>3.10%</td> <td>10.55%</td> </tr> <tr> <td>Total proposed increase</td> <td>10.00%</td> <td>10.00%</td> <td>10.00%</td> <td>33.10%</td> </tr> </tbody> </table>		2025 - 26	2026 - 27	2027 - 28	Cumulative	Permanent increase above the rate peg	6.30%	6.60%	6.90%	2113%	Forecasted rate peg	3.70%	3.40%	3.10%	10.55%	Total proposed increase	10.00%	10.00%	10.00%	33.10%	<p>Attachment 8 - SRV Community Engagement Outcomes Report, pp 22-46.</p>
	2025 - 26	2026 - 27	2027 - 28	Cumulative																		
Permanent increase above the rate peg	6.30%	6.60%	6.90%	2113%																		
Forecasted rate peg	3.70%	3.40%	3.10%	10.55%																		
Total proposed increase	10.00%	10.00%	10.00%	33.10%																		
<p>The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category.</p>	<p>Council's Long Term Financial Plan includes an SRV Background Paper as an appendix. This document provided detailed impacts on average rates, which was published as part of the community engagement in conjunction to the exhibited LTFP.</p> <p>Information was provided on average rates per category and per sub-category over four years, as two SV options were presented, one over three years and the other over four years. These increases in average rates were also compared to the assumed rate peg path over the same period. The below examples come from p.103 of the LTFP (p.17 of the SRV Background Paper Appendix)</p>	<p>Attachment 6 - 2024-2034 Long Term Financial Plan, pp 102 - 107 and https://www.upperhunter.nsw.gov.au/Council/Special-Rate-Variation</p>																				

	<p>Table 12 – Option 1 with detailed rate forecast for each subcategory</p> <table border="1"> <thead> <tr> <th></th> <th>2024-25 4.50%</th> <th>2025-26 10.00%</th> <th>2026-27 10.00%</th> <th>2027-28 10.00%</th> <th>2028-29 2.80%</th> </tr> </thead> <tbody> <tr> <td>Farmland</td> <td>\$4,164.89</td> <td>\$4,581.38</td> <td>\$5,039.52</td> <td>\$5,543.47</td> <td>\$5,698.69</td> </tr> <tr> <td>Residential</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Aberdeen</td> <td>\$668.30</td> <td>\$735.14</td> <td>\$808.65</td> <td>\$889.52</td> <td>\$914.43</td> </tr> <tr> <td>Cassilis</td> <td>\$568.73</td> <td>\$625.60</td> <td>\$688.16</td> <td>\$756.98</td> <td>\$778.18</td> </tr> <tr> <td>Merrriwa</td> <td>\$653.09</td> <td>\$718.39</td> <td>\$790.23</td> <td>\$869.25</td> <td>\$893.59</td> </tr> <tr> <td>Murrurundi</td> <td>\$618.05</td> <td>\$679.86</td> <td>\$747.85</td> <td>\$822.64</td> <td>\$845.67</td> </tr> <tr> <td>Score</td> <td>\$1,186.39</td> <td>\$1,305.03</td> <td>\$1,435.53</td> <td>\$1,579.08</td> <td>\$1,623.29</td> </tr> <tr> <td>Ordinary (Land classified as residential outside townships i.e. lifestyle blocks)</td> <td>\$1,093.47</td> <td>\$1,202.81</td> <td>\$1,323.09</td> <td>\$1,455.40</td> <td>\$1,496.15</td> </tr> <tr> <td>Business</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Aberdeen</td> <td>\$1,235.90</td> <td>\$1,359.49</td> <td>\$1,495.44</td> <td>\$1,644.98</td> <td>\$1,691.04</td> </tr> <tr> <td>Merrriwa</td> <td>\$797.07</td> <td>\$876.78</td> <td>\$964.46</td> <td>\$1,060.91</td> <td>\$1,090.62</td> </tr> <tr> <td>Murrurundi</td> <td>\$986.79</td> <td>\$1,085.47</td> <td>\$1,194.02</td> <td>\$1,313.42</td> <td>\$1,350.20</td> </tr> <tr> <td>Score</td> <td>\$1,816.20</td> <td>\$1,997.82</td> <td>\$2,197.60</td> <td>\$2,417.36</td> <td>\$2,485.05</td> </tr> <tr> <td>Ordinary (Land not classified as Farming, residential or mining outside of townships)</td> <td>\$793.68</td> <td>\$873.05</td> <td>\$960.36</td> <td>\$1,056.40</td> <td>\$1,085.98</td> </tr> <tr> <td>Mining</td> <td>\$143,527.52</td> <td>\$157,880.27</td> <td>\$173,668.30</td> <td>\$191,035.13</td> <td>\$196,384.11</td> </tr> </tbody> </table> <p>Table 11 – No SRV with detailed rate forecast for each subcategory (base case)</p> <table border="1"> <thead> <tr> <th></th> <th>2024-25 4.5%</th> <th>2025-26 3.7%</th> <th>2026-27 3.4%</th> <th>2027-28 3.1%</th> <th>2028-29 2.8%</th> </tr> </thead> <tbody> <tr> <td>Farmland</td> <td>\$4,164.89</td> <td>\$4,318.99</td> <td>\$4,465.84</td> <td>\$4,604.28</td> <td>\$4,733.20</td> </tr> <tr> <td>Residential</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Aberdeen</td> <td>\$668.30</td> <td>\$693.03</td> <td>\$716.59</td> <td>\$738.80</td> <td>\$759.49</td> </tr> <tr> <td>Cassilis</td> <td>\$568.73</td> <td>\$589.77</td> <td>\$609.82</td> <td>\$628.72</td> <td>\$646.32</td> </tr> <tr> <td>Merrriwa</td> <td>\$653.09</td> <td>\$677.25</td> <td>\$700.28</td> <td>\$721.99</td> <td>\$742.21</td> </tr> <tr> <td>Murrurundi</td> <td>\$618.05</td> <td>\$640.92</td> <td>\$662.71</td> <td>\$683.25</td> <td>\$702.38</td> </tr> <tr> <td>Score</td> <td>\$1,186.39</td> <td>\$1,230.28</td> <td>\$1,272.11</td> <td>\$1,311.55</td> <td>\$1,348.27</td> </tr> <tr> <td>Ordinary (Land classified as residential outside townships i.e. lifestyle blocks)</td> <td>\$1,094.47</td> <td>\$1,133.93</td> <td>\$1,172.48</td> <td>\$1,208.83</td> <td>\$1,242.68</td> </tr> <tr> <td>Business</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Aberdeen</td> <td>\$1,235.90</td> <td>\$1,281.63</td> <td>\$1,325.21</td> <td>\$1,366.29</td> <td>\$1,404.55</td> </tr> <tr> <td>Merrriwa</td> <td>\$797.07</td> <td>\$826.56</td> <td>\$854.66</td> <td>\$881.15</td> <td>\$905.82</td> </tr> <tr> <td>Murrurundi</td> <td>\$986.27</td> <td>\$1,023.31</td> <td>\$1,058.10</td> <td>\$1,090.90</td> <td>\$1,121.45</td> </tr> <tr> <td>Score</td> <td>\$1,816.20</td> <td>\$1,883.40</td> <td>\$1,947.44</td> <td>\$2,007.81</td> <td>\$2,064.03</td> </tr> <tr> <td>Ordinary (Land not classified as Farming, residential or mining outside of townships)</td> <td>\$793.68</td> <td>\$823.05</td> <td>\$851.03</td> <td>\$877.41</td> <td>\$901.98</td> </tr> <tr> <td>Mining</td> <td>\$143,527.52</td> <td>\$148,838.04</td> <td>\$153,898.53</td> <td>\$158,669.38</td> <td>\$163,112.12</td> </tr> </tbody> </table> <p>Council also provided the impact on average rates on the main engagement page for the SV and LTFP exhibition. While the engagement has concluded, this information has remained published on Council's website.</p>		2024-25 4.50%	2025-26 10.00%	2026-27 10.00%	2027-28 10.00%	2028-29 2.80%	Farmland	\$4,164.89	\$4,581.38	\$5,039.52	\$5,543.47	\$5,698.69	Residential						Aberdeen	\$668.30	\$735.14	\$808.65	\$889.52	\$914.43	Cassilis	\$568.73	\$625.60	\$688.16	\$756.98	\$778.18	Merrriwa	\$653.09	\$718.39	\$790.23	\$869.25	\$893.59	Murrurundi	\$618.05	\$679.86	\$747.85	\$822.64	\$845.67	Score	\$1,186.39	\$1,305.03	\$1,435.53	\$1,579.08	\$1,623.29	Ordinary (Land classified as residential outside townships i.e. lifestyle blocks)	\$1,093.47	\$1,202.81	\$1,323.09	\$1,455.40	\$1,496.15	Business						Aberdeen	\$1,235.90	\$1,359.49	\$1,495.44	\$1,644.98	\$1,691.04	Merrriwa	\$797.07	\$876.78	\$964.46	\$1,060.91	\$1,090.62	Murrurundi	\$986.79	\$1,085.47	\$1,194.02	\$1,313.42	\$1,350.20	Score	\$1,816.20	\$1,997.82	\$2,197.60	\$2,417.36	\$2,485.05	Ordinary (Land not classified as Farming, residential or mining outside of townships)	\$793.68	\$873.05	\$960.36	\$1,056.40	\$1,085.98	Mining	\$143,527.52	\$157,880.27	\$173,668.30	\$191,035.13	\$196,384.11		2024-25 4.5%	2025-26 3.7%	2026-27 3.4%	2027-28 3.1%	2028-29 2.8%	Farmland	\$4,164.89	\$4,318.99	\$4,465.84	\$4,604.28	\$4,733.20	Residential						Aberdeen	\$668.30	\$693.03	\$716.59	\$738.80	\$759.49	Cassilis	\$568.73	\$589.77	\$609.82	\$628.72	\$646.32	Merrriwa	\$653.09	\$677.25	\$700.28	\$721.99	\$742.21	Murrurundi	\$618.05	\$640.92	\$662.71	\$683.25	\$702.38	Score	\$1,186.39	\$1,230.28	\$1,272.11	\$1,311.55	\$1,348.27	Ordinary (Land classified as residential outside townships i.e. lifestyle blocks)	\$1,094.47	\$1,133.93	\$1,172.48	\$1,208.83	\$1,242.68	Business						Aberdeen	\$1,235.90	\$1,281.63	\$1,325.21	\$1,366.29	\$1,404.55	Merrriwa	\$797.07	\$826.56	\$854.66	\$881.15	\$905.82	Murrurundi	\$986.27	\$1,023.31	\$1,058.10	\$1,090.90	\$1,121.45	Score	\$1,816.20	\$1,883.40	\$1,947.44	\$2,007.81	\$2,064.03	Ordinary (Land not classified as Farming, residential or mining outside of townships)	\$793.68	\$823.05	\$851.03	\$877.41	\$901.98	Mining	\$143,527.52	\$148,838.04	\$153,898.53	\$158,669.38	\$163,112.12	
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<p>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.</p>	<p>Council's LTFP provides discussion on the historic trends in efficiency and asset ratios in explaining the need for the SV. The LTFP provides Council's efficiency measure for the General Fund for each scenario, explaining how they will be impacted by the SV options and the base case.</p>	<p>Upper Hunter - Attachment 6 - 2024-2034 Long Term Financial Plan, pp 19-85 and pp. 93-95.</p>																																																																																																																																																																																																
<p>The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.</p>	<p>Council endorsed a robust Community Engagement Plan. This plan undertook an assessment of each community stakeholder group and outlined a variety of methods to enable a broad level of consultation across the community. The plan ensured that Council was able to raise awareness of the SV options across the community. Engagement methods included a direct mail out to all ratepayers, newspaper advertisements, e-newsletters, a dedicated webpage, social media promotion, face to face drop in sessions, promotion at pre-arranged community DPOP sessions prior to commencement of engagement, and information kiosks at key sites.</p>	<p>Upper Hunter - Attachment 12 - Extract from 27 May 2024 Business Papers, pp 8-24</p>																																																																																																																																																																																																
<p>Explain the action, if any, the council took in response to feedback from the community</p>	<p>Council consulted on two SV options with the community. Feedback on these options informed, Council's decision to apply for 10% over three years, Option 1 (33.1% cumulative). The engagement survey was split with 50% favouring Option 1, and 50% favouring Option 2, 7.5% over four years (33.55% cumulative), as per the graph below from p.14 of the Community Engagement Outcomes Report.</p>	<p>Attachment 8 - SRV Community Engagement Outcomes Report, page 14 and pp 17-20.</p>																																																																																																																																																																																																



In the text box below, provide any other details about the council's consultation strategy, timing or materials that were not captured in Table 7.

n/a.

4.2 Proposed average rates outlined in the council's community consultation materials

<p>Are the average rates provided in the council's community consultation materials the same as what has been inputted into Table 7.2, Worksheet 7 of the Part A application form?</p>	<p>No</p>
<p>If no, please explain why.</p>	<p>As engagement was undertaken in June and July 2024, the average rates estimates were based on rates information available at that time, which was 2023-24 actual rates and an estimate of 2024-25 rates. Table 7.2, Worksheet 7 of the Part A application has been based on the rates data provided to OLG as part of the Council's 2023-24 financial statements worksheets, which is 2023-24 actuals and 2024-25 estimates. The differences in average rates between those communicated during the engagement and those in Part A is minimal, with less than a \$1 variance for most rating categories and subcategories.</p> <p>Additionally, the community engagement was undertaken before the 2025-26 rate peg was set. Therefore, the comparison averages for the base case (no SRV) option were based on an assumed rate peg of 3.7% rather than the later approved rate peg of 4.3% that is included in Part A of this application.</p>

4.3 Additional information (optional)

In the text box below, please provide any other details about the community's involvement in, engagement with or support of or opposition to the proposed SV not captured in Table 7.

<p>n/a</p>

Please list out any other attachments in Table 8 that the council has relied on to respond to Criterion 2 that was not otherwise outlined in Table 7.

Table 8 Other Criterion 2 attachments

Attachment number	Name of document	Page references
n/a		

5 OLG SV Criterion 3 – Impact on ratepayers

Refer to the [OLG SV Guidelines](#) as needed, and section 5 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section. The [Part A](#) application form also collects information for this criterion in Worksheet 7 (WS 7 - Impact on Rates).

5.1 How did the council clearly show the impact of any rate rises on the community?

Please articulate in the text box below how the council demonstrated this question.

In your response, please include references to the Delivery Program, LTFP and relevant community consultation materials to support the council's claims.

Council presented the impact of the rates to the community throughout its engagement materials as evidenced in pp. 22-45 of the SRV Community Engagement Outcomes Report (Attachment 8) which provides examples of the engagement collateral prepared and disseminated to the community. Additionally, pp16-21 of the SRV Background Paper, which are appended to the LTFP (Attachment 6, pp, 102-107) shows more detailed analysis on the cumulative impact on average rates of the SV options presented to the community for each rating category, including Option 1, which forms the basis for this SV application. The averages were compared with the assumed rate path as well as the detailed breakdown of increases across all categories and sub-categories of rates. These increases were estimated for a four year period, one year more than the current application of the SV. This was to provide an effective basis for comparison between the two SV options presented as the second SV option being over four years. Further information was provided at an individual property level for those residents that sought that detail, showing the rate increase in dollar and percentage terms over the four years for both options as well as the base case. Affordability analysis based on 2021 ABS income data and rental data was undertaken and included in the SRV Background Paper which was available as part of the community consultation documents.

Aside from the SV, there were no other proposed changes to the rating structure. Council applies a base rate rather than a minimum rate to its rating structure, therefore there is no impact on minimum rates to consider in this application.

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

Please articulate in the text box below how the council demonstrated this question.

In your response, please provide references to the Delivery Program, LTFP and community consultation materials where the council has considered the affordability and the community's capacity and willingness to pay.

Council considered the capacity to pay of residents in considering the SV options for the LTFP and the community consultation. Pages 21-23 of the SRV Background Paper, which is an appendix of the LTFP (Attachment 6, pp. 107-109)) summarises these considerations.

Census data for 2021 identified that for the Upper Hunter Shire region, the median total household weekly income was \$1,429. Further analysis was completed from the 2021 census data which identified that the average household income indicated that approximately 50% of households within the region achieved a household income meeting or exceeding the median level. The tables below summarise the impact of the SV on household income levels and rental amounts in the Upper Hunter.

Table 18 - Household Income levels (ABS 2021)

<i>Level of household income</i>	<i>Family number of households</i>	<i>Non-family number of households(b)</i>	<i>Total number of households</i>	<i>Cumulative number of households</i>	<i>Inverse Cumulative percent for number of households</i>	<i>SRV increase (\$4 / week) represented as a percentage of household weekly income</i>
Negative/Nil income	56	62	123	123	98%	
\$1-\$149	29	25	47	170	97%	5.33%
\$150-\$299	27	71	99	269	95%	2.67%
\$300-\$399	24	110	132	401	92%	1.33%
\$400-\$499	82	327	410	811	84%	1.00%
\$500-\$649	81	182	262	1,073	79%	0.80%
\$650-\$799	289	105	393	1,466	71%	0.62%
\$800-\$999	190	139	335	1,801	64%	0.50%
\$1,000-\$1,249	234	183	411	2,212	56%	0.40%
\$1,250-\$1,499	321	102	423	2,635	48%	0.32%
\$1,500-\$1,749	192	76	271	2,906	42%	0.27%
\$1,750-\$1,999	207	67	272	3,178	37%	0.23%
\$2,000-\$2,499	460	118	581	3,759	25%	0.20%
\$2,500-\$2,999	350	14	360	4,119	18%	0.16%
\$3,000-\$3,499	283	26	309	4,428	12%	0.13%
\$3,500-\$3,999	185	0	184	4,612	8%	0.11%
\$4,000 or more	390	27	411	5,023	0%	0.10%
Total	3,400	1,634	5,023			
Partial income stated(c)	310	24	337			
All incomes not stated(d)	55	80	136			

Table 19 - ABS data on rent amounts in Upper Hunter in 2021

Rent range	Real estate agent	State or territory housing authority	Community housing provider	Person not in same household(c)	Other landlord type(d)	Not stated	Total	Median rent	inverse cumulative percentage	\$4 / week represented as a percentage of rent
\$1-\$74	4	0	0	3	3	0	16	\$37.50	99%	10.7%
\$75-\$99	0	0	4	0	0	0	9	\$87.00	98%	4.6%
\$100-\$149	20	17	16	24	13	0	90	\$124.50	91%	3.2%
\$150-\$199	49	37	16	47	16	0	157	\$174.50	80%	2.3%
\$200-\$224	54	13	5	42	8	0	125	\$212.00	70%	1.9%
\$225-\$274	149	21	4	46	12	4	239	\$249.50	52%	1.6%
\$275-\$349	222	15	3	81	13	0	327	\$312.00	28%	1.3%
\$350-\$449	127	13	6	41	9	0	195	\$399.50	13%	1.0%
\$450-\$549	34	0	0	22	7	0	61	\$499.50	9%	0.8%
\$550-\$649	4	0	0	0	0	0	8	\$599.50	8%	0.7%
\$650-\$749	0	0	0	0	0	0	3	\$699.50	8%	0.6%
\$750-\$849	0	0	0	0	0	0	0	\$799.50	8%	0.5%
\$850-\$949	0	0	0	0	0	0	0	\$899.50	8%	0.4%
\$950 and over	0	0	0	6	0	0	9	\$975.00	7%	0.4%
Rent not stated	14	5	7	27	61	0	99	\$1,001.00	0%	0.4%
Total	675	125	45	338	149	10	1,329			

This assessment was supported by further detailed analysis of the affordability of the proposed SV on both homeowners (direct ratepayers) and renters, who will likely see the rates increases in their rent. See SRV Affordability Analysis (Attachment 13).

This shows that 90% of all owners would see the proposed SV be less than 1.33% of their weekly household income and 90% of all renters would see the proposed SV be less than 3.21% of their weekly household income, assuming the full cost of the increase is passed on to renters in the area.

The most impacted area for homeowners is Murrurundi with 90% of ratepayers seeing the SV be less than 1.78% of their weekly household income, closely followed by Scone with less than 1.71% of household income for 90% of owners. For renters, Scone is most affected with 90% of renting households experiencing an increase of less than 4.1% of weekly household income. This assumes that the full cost of the SV is passed through to renters.

As the purpose of the SV is to address financial sustainability, in that it is to ensure the delivery of current services and maintenance of existing infrastructure to a satisfactory condition, there is no requirement to consider willingness of the community to pay for the increase, as per the 5.2.2 of IPART's 2025-26 Guidance booklet for councils (p.35).

5.3 How has the council addressed (or intend to address) concerns about affordability?

Does the council have a hardship policy?	Yes
If yes, is an interest charge applied to late rate payments?	Yes

To inform our assessment, Worksheet 12 (WS 12) in the [Part A](#) application form also collects data on outstanding rates and annual charges (%) and pensioner concessions and ratepayers subject to hardship provisions.

Please provide the council's response in the text boxes below.

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

Council is not proposing any additional measures outside of Council's hardship policy to reduce the impact on vulnerable ratepayers. This is because the increases are not significantly higher than the expected rate peg and capacity to pay analysis indicates minimal impact on ratepayers and renters of the proposed increase.

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

Council's Hardship Policy aligns to the following goals and objectives within Council's Community Strategic Plan (CSP) - Goal 8 Provide Community Leadership and CS 35 Ensure long-term financial sustainability through short, medium and long term financial planning.

Hardship policy is also outlined in Council's Delivery Program (DPOP) on pages 16-17 (Attachment 5).

c. Please explain how the council makes its hardship policy or other measures known to ratepayers.

Council's Hardship Policy is published on Council's website, here - <https://www.upperhunter.nsw.gov.au/files/sharedassets/public/v/1/cmdocuments/corporate-management-control-documents-policies-current/policy-rates-valuations-hardship-3152021.pdf>.

Additionally, hardship interest relief applications forms are available on Council's website, here - <https://www.upperhunter.nsw.gov.au/Application-Forms/Hardship-Interest-Relief-Application-Form>. This section of the website also provides information on how to contact Council for further assistance.

5.4 Are there any other factors that may influence the impact of the council's proposed rate rise on ratepayers (optional)?

Describe the impact of any other anticipated changes in the rating structure (e.g. receipt of new valuations), or any changes to other annual ratepayer charges such as for domestic waste management services.

You may also explain how the number of **non-rateable properties** may impact the council's average rates, if relevant to your council.

You can provide additional data using Worksheet 12 (WS 12) in the [Part A](#) Excel application form. For instance, providing the number of non-rateable versus rateable properties.

n/a.

6 OLG SV Criterion 4 – Exhibition and adoption of IP&R documents

Refer to the [OLG SV Guidelines](#) as needed, and section 6 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing consultation strategy and material for completing this section.

Table 9 seeks information which demonstrates that the council has met the formal requirements (where applicable) for the preparation, exhibition, adoption and publication of the current IP&R documents.

Table 9 IP&R documents

IP&R Document	Exhibition dates	Link to council minutes that outlines the resolution to publicly exhibit	Adoption date	Link to council minutes that outlines the resolution to adopt	Link to the adopted IP&R document on the council's website
Community Strategic Plan	The Currently Adopted CSP engagement strategy was endorsed by Council in November 2021 and the draft CSP was exhibited between April 2022 and May 2022 and adopted at the June 2022 meeting. Council is currently engaging with the community on a refreshed CSP from which it will be on Exhibition from November 2024 to May 2025. This is available here - https://www.upperhunter.nsw.gov.au/Public-notices/Community-Strategic-Plan-2034	Engagement strategy November 2021 https://www.upperhunter.nsw.gov.au/files/assets/public/v/1/council/meetings/council-meetings/oc_29112021_smin.pdf Draft Exhibition April 2022 https://www.upperhunter.nsw.gov.au/files/assets/public/v/1/council/meetings/council-meetings/oc_26042022_smin.pdf	27 June 2022	https://www.upperhunter.nsw.gov.au/files/assets/public/v/2/council/meetings/council-meetings/oc_27062022_min.pdf	https://www.upperhunter.nsw.gov.au/files/assets/public/v/1/council/documents-and-policies/key-planning-documents/2022/csp/uhs_c_csp_uh2032.pdf

OLG SV Criterion 4 – Exhibition and adoption of IP&R documents

Delivery Program	2 May 2024 to 31 May 2024	https://www.upperhunter.nsw.gov.au/files/assets/public/v/2/council/meetings/council-meetings/oc_29042024_min.pdf	24 June 2024	https://www.upperhunter.nsw.gov.au/files/assets/public/v/2/council/meetings/council-meetings/oc_24062024_min.pdf	https://www.upperhunter.nsw.gov.au/files/assets/public/v/3/council/documents-and-policies/key-planning-documents/2024/uahsc_dp_op_2425_final.pdf
Long Term Financial Plan	2 June 2024 – 15 July 2024	https://www.upperhunter.nsw.gov.au/files/assets/public/v/2/council/meetings/council-meetings/oc_27052024_min.pdf	29 July 2024	https://www.upperhunter.nsw.gov.au/files/assets/public/v/2/council/meetings/council-meetings/oc_29072024_min.pdf	https://www.upperhunter.nsw.gov.au/files/3a23332e-c137-4770-9d29-1d17088f864a/UHSC_LTFP_2024-34.pdf
Asset Management Plan (which contains long-term projections of asset maintenance, rehabilitation and replace, including forecast costs).	Under the Integrated Planning and Reporting Guidelines Sept 2021 (p.18), there is no requirement for the Asset Management Strategy and Plans to be exhibited before adoption by Council.	n/a	27 June 2022	https://www.upperhunter.nsw.gov.au/files/assets/public/v/2/council/meetings/council-meetings/oc_27062022_min.pdf	Asset Management Strategy: https://www.upperhunter.nsw.gov.au/files/assets/public/v/1/council/documents-and-policies/key-planning-documents/2022/resourcing-strategy/asset-management-plan-asset-management-plan-strategy-adopted-by-council-27-june-2022.pdf Individual Asset Management Plans are located under the Resourcing Strategy dropdown here - https://www.upperhunter.nsw.gov.au/Council/Documents-and-Policies/Key-Planning-Documents

Note: The exhibition and adoption dates must match the dates recorded in the council resolution.

7 OLG SV Criterion 5 – Productivity improvements and cost-containment

Refer to the [OLG SV Guidelines](#) as needed, and section 7 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#) when preparing for and completing this section.

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

Please provide the council's response in the text box below.

Council has undertaken a number of cost saving measures entailing both an organisational management restructure and business service reviews. These savings have been realised and are banked into Council's current Long Term Financial Plan (LTFP).

Council's 2024-25 draft budget has only increased operating expenditure by 2.9%, demonstrating a commitment to efficiency in operating processes against a significantly higher inflationary background.

Council is in the process of facilitating organisational business service reviews for each management unit with a focus on delivering:

- Additional revenue streams
- Cost savings
- Operating efficiencies.

These reviews are being undertaken with the view of either maintaining the existing service delivery to the community and recovering costs where applicable through user fees, or removal of excess or non-beneficial services provided. Where services can be made efficient by consolidating operations, then this will also be considered and implemented.

It should be noted that while renewal and maintenance ratios continue to be strong and generally above the benchmark, the infrastructure backlog ratio has continued to grow. To provide some context around the reasons for this - over the past 8 years weather and pandemic events have influenced the levels of expenditure in renewal and maintenance while deterioration of Council's major infrastructure classes, such as sealed and unsealed road networks, has been evident.

Council initially experienced severe drought conditions 2016 to 2018 followed by flood events in 2021 & 2022. Both of these events have significantly affected the condition of the road networks, especially unsealed, which has resulted in increased maintenance expenditure funded by government sources to return these deteriorated roads back to a satisfactory condition.

However, the level of maintenance funding available within Council's budget does not allow Council to maintain the road network, being 1,150km unsealed and 620km sealed (as reported in the OLG returns), in a satisfactory condition.

In addition to the weather events, Council has been the recipient of some major Government stimulus funding for projects regarding infrastructure post the COVID pandemic. This funding has effectively skewed the renewal ratio as it has been targeted to specific road infrastructure projects, which are only a fraction of the overall road network. For example, Council received approved funding of \$19.8m for a \$21m project to renew and upgrade approximately 17km or 1% of the overall road network of which \$5m is renewable spend over 2 years. This additional spend is only one example of the stimulus funding which is in addition to Council normal renewal program of road reseal, gravel road re-sheeting and other lower valued reconstruction works.

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

Please provide the council's responses to the questions in the text boxes below.

a. Explain initiatives undertaken and/or processes put in place in the past few years to improve productivity and contain costs.

Council has reviewed its structure and removed and/or downgraded a number of senior positions within the organisation that has achieved savings of approximately \$624,000, as per the table below from p.12 of the SRV Background Paper (Attachment 6 – 2024-34 Long Term Financial Plan, p.98):

It is noted however that certain limitations have been placed on Council from the proclamation of the Upper Hunter Shire Council amalgamation in 2004 that prohibited rural centres with less than 5000 people from reducing staff in those centres "as far as is reasonably practical". This constraint has prevented further efficiency enhancements such as rationalising Council depots, administration offices and workforce numbers. Details of amalgamation requirements through Section 218CA, Local Government NSW, and proclamation at clause 15(2) have been included in attachment 15.

Table 5 - Organisational restructure savings

Position	Removed / Downgraded	Estimated annual savings (With on-costs)
Director Corporate Service	Removed	\$246,100
Manager Business Services	Removed	\$144,062
Manager Governance & Risk	Downgraded	\$14,547
Manager Strategic Projects	Removed	\$130,360
Airport Reporting Officer	Combined two roles into one	\$88,991
Total		\$624,060

b. Outline the outcomes which have been achieved, including providing quantitative data where possible.

To date Council's business service review program has delivered \$125,000 in annual cost savings and \$200,000 in additional annual revenue, as outlined in the table below from p. 13 of the SRV Background Paper (Attachment 6 – 2024-34 Long Term Financial Plan, p. 99).

Table 6 - Savings to date from business service review

Business service function	Measure undertaken	Estimated annual costs saving	Estimated additional annual revenue
Regional Saleyards	Fee Structure		\$80,000
Scone Airport	Fee Structure		\$20,000
Sporting Grounds	Fee Structure		\$20,000
White Park	Signage Sponsorship		\$10,000
Commercial Property	New Leases		\$50,000
Hunter Warbirds & Scone Visitor Information Centre	Combining Operations and staffing restructure	\$125,000	
Hunter Warbirds	Lease of Café and Parking Spot		\$20,000
Totals		\$125,000	\$200,000

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

The council should provide information that details initiatives planned for the next two years when requesting a one-year section 508(2) SV, or match the duration of the proposed SV.

The response should, wherever possible:

- estimate the financial impact of strategies intended to be implemented in the future
- present these as a percentage of operating expenditure
- indicate whether the proposed initiatives have been factored into the council's Long Term Financial Plan.

In the text boxes below:

a. Explain the initiatives which the council intends to implement and their financial impact.

Council will be investigating and/or implementing the following future initiatives and practices, detailed in the table below from p14 of the SRV Background Paper (Attachment 6 – 2024-34 Long Term Financial Plan, p. 100), in order to create efficiencies to achieve increased delivery productivity, utilisation and revenue generation.

Table 7 - Service review Identified Improvements to be Investigated

Business service function	Initiative and improvements	Benefit measure
Road construction	Change in methodology to reduce pavement width and on-going future maintenance	Efficiency Gain to deliver additional works for same cost. Efficiency gains from the methodology for sealing of the reduced pavement is approximately \$7,000 per kilometre. In addition, Council's road maintenance program will be based on actual condition rather than frequency based.
Property development	Develop and/or dispose of Council's excess land holding	Additional revenue streams from either sale or leasing opportunities
Internal fleet utilisation and productivity	Optimise internal fleet held by Council through review of specified needs and current utilisation of existing fleet items	Disposal of underutilised fleet items providing funds to replace aging fleet with new technology to increase productivity.
Business enterprises	Constant review of user fees and charges and reduction on costs for associated business through efficiencies and business hours	<ol style="list-style-type: none"> 1. Saleyards increased revenue \$70,000 for 2024/25 then CPI. 2. Other increases will only have minimal effect on overall revenue.

Council will also continue to seek further opportunities to find savings and reduce reliance on rates income through the following activities:

- a program of services reviews, which as outlined above has already commenced.
- a more thorough review of discretionary commercial enterprises, with serious consideration to divestiture or at least cost neutral operation.
- utilisation of current and future Voluntary Planning Agreements to fund some infrastructure needs.

More information on Council's approach to these initiatives are provided on pp.14-15 of the SRV Background Paper (Attachment 6 – 2024-34 Long Term Financial Plan, pp. 100-101). Attachment 11 provides the Council's report to its Audit Risk and Improvement Committee (ARIC) outlining the plan and governance for its program of service reviews.

Council is actively refining its governance framework and project management practices to enhance the delivery of capital works projects, particularly with the MR358 project as a result of the s430 findings (Attachment 10). A Project Control Group (PCG) is in place to oversee project delivery and resolve issues, while Council is revising its Project Management Framework (PMF) to allow for flexibility in project approaches, depending on size, complexity, and risk. This includes establishing clear governance arrangements for variations and ensuring that project management practices prioritize risk management and staff competency. Additionally, Council is focused on strengthening record-keeping practices in compliance with the State Records Act and is exploring automation for consistency and efficiency in documentation.

To ensure continuous improvement, Council will regularly review the PMF based on feedback and lessons learned, adapting to industry standards and evolving needs. The PMF will be incorporated into the internal audit program within 12 months to evaluate its efficacy, and governance structures will be further assessed after the 2024 council election. Council also plans to maintain the Infrastructure Services Committee (ISC) as a key platform for project oversight, providing transparent reporting and facilitating Councillor engagement in major infrastructure projects. These efforts aim to streamline processes, improve efficiency, and ensure successful delivery of capital works.

b. Indicate whether these have been incorporated in the council's Long Term Financial Plan, if not, explain why.

Council has included the quantified improvement and efficiency reductions in its LTFP, as outlined in the assumptions on pages 17-18 of the LTFP (Attachment 6).

7.4 How has the council's levels of productivity and efficiency changed over time, and compared to similar councils?

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

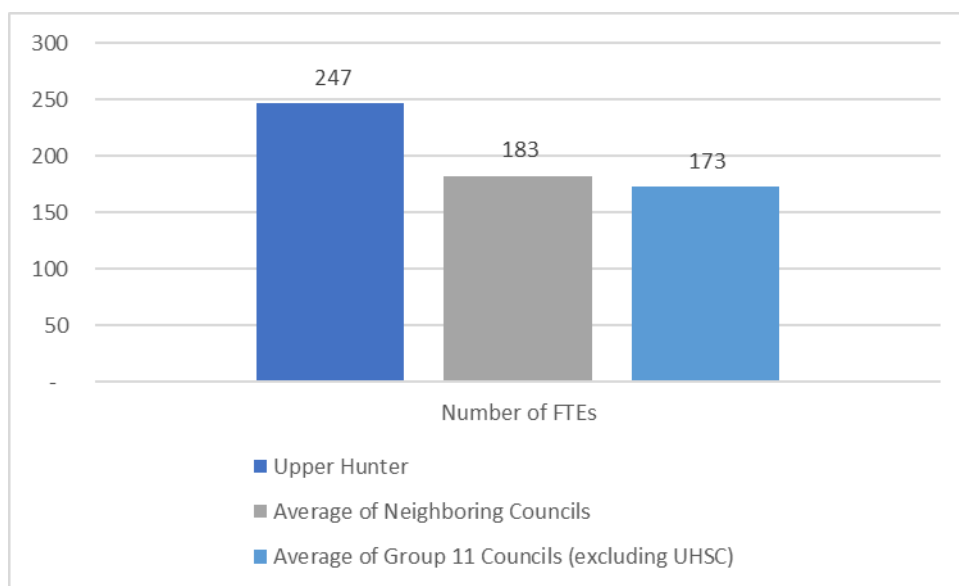
Council most often compares itself to six neighbouring councils, including Singleton, Muswellbrook, Dungog, Liverpool Plains, Mid-Western and Warrumbungle councils. However, Upper Hunter is in Group 11 of the OLG groupings, none of the neighbouring councils are in Group 11, so we have also provided a comparison to the average of 18 councils in Group 11, excluding UHSC.

IPART's 2025-26 Guidance booklet for councils refers to examples of comparative data produced by OLG to be used in considering this part of the application, including:

- number of full-time employees (FTE)
- ratio of FTE to population
- average cost per FTE
- employee and on-costs as percentage of ordinary expenditure
- consultancy/contractor expenses over time.

However, the 2022-2023 OLG dataset, which is the most recently published dataset for NSW councils, does not provide data on employee oncost and consultancy and contractor expenses. This means that comparison on the last two dot points above is not possible.

Upper Hunter has a higher than average number of employees and a higher than average ratio of FTE to population. However, its average cost per FTE is lower than both the average for neighbouring councils and Group 11 councils. Council provides a range of non-core services including aged care, saleyards, airport, childcare and community housing, all of which may not be included in comparative council FTE analysis skewing the FTE ratios to population. Reduction in staff numbers to meet similar council figures would result in the community losing these services.



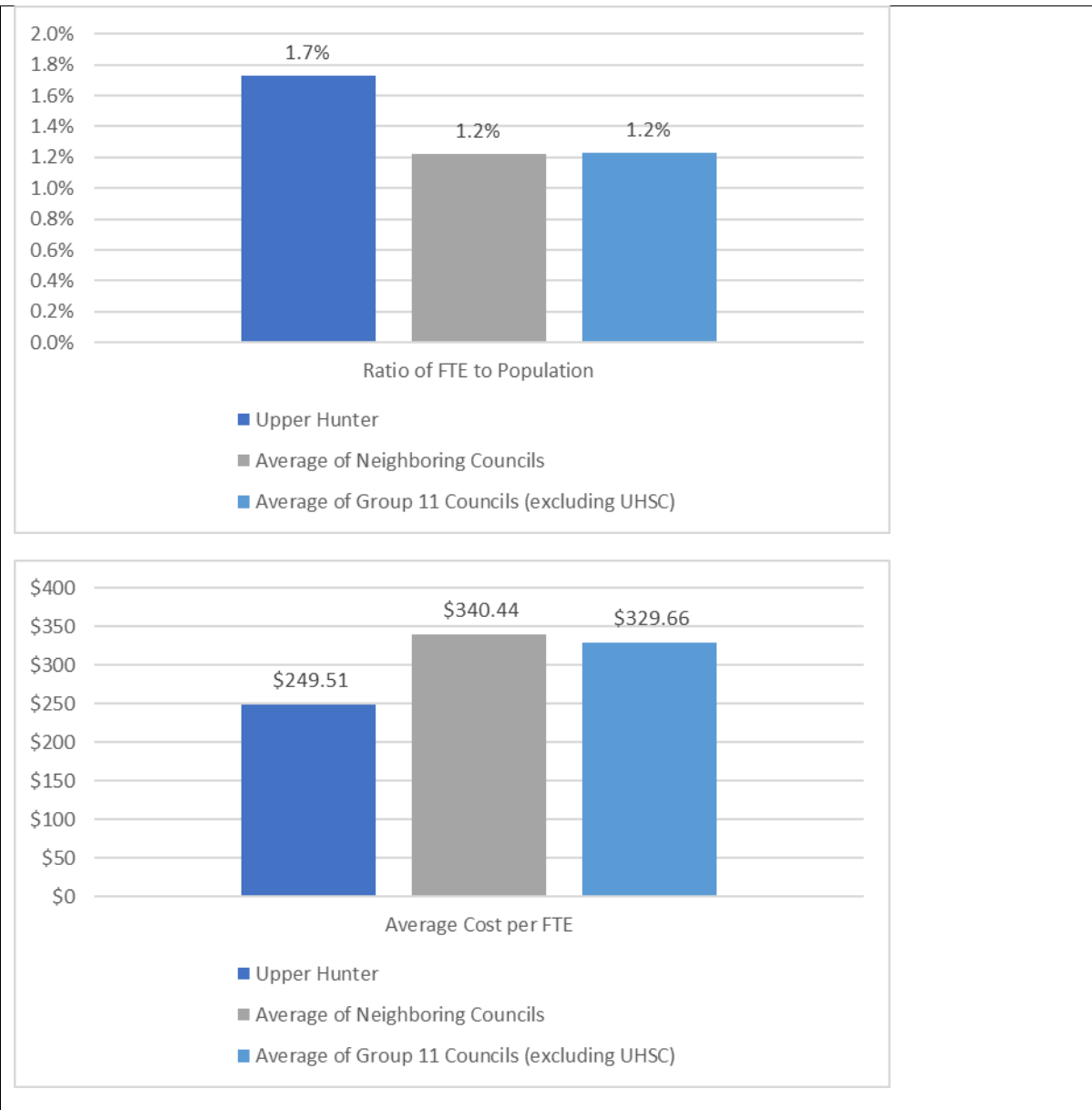


Table 10 Criterion 5 attachments

Attachment number	Name of document	Page references
n/a		

8 Council certification and contact information

Councils must submit a declaration in the specified form. It should be completed by the General Manager and the Responsible Accounting Officer.

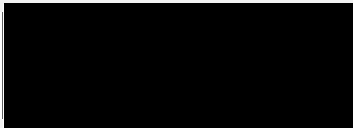
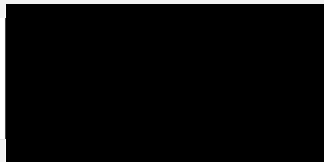
8.1 Certification of application and declaration

Prepare a document in the form indicated below. Please sign (electronic signature is also acceptable), scan and submit it with your application.

This is to be completed by General Manager and Responsible Accounting Officer.

Name of the council:	Upper Hunter Shire Council
-----------------------------	----------------------------

We certify that to the best of our knowledge the information provided in the Part A application form and this SV Part B application form is correct and complete. We have completed the checklist for the Part A and B application forms and also provided all relevant attachments as requested (see Table 11, Table 12 and Table 13).

General Manager (name):	Greg McDonald
Signature and Date:	 02 February 2025
Responsible Accounting Officer (name):	Wayne Phelps
Signature and Date:	 02 February 2025

Note: These signatures will be redacted before publication of the application.

8.2 Council contact information

IPART's formal contact with the council will be with the General Manager.

During the assessment period, IPART officers are likely to contact the council with detailed queries about the application and supporting documents. Councils should provide details of the primary contact for such inquiries where this person is a council officer who is not the General Manager. Council officer direct contact details will be redacted before publication of this application.

General Manager

General Manager contact phone	[REDACTED]
General Manager contact email	[REDACTED]

Note: These contact details will be redacted before publication of the application.

Primary council contact

Council contact phone	Wayne Phelps [REDACTED]
Council contact email	[REDACTED]
Council email for inquiries about the SV application	[REDACTED]

Note: These contact details will be redacted before publication of the application.

Secondary council contact

Council contact phone	N/A
Council contact email	N/A
Council email for inquiries about the SV application	N/A

Note: These contact details will be redacted before publication of the application.

9 List of required attachments

To complete (adding rows as necessary):

- Name each document.
- Check the box to indicate that the document is being submitted with the application.

Table 11 Required attachments checklist

Name of attachment	The document is included	The document is not applicable
Mandatory forms/attachments:		
Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>	NA
Application Form Part B (this Word document)	<input checked="" type="checkbox"/>	NA
Council resolution to apply for the special variation	<input checked="" type="checkbox"/>	NA
Completed certification and declaration (see 8.1)	<input checked="" type="checkbox"/>	NA
If applicable, to support the responses provided in Question 5 of Description and Context (see section 2) provide:		
Instrument for expiring special variation/s	<input type="checkbox"/>	<input checked="" type="checkbox"/>
OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If applicable, to support the responses provided in Questions 6 AND/OR 7 of Description and Context (see section 2) provide:		
Declaration of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Evidence of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mandatory public supporting material (i.e. to be published on IPART's website):		
Community Strategic Plan	<input checked="" type="checkbox"/>	NA
Delivery Program	<input checked="" type="checkbox"/>	NA
Long Term Financial Plan	<input checked="" type="checkbox"/>	NA
Asset Management Plan(s) (required if a key purpose of the SV is related to assets and capital expenditure)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Consultation materials, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation (combined into one document)	<input checked="" type="checkbox"/>	NA

Name of attachment	The document is included	The document is not applicable
Community feedback (including surveys and results). Confidential information should be redacted, or the entire document marked as confidential.	<input checked="" type="checkbox"/>	NA
Willingness to pay study (if applicable)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hardship policy	<input checked="" type="checkbox"/>	NA
Other public supporting materials:		
Government agency's report on financial sustainability e.g. NSW Treasury Corporation (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ARIC committee report outlining program of business service reviews	<input checked="" type="checkbox"/>	
Extract from 27 May 2024 Business Papers, includes reports on LTFP exhibition and SV community engagement plan.	<input checked="" type="checkbox"/>	
SRV Affordability Analysis	<input checked="" type="checkbox"/>	
Confidential supporting material (i.e. not to be published on IPART's website):		
n/a		

10 Checklists

We provide these checklists to ensure that submitted applications meet a minimum standard.

Meeting the requirements of these checklists **does not** guarantee a council will be approved for the SV it has applied for.

Table 12 Part A Application Form Checklist

Checklist items	Please indicate whether the items have been actioned
Data provided in Part A application (i.e. proposed SV%, rates amount etc) are consistent with those contained in Part B application.	<input checked="" type="checkbox"/>
Table 1.2 of "WS1-Application" lists all the tables in worksheets 1 -12 that council must complete, based on the nature of council's application. Please confirm that all the data requirements, as listed in table 1.2, have been completed.	<input checked="" type="checkbox"/>
All completed tables (values and units – i.e. \$ or \$'000) have been completed correctly and verified to source. Please pay attention to the units specified for each table in each worksheet.	<input checked="" type="checkbox"/>
WS 10 - LTFP agrees to the council's provided (adopted) LTFP.	<input checked="" type="checkbox"/>
Dollar numbers provided in "WS10 – LTFP" are in dollars (\$) not thousands (\$'000) or millions (\$M)	<input checked="" type="checkbox"/>
If the council has an expiring or existing SV, it has incorporated this when filling out WS 2.	<input checked="" type="checkbox"/>
Annual and cumulative percentages are rounded to 1 decimal place.	<input checked="" type="checkbox"/>
Ensure that figures provided in WS 9 – Financials, WS 10 – LTFP and WS 11 – Ratios are at the General Fund level and <i>not</i> consolidated.	<input checked="" type="checkbox"/>
If the council proposes an SV with both permanent and temporary components, the council has discussed the relevant data and modelling requirements prior to submission.	<input checked="" type="checkbox"/>
Indication whether optional tables in WS 12 has been completed.	<input checked="" type="checkbox"/>

Table 13 SV Part B Application Form Checklist

Checklist items	Please indicate whether the items have been actioned
All required text boxes and tables have been completed.	<input checked="" type="checkbox"/>
All applicable documents per the List of Attachments (Table 11) have been provided.	<input checked="" type="checkbox"/>
The council has declared all SVs (including ASVs) approved since 2011-12 and provided annual reports that show compliance with the instrument reporting conditions, or explaining divergences.	<input checked="" type="checkbox"/>
The council's LTFP includes both the baseline (no-SV) and the SV scenario it is applying for.	<input checked="" type="checkbox"/>
The proposed SV annual and cumulative percentages agree to those used in community consultation, or if they differ, the reason has been explained.	<input checked="" type="checkbox"/>
If applying for a multi-year SV, the council has correctly calculated the cumulative percentage and dollar impact of the proposed SV using compounding.	<input checked="" type="checkbox"/>
The council has referenced community consultation materials that <i>at minimum</i> show the cumulative percentage of the SV and average total dollar increase (cumulative) per rating category.	<input checked="" type="checkbox"/>
Figures presented in Application Form Part B are consistent, as relevant, with those in Application Form Part A.	<input checked="" type="checkbox"/>
The council has submitted a Minimum Rates Part B Application Form, if required.	<input checked="" type="checkbox"/>
For OLG Criterion 5 (section 7), the council has provided concrete evidence and plans for past and future cost-containment and productivity strategies, as far as practicable.	<input checked="" type="checkbox"/>

Important information

Submitting online

Applications must be submitted through IPART's [LG Portal](#) by 11:59pm on Monday, 3 February 2025. Councils should note a file size limit of 150MB applies to any individual document uploaded in the portal.

Confidential content

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

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

Publishing the council's application

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