



Special Variation Application Form Part B

Name of Council

Application Form

2023-2024

Local Government >>

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The Independent Pricing and Regulatory Tribunal (IPART)

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

Acknowledgment of Country

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

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

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Council information

Council name

Woollahra Municipal Council

Date submitted to IPART

[Click here to enter text.](#)

About this application form

IPART has revised the Application Form to be completed by councils applying for a special variation (SV) to general income for 2023-24 under section 508(2) or 508A of the *Local Government Act 1993* (LG Act). The application form is in two parts:

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

The SV Application Form Part B consists of:

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

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

- Apply for a SV or minimum rates (MR) increase page of IPART's [website](#)
 - Fact Sheet – Special Variations in 2023-24
 - Information paper – Special Variations in 2023-24
 - Information paper – Community awareness and engagement for special variations

The Office of Local Government (OLG) [SV Guidelines](#) issued in November 2020.

Preparing your application

How much information should a council provide?

While the criteria for all types of SVs are the same, the OLG Guidelines state that the extent of evidence required for assessment of the criteria can alter with the scale and permanence of the SV proposed.

The amount of information that a council provides will be a matter of judgement for the council, but it should be sufficient for us to make an evidence-based assessment of the application. Generally, the extent of the evidence should reflect the size and complexity of the variation sought.

Attaching supporting material

We encourage councils when filling in this Application Form to present data in tables or summaries and include full versions of documents as attachments. Responses in the text boxes should clearly cross-reference where the information is located in the supporting documents attached to the council's application. Extracts included in the responses in this application from Integrated Planning & Reporting framework (IP&R) documents and consultation material should be succinct and selected for relevance and significance.

Confidential content in supporting material

IPART will post all applications (excluding confidential content) on the IPART 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, or a document such as a council working document that does not have formal status, or a 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**. To protect confidential details in submissions from ratepayers, either redact or submit as a confidential attachment (see List of attachments).

Submitting the application online

Applications must be submitted through IPART's Council Portal by close of business on Friday, 3 February 2023.

- A file size limit of 10MB applies to the Application Form Part B.
- For supporting documents (Attachments) a file size limit of 400MB applies to public documents, and another 200MB to confidential documents.

Contact Arsh Suri on (02) 9113 7730 for assistance with using the Council Portal.

Publishing the council's application

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

Description and Context

These questions seek information not tied to a specific criterion in the OLG guidelines. Councils should provide a response where the Question is relevant to its application.

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

In the checkbox and Table 1, please indicate the type of the proposed SV - section 508(2) or 508A the council is requesting and:

- specify the percentage increases in each of the years in which the SV is to apply,
- the cumulative increase for a section 508A SV, and
- whether the SV is to be permanent or temporary.

A year is within the SV period if it is a year in which the council is proposing an increase of income that is not the rate peg. For example, if a proposal was for a permanent SV of 10% in each year of the next 2-years then 2023-24 and 2024-25 would be within the SV period. If the proposal was for a temporary SV of 8% for 2023-24 to be retained in the rate base for 5 years, the SV period would be 2023-24 only.

Provide select the proposed SV type using the checkbox and complete Table 1.

Special variation type	<input type="checkbox"/> Section 508(2)	<input checked="" type="checkbox"/> Section 508A
Permanent or Temporary	<input checked="" type="checkbox"/> Permanent	<input type="checkbox"/> Temporary

Table 1 The council's proposed special variation

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Is this year in the SV period?	yes	yes	no	no	no	no	no
Percentage increase (including the rate peg)	13.7%	7.5%	N/A	N/A	N/A	N/A	N/A
Cumulative percentage increase over the SV period for s 508A (including the rate peg)	25.28%						

Note: Please leave the percentage increase value blank for years that are outside of the SV period.

Note 2: The cumulative percentage increase is the total increase in rates over the SV period. For example, a permanent multi-year SV of 10% in 2023-24 and 15% in 2024-25 would be a cumulative increase of 26.5% over the SV period.

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

In the **text box** indicate at the highest level (that is, the shortest possible summary) the key purpose(s) of the proposed SV. The purposes could include one, or a combination of:

- improving financial sustainability
- maintaining existing services and service levels generally
- providing new or enhanced services or service levels for specific council operations

- implementing new projects or activities, e.g. environmental works
- reducing infrastructure backlogs for asset maintenance and/or renewals
- investing in new assets
- contributing to projects of regional significance
- meeting special cost pressures faced by the council
- meeting the shortfall where contributions for local infrastructure are capped.

This section should also include an outline of the key steps undertaken in reaching a decision to make an application.

The key purpose of the proposed Special Variation (SV) is effectively threefold:

1. To maintain existing services provision levels;
2. Secure Council's long-term financial sustainability, and
3. Provide additional funds totalling \$48.9 million over the next 10 years to improve and enhance current services, improve existing assets and provide new assets:
 - Protecting Woollahra's Heritage - \$1.4million to undertake additional heritage studies
 - Mitigate the impacts of climate change - \$13.9million to undertake floodplain management works and to increase drainage cleaning and repairs
 - Recreation & Trees - \$10.3million to improve Woollahra's open spaces and maintain and protect fig trees
 - Active Transport - \$7.3million for a new cycleway and to improve footpaths
 - Community Infrastructure - \$11.6million to fund the annual financing costs of a new car park in Rose Bay, and
 - Improvements to Service - \$4.4million to develop digital technology solutions to support better customer service

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

Complete this question if the council proposes to increase minimum ordinary or special rates in conjunction with the SV for 2023-24.

Councils may have to submit a separate application for an increase to MR in addition to applying for the SV.

A separate MR increase application is needed in the following circumstances:

- The council is currently charging a minimum ordinary rate *at or below the statutory limit*, and intends, as part of implementing the SV, to apply a lower, higher or the same percentage increase as the requested SV percentage, which would result in a minimum rate in any rating category or sub-category *exceeding the statutory limit* for the first time.

- The council is already charging a minimum ordinary rate *above the statutory limit*, and the council is seeking to increase a MR by a percentage *higher than* the proposed SV percentage increase for any year.
- The council proposes to charge a special rate (other than a water supply or sewerage special rate) above \$2.
- The council already has approval from IPART to charge a special rate (other than a water supply or sewerage special rate) above \$2 and proposes to increase the amount of that rate.

In these situations, councils should complete Minimum Rate Application Form Part B 2023-24 (Word document) available on our website [here](#).

Councils **do not need** to submit a separate MR increase application if, in conjunction with the special variation, the proposed increase to minimum rates would result in minimum rates in all rating categories and/or sub-categories still being *at or below the statutory limits*.

To respond to this question, councils need only to provide the summary information required in the **question box**.

IPART will rely on data in the SV Application Form Part A and the MR Increase Application Form Part A for detailed information about how the proposed SV would increase minimum amounts of rates.

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

Does the council have an ordinary rate(s) subject to a minimum amount?	Yes
Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time?	No
Which rates will the increases apply to?	Choose an item.
If the increase will apply to only some subcategories, specify	Click or tap here to enter text.
Does the council propose to increase the minimum amount of its ordinary rate(s)? if so, by what percentage?	Choose an item. X%
What will the minimum amount of the ordinary rate(s) be after the proposed increase?	\$Click to enter amount
Has the council submitted an application for a minimum rate increase?	Choose an item.

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

Does the council propose to increase the minimum amount of a special rate above the statutory limit? No

What will the minimum amount of the ordinary rate(s) be after the proposed increase? \$Click to enter amount

Has the council submitted an application for a minimum rate increase? Choose an item.

The council must ensure that it has submitted MR Increase Application Form Parts A and Part B, if required.

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

If the council has an expiring SV, IPART requires additional information to ensure the Instrument approving a new SV accurately calculates the amount the council has to remove from its general income before applying any adjustment to the council's general income which may be approved.

OLG's SV Guidelines specify that councils must contact OLG to confirm the calculation of the amount to be deducted from the council's general income for the expiring SV.

Complete this question if the council has a temporary SV which is due to expire:

- on 30 June 2023, or
- at the end of a later year in the period the requested SV would apply.

The council must calculate the amount to be removed from general income when the SV expires in accordance with the method explained in Attachment 1 to the SV Guidelines. It should also seek confirmation of this calculation from OLG and attach OLG's advice to the Application Form.

Provide the information as requested in the question boxes.

Does the council have an SV which is due to expire on 30 June 2023? No

Does the council have an SV which is due to expire at some time during the period for which the new SV is being requested? No

If Yes to either question: Click or tap here to enter text.

a. When does the SV expire?

b. What is the percentage to be removed from the council's general income? Click or tap here to enter text.

c. What is the dollar amount to be removed from the council's general income? Click or tap here to enter text.

Has OLG confirmed the calculation of the amount to be removed?

Choose an item.

Attachments required:

- Instrument(s) approving any SV which expires at the end of the current financial year 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 5: Does the council have an existing (ongoing) section 508A special variation which applies in 2023-24?

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 2023-24 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 additional SV is approved, rather than issuing an additional SV instrument to apply for 2023-24 (or later years).

The council should understand that by completing this application form and seeking a further change to the council's revenue path, it is, in effect, applying to IPART to vary the original instrument.

IPART will assess the application using the same criteria (see Criteria 1 to 6 in this SV Application Guide and the SV Guidelines), as for any application for a new SV.

While IPART's assessment will typically focus on the additional percentage increase sought, we may also consider whether it is appropriate to maintain the existing component of the section 508A SV, especially in light of any circumstances which are materially different from those in place when the original increase was approved.

OLG's SV Guidelines (Section 6) set out the list of factors which IPART may take into account when assessing an SV application, one of which is compliance with conditions in instruments approving previous SVs. When assessing applications for SVs in 2023-24, IPART will also take into consideration the council's compliance with conditions in instruments approving SVs in the previous five years.

The council's application should be clear about whether the information provided is in relation to the incremental increase being sought or the total cumulative increase that would be reflected in a varied instrument if the additional increase is approved.

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.

Does the council have a section 508A multi-year SV instrument that applies in 2023-24?	No
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If yes to the above question, in the text box:

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

N/A

Attachments required:

- A copy of the SV instrument.
- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument.
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument.

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

When assessing applications for SVs in 2023-24 IPART will take into consideration the council's compliance with conditions in SV instruments approved in the previous five years. OLG's SV Guidelines (Section 6) sets out additional factors which IPART may take into account when assessing an SV application, one of which is compliance with conditions in instruments approving previous SVs.

Complete this question only if IPART has approved an SV for the council in the past five years.

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 5.

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.

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

If yes to the above question, in the text box, for each SV approved in the past five years, briefly:

- Specify the type of SV and the increase to general income approved.
- Outline the council's actions in complying with conditions in the SV instrument(s).

- Describe any *significant* changes relevant to the conditions in the SV instrument(s) since it was issued.

N/A

Attachments required:

- A copy of the relevant instrument(s) approving SVs issued by IPART in the past five years.
- 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).

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

Complete **the question box** if the council intends to use any of the additional general income the council would receive if IPART approves the SV to undertake major capital project(s) which require a capital expenditure review.

OLG's [Capital Expenditure Guidelines](#) require a capital expenditure review for projects that are not exempt and cost in excess of 10% of council's annual ordinary rates revenue or \$1 million (GST exclusive), whichever is greater.

A capital expenditure review is a necessary part of a council's capital budgeting process and should have been undertaken as part of the IP&R requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Is a capital expenditure review required for a project to be funded by the proposed SV in accordance with OLG's Capital Expenditure Guidelines?	Yes
If Yes, has a review been done and submitted to OLG?	Yes
If yes, has the review been included as an attachment to this application?	Yes

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

Complete **the question box** if 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.

Section 511 of the LG Act was amended in 2020 to allow councils to catch-up any deferred general income increases over a period of 10 years.

In assessing this criterion, IPART will take into account whether a council has a large amount of revenue yet to be caught up over the next several years, and it should explain in its application how that impacts on its need for the SV.

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)?	Choose an item.

In the text box 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?

N/A

Criterion 1 – Need for the Special Variation

Criterion 1 in the SV Guidelines is:

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

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

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

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

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

The response to this criterion should summarise the council's case for the proposed SV. It is necessary to show how the council has identified and considered its community's needs, as well as alternative funding options (to a rates rise). You should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

Information and financial analysis contained in the council's IP&R documents and its application should demonstrate the financial need for the proposed SV. IPART will undertake its own analysis of the council's financial performance under scenarios with and without the SV, as explained in Box 1. The council's response to criterion 1 should use the terminology included in Box 1

Box 1 IPART analysis of financial need using information in the council's application for a special variation

IPART uses information provided by the Council in its application to assess the impact of the proposed SV on the Council's financial performance and financial position in relation to its operating result and infrastructure spending.

Based on the Council's application and LTFP (where appropriate), we calculate financial forecasts under three scenarios:

1. **The Proposed SV Scenario** – which includes the Council's proposed SV revenue and expenditure.
2. **The Baseline Scenario** – which shows the impact on the Council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.
3. **The Baseline with SV expenditure Scenario** – which includes the Council's full expenses from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the Council's financial sustainability if it still went ahead with its full expenditure program included in its application but could only increase general income by the rate peg percentage.

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

In the table below, please provide a short summary of what the council published in its IP&R documents that show that the council meets each component of criterion 1. Please also provide a reference to where in the IP&R documents this evidence can be found. The answers to these questions should explain:

- How the council identified and considered the community's needs and desires in relation to matters such as levels of service delivery and asset maintenance and provision.
- How the decision to seek higher revenues above the rate peg was made.
- Which other options were examined, such as changing expenditure priorities or using alternative modes of service delivery.
- Why the proposed SV is the most appropriate option: for example, typically other options would include introducing new or higher user charges and/or an increase in loan borrowings, public private partnerships or joint ventures.
- How the proposed SV affects the LTFP forecasts for the General Fund, and how this relates to the need the council identified. Our assessment will also consider the assumptions which underpin the council's LTFP forecasts.
- If the need for the expenditure is not required to meet a financial need, the council should provide evidence of the community's desires for the services or assets to be funded by the proposed SV and its willingness to pay for them.

If the council has **an ongoing SV**, while the response should focus on the additional percentage increase to general income being sought, it should also specify:

- How the council has implemented the program of expenditure funded by the existing SV income.
- Whether any circumstances relating to the financial need for the additional revenue changed since it was approved, for example the council has received grant funding or income from other sources for the project.
- How changed circumstances have given rise to the need for an additional increase to general income.
- How closely revenue and expenditure in past years matched the projections made in the council's LTFP when applying for the original, and if relevant, the reasons for any significant differences.

Where the council **proposes to increase the minimum amount of rates** in conjunction with the SV, the responses to the questions should include information about the MR increases where relevant. However, the council should explain its rationale for increasing minimum rates above the statutory limit when completing the MR Increase Application Form Part B in relation to criterion 1: Rationale.

Table 2 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>Council's Delivery Program (DP) and Long Term Financial Plan (LTFP), both adopted by Council on 28 November 2022, outline Council's 2022/23 Operating Budget, which includes a deficit of \$0.3million.</p> <p>Both the above-mentioned documents also include information in relation to the need for Council to secure its long-term financial sustainability, provide a sound level of financial flexibility and outline what is required in order to be able to fund identified priority areas. Financial flexibility refers to the ability of Council to react and cover the expenses from things that were not anticipated in the budget, for example, the resulting repair works and clean up that may be required after a major storm event. Based on the past a sound level for this is between \$1million and \$1.5million.</p> <p>The documents identify the actions already taken by Council to improve its financial position and notes that further measures are required to secure a financially sustainable future, which includes applying for a SV.</p>	<p>Attachment 01 – Woollahra Council Delivery Program 2022/23 – 2025/26 Pages 15 &16 with cross-reference to Council's Long Term Financial Plan.</p> <p>Attachment 02 Long Term Financial Plan 2022/23 – 2032/32 Pages 7 – 14.</p>
<p>In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.</p>	<p>Council's DP and LTFP not only talk to the need for an SV, they also clearly show the actions already taken to improve Council's financial position. Prior to considering a potential SV, Council undertook a series of productivity improvements and cost containment strategies resulting in ongoing improvements to Council's budget of over \$7.769 million (refer to Criterion 5 of this application for full details).</p>	<p>Attachment 01 – Woollahra Council Delivery Program 2022/23 – 2025/26 Page16.</p> <p>Attachment 02 – Woollahra Council Long Term Financial Plan 2022/23 – 2031/32 Pages 7 to 14.</p>

It is clear in both documents that these actions in themselves are not sufficient to achieve a long-term financially sustainable position for Council nor do they provide any long-term ability for Council to be able to fund identified priority areas.

Following is an extract from Council's LTFP:

If Council's SV application was not approved by the IPART, we will need to undertake additional steps to secure Council's long-term financial sustainability. As detailed under "What Are Our Financial Challenges and How Are We Addressing Them" (found on Page 7 of the LTFP) we have already made substantial improvements to our financial position and this has been achieved without adversely impacting on existing service levels. It is unlikely that further improvements can be actioned without an impact on existing service levels. This means that we would need to bring forward our Service Review program, which will include a detailed review of the levels of service we currently provide to the community across our 46 high level services, noting that this would also include service level discussions with the community.

In demonstrating this need councils must indicate the financial impact in their LTFP

As detailed in Council's IP&R and other related documents, Council is applying for a proposed SV, which is referred to as SRV – Option 2 throughout relevant Council documents.

Attachment 02 – Woollahra Council Long Term Financial Plan 2022/23 – 2031/32 Pages 16 – 22.

Pages 16 to 22 of Council's LTFP include a range of information on the financial impact of the SV. Specifically, Page 21 of the LTFP includes a table that shows the impact of all the three SV Options (known as Option 1, Option 2 and Option 3) canvassed during the community engagement on the proposed SV. In relation to Option 2, which is the subject of this application, the table shows the financial impact of SV Option 2 compared to other options. All the options shown in the LTFP are as follows:

- IPART Baseline Model (which includes additional SV expenditure without the corresponding SV revenue),

- Option 1 – No SV,
- Option 2 – SV
- Option 3 – SV (noting that this was another SV option canvassed with the community during the community engagement process, but ultimately not supported by Councillors).

The table compares:

- The operating results in Years 1,2,5 and 10,
- The level of financial flexibility achieved by each SV Option and
- The ability via each SV Option, to fund identified priority projects.

The table identifies that:

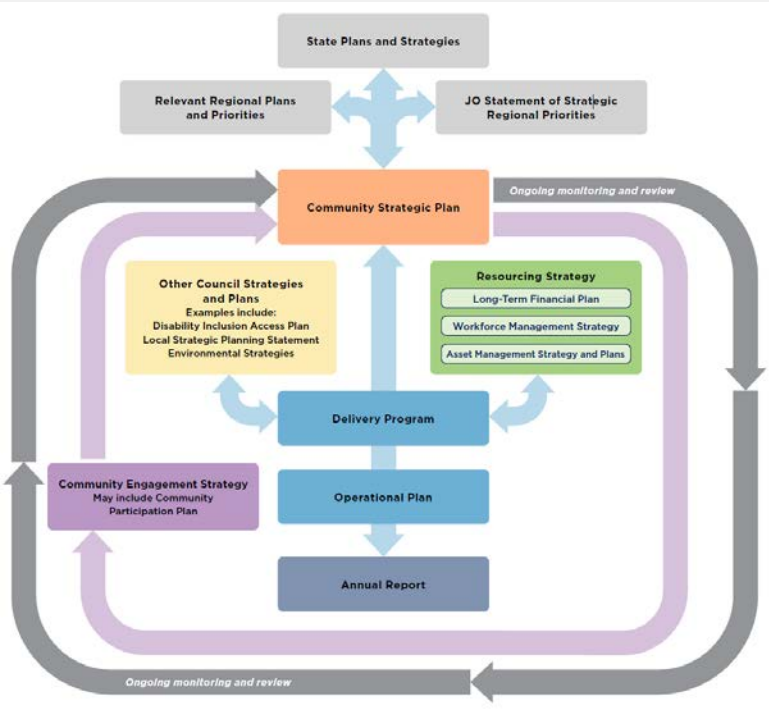
1. The IPART Baseline Model and Option 1 – No SV do not achieve a financially sustainable position and
2. That Option 2 – SV and Option 3 – SV do achieve a financially sustainable position as well as provide funding for identified priority projects, albeit to different levels.

Following the above-mentioned table, Page 21 of the LTFP also includes some detailed explanations as to the financial impact of the various SV options canvassed, plus Page 22 details the impact of the proposed SV on the average and median residential rates.

Without an SV, Council is not likely to achieve financial sustainability without adversely impacting on existing service levels, nor would Council have sufficient funds in the forthcoming 10 years to undertake priority projects as identified by the community across several years of community engagement.

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

As detailed in the Office of Local Governments (OLG) Integrated Planning & Reporting (IP&R) Guidelines (released in September 2021), the IP&R process not only includes the key documents of the Operational Plan (OP), DP, LTFP and Asset Management Strategy, it also includes a range of other Council strategies and plans as detailed further below. The OLG IP&R process diagram is also shown below:



In light of the above, evidence of community need / desire for service levels and or projects has come not only from work done on the suite of IP&R documents, but also from a range of strategies and plans that have been the subject of previous broad community engagement, as well as an LGA-wide survey undertaken in mid-2021.

Some of the key documents that have provided evidence to Council of the community need for improved service levels and / or additional priority projects can be found in Attachment 03, along with details of what feedback was provided as part of the engagement on those strategies and plans. Following is a brief summary of the strategies and plans that Council has relied on for demonstration of community need for an SV, noting that specific feedback from the community on the proposed SV is detailed elsewhere in this application (shown in no particular order):

Attachment 03 – Priority Expenditure Areas to be Funded by the SV - Evidence of Community Support

- Community Satisfaction survey – 2021
- Local Strategic Planning Statement (LSPS) – 2019
- Floodplain Risk Management Studies and Plans
- Recreational Needs Study – 2020
- Playspace Strategy – 2021
- Crown Lands Plans of Management – 2021
- Disability Inclusion Action Plan – 2022
- Active Transport Plan (draft) – 2021
- Community Facilities Study – 2019
- Rose Bay Place Plan (draft) – 2022
- Heritage Gap Analysis – 2021

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

There has been no Government agency or other third party analysis undertaken in relation to Councils financial sustainability.

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

Woollahra Council has no amounts of revenue to be caught up under section 511 of the Local Government Act.

Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

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

The proposed SV may be intended to improve the council's underlying financial position for the General Fund, or to fund specific projects or programs of expenditure, or a combination of the two. We will consider evidence about the council's current and future financial sustainability and the assumptions it has made in coming to a view on its financial sustainability.

In the **table**, the council's response should explain:

- The council's understanding of its current state of financial sustainability, its long-term projections based on alternative scenarios and assumptions about revenue and expenditure.
- Any external assessment of the council's financial sustainability (e.g. by auditors, NSW Treasury Corporation), indicating how such assessments of the council's financial sustainability are relevant to supporting the decision to apply for an SV.
- The council's view of the impact of the proposed SV on its financial sustainability.

Table 3 Council's financial sustainability

Item	Description	Reference to IP&R documents															
Improve the councils underlying financial position for the general fund	There have been a range of factors that have contributed to a deterioration of Council's financial position over the past several years, one of which was the COVID-19 pandemic.																
	In each of the financial years 2018-19 to 2021-22 Woollahra Council reported a negative actual Operating Performance Ratio (OPR) both before and after adjusting for the financial impacts from the COVID-19 pandemic in 2019-20 to 2021-22:																
		<table border="1"> <thead> <tr> <th></th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> </tr> </thead> <tbody> <tr> <td>ACTUAL OPR</td> <td>(1.40%)</td> <td>(8.12%)</td> <td>(15.08%)</td> <td>(4.58%)</td> </tr> <tr> <td>OPR ADJUSTED FOR COVID</td> <td>(1.40%)</td> <td>(4.16%)</td> <td>(9.89%)</td> <td>(0.51%)</td> </tr> </tbody> </table>		2018/19	2019/20	2020/21	2021/22	ACTUAL OPR	(1.40%)	(8.12%)	(15.08%)	(4.58%)	OPR ADJUSTED FOR COVID	(1.40%)	(4.16%)	(9.89%)	(0.51%)
	2018/19	2019/20	2020/21	2021/22													
ACTUAL OPR	(1.40%)	(8.12%)	(15.08%)	(4.58%)													
OPR ADJUSTED FOR COVID	(1.40%)	(4.16%)	(9.89%)	(0.51%)													
	Over the three financial years of 2019-2020 to 2021-2022 that were impacted by COVID-19, Council provided a range of support measures and initiatives to the community to the value of \$11.6 million, which was a combination of support initiatives provided to the community as well as the impact of reduced income across a range of sources.																

The 2021/22 forecast Operating Deficit of \$4.1 million was the result of the challenges faced by Council over the previous five years or so including the pandemic, rising expenditure, reduced income and interest rates. Put simply, the operating deficit was the result of Council's expenditure being greater than Council's income.

Council was fortunate to have cash reserves to draw on to address these budget shortfalls, however this was never going to be a long term solution. Councillors and Council staff have been working towards addressing the deficit and regaining a surplus and this has largely been done through a combination of reduced expenditure and / or increased income and a range of other saving measures totalling over \$3.8m, details of which are included under Criterion 5 of this application.

These measures supported by Council, saw the 2022-23 Budget (which was adopted by Council on 27 June 2022) reduce from an original deficit in 2021-22 of \$4.1m to an anticipated operating deficit in 2022-23 of \$0.3m. Whilst this is a vastly improved position, Council remains in an operating deficit position. This position is not financially sustainable in the long-term; it does not provide Council with the funding required to adequately address identified priority projects, nor does it provide Council with any level of financial flexibility to react to unexpected expenses that may occur.

Further, Council's LTFP reaffirmed the above-mentioned position, projecting that without further corrective measures, Council would return small operating surplus from 2023/24 to 2027/28, after which Council would move back into an operating deficit position in 2028/29 and remain in deficit for the remaining term of the LTFP. This scenario is included in Council's LTFP identified as Option 1 – No SV.

Given the above position is not sustainable in the longer term and additional budget improvement measures would likely result in a negative impact on Council's existing service levels, two further SV options were subsequently modelled, being:

- Option 2 – SV:
 - 10% plus rate peg in 2023/24,
 - 5% + Rate Peg in 2024/25, then
 - Rate Peg for future years.

Attachment 02 -
Long Term
Financial Plan
Page 36: "Option
One – Base
Case – No SV".

Attachment 02-
Long Term
Financial Plan
Pages 39 - 43:
"Option Two –
SV" and "Option
Three – SV".

- “Option 3 – SV:
 - 15% plus rate peg in 2023/24,
 - 9% + Rate Peg in 2024/25,
 - 3.5% + Rate Peg, then
 - Rate Peg for future years.

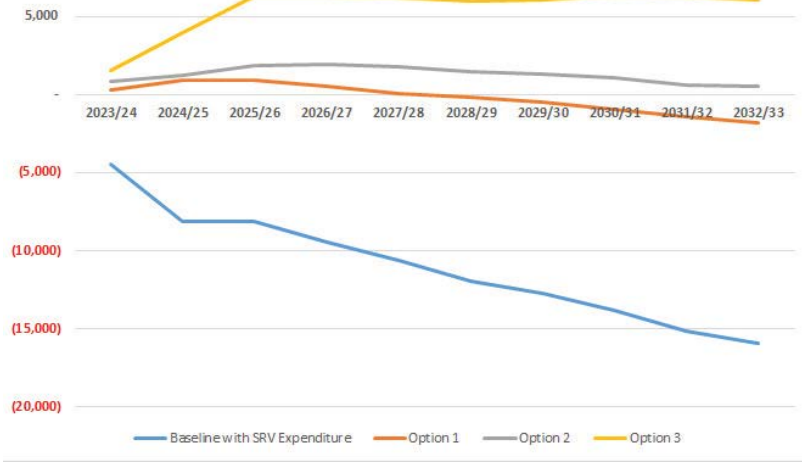
Both Options 2 & 3 achieve a long-term financially sustainable position with operating surpluses in each of the 10 years of the LTFP. Both Options also provide Council with an adequate level of financial flexibility and additional funding to address the resultant identified priority projects. The difference between the two Options being the level of the SV as well as the amount of funds available for priority projects over a 10-year period with Option 2 – SV providing \$48.9million and Option 3 – SV providing \$73million. Details of these projects are included within “Fund specific program of expenditure” section further below.

At the Council meeting held on 8 August 2022, Council resolved for staff to commence broad community engagement on the need for and extent of the proposed SV, including the three above-mentioned Options. Further information on the community engagement undertaken as part of the proposed SV is included further in this application.

Following community engagement on the SV, a report was tabled at a Council Strategic & Corporate Committee meeting and then subsequently at a Council meeting for consideration by Council, with that report including a comparison of the projected Surplus before Capital Grants & Contributions over a 10-year period of the three Options included for community engagement, along with the addition of a Baseline with SV Expenditure option also. The following graph outlines the results:

Attachment 04a -
Minutes of
Woollahra
Council Meeting
8 August 2022.

Attachment 04b -
Woollahra
Council Strategic
& Corporate
Committee
Meeting 8
August 2022.



This demonstrates that:

- Option 1 would bring Council into a minor surplus position in 2023/24 but then back into deficits from 2028/29.
- Options 2 and 3 bring Council into a sound surplus position and enable SV expenditure on identified priority areas.
- Both Options 2 and 3 provide Council with a stronger long-term financial position.
- The Baseline with SV expenditure scenario shows that Council would return significant deficits with any additional SV expenditure without the revenue from the SV. It shows that without a SV Council would not be in a position to fund the identified priority areas.

And / Or And

Fund specific programs of expenditure

In addition to strengthening Council’s financial sustainability, the proposed SV will provide additional funds of \$48.9million to address identified community priority areas over a period of 10 years.

As noted earlier in this application, there has been detailed community engagement undertaken over recent years across a range of strategies and plans, plus there has been detailed community engagement relating directly to the proposed SV. Through this engagement, a range of priority projects have been identified by the community, with many of these projects unable to be funded within Council’s current budget and financial position. The \$48.9 million priority spend areas comprise the following, noting that further information is provided at Attachments 05 and 06:

Attachment 05 – Priority Expenditure Areas To Be Funded From the SV

Attachment 06 – SV Information Brochure

Priority Area	\$ million (over 10 years)
Protecting our Woollahra LGA Heritage	\$1.4m
Mitigating the impacts of climate change	\$13.9m
Recreation & Trees	\$10.3m
Active Transport	\$7.3m
Community Infrastructure	\$11.6m
Improvements to Service	\$4.4m
Total Priority Area Spend Over 10 Years	\$48.9m

Other (please overwrite cell to add other item)

Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

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

In the text box please give a brief explanation on how the proposed SV would affect the council's key financial indicators (for the general fund, over the 10-year planning period):

If successful in being granted approval for an SV as per the proposed SV included in this application, the most significant financial impact for Council and the community will be an improvement in the '*Operating Performance Ratio Excluding Capital Items*'. With an Office of Local Government (OLG) benchmark of greater than 0%, this ratio shows Council's ability to cover its operating costs from its operating income and is an indication of Council's long-term financial sustainability and financial flexibility. Financial flexibility refers to the ability of Council to react and cover the expenses from things that were not anticipated in the budget, for example, the resulting repair works and clean up that may be required after a major storm even.

In the absence of a sound '*Operating Performance Ratio Excluding Capital Items*' the maintenance of service levels to the community may be impacted as well as Council's ability to adequately fund its required asset renewals program leading to a potential infrastructure renewal backlog. The SV would provide Council with a ratio of between 1.2% and 1.6% and a better financial position for Council to be able to respond to the service needs of the community and any one-off situations that may arise from year to year.

Significantly, the '*Building and Asset Renewal Ratio*' and the '*Asset Maintenance Ratio*' based on current assumptions, will also improve with the additional funds from the SV. Further information on what affect the proposed SV would have on Council's key financial indicators is included in Table 5 below.

In Table 5 please provide the councils key financial indicators.

Table 5 Council financial indicators

Option 1 – No SV (Rate Peg Only):

Ratio	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Operating performance ratio excluding capital items	(4.58%)	(0.05%)	0.82%	1.34%	1.31%	0.92%	0.54%	0.35%	0.12%
Own source revenue ratio	87.25%	92.39%	92.50%	92.60%	92.63%	92.67%	92.69%	92.73%	92.75%

Building and asset renewal ratio	57.32%	81.1%	84.8%	88.6%	92.1%	95.3%	98.7%	101.6%	104.7%
Infrastructure backlog ratio	1.2%	1.3%	1.3%	1.4%	1.4%	1.5%	1.5%	1.6%	1.6%
Asset maintenance ratio	99.62%	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%
Debt service ratio	2.10	2.81	2.95	3.32	3.70	3.61	3.51	3.46	3.39
Unrestricted current ratio	3.50	3.03	3.02	2.97	2.87	2.73	2.56	2.37	2.22
Rates and annual charges ratio	4.54%	4.49%	4.49%	4.49%	4.49%	4.49%	4.49%	4.49%	4.49%

Option 2 - SV:

Ratio	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Operating performance ratio excluding capital items	(4.58%)	(0.05%)	1.24%	1.54%	1.92%	1.95%	1.77%	1.54%	1.37%
Own source revenue ratio	87.25%	92.4%	92.8%	93.0%	93.0%	93.1%	93.1%	93.1%	93.1%
Building and asset renewal ratio	57.32%	81.1%	89.3%	94.1%	94.9%	94.6%	97.7%	100.6%	103.3%
Infrastructure backlog ratio	1.15%	1.3%	1.3%	1.4%	1.4%	1.5%	1.5%	1.6%	1.6%
Asset maintenance ratio	99.62%	99.6%	99.6%	99.6%	100.1%	100.1%	100.6%	100.6%	100.6%
Debt service ratio	2.10	2.81	3.05	3.40	3.93	3.93	3.87	3.84	4.49
Unrestricted current ratio	3.50	3.03	2.98	2.73	2.66	2.47	2.38	2.04	1.96
Rates and annual charges ratio	4.54%	4.49%	4.50%	4.50%	4.49%	4.49%	4.49%	4.49%	4.49%

Criterion 2 – Community awareness and engagement

Criterion 2 in the SV Guidelines is:

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

To complete the questions for criterion 2 provide relevant extracts of the IP&R documents that set out the rate rises under the proposed SV and attach relevant samples of the council's consultation material.

The response should provide details and examples to demonstrate the clarity of information presented in the consultation materials, including information about:

- The need for the proposed SV.
- Specific programs or projects, levels and types of services, investment in assets and the options for funding them by rate increases.
- The proposed cumulative rate increases including the rate peg for each major rating category (in both percentage and dollar terms), particularly where the increase is to be applied differentially across ratepayer categories (i.e. rates will not increase uniformly by the SV percentage).
- The annual increase in average rates that will result if the proposed SV is approved in full (and not just the increase in daily or weekly terms).
- The size and impact on rates where an existing SV will continue, expire, be renewed or replaced at the end of the current financial year or during the period when the requested SV will apply.
- The rate levels that would apply without the proposed SV (clearly showing the impact of any expiring SV).
- Outlining evidence of residents and ratepayers being aware of the proposed SV.
- Outcomes could include the number of people reached by mail outs, the number of attendees at events and participants in online forums, the number of submissions made, surveys or feedback forms completed, as well as evidence of media reports and other indicators of public awareness of the council's SV intentions.
- Explaining how the community responded and the feedback the council received about its proposal.

The response should indicate how participants responded to any surveys, particularly the level of support for specific programs or projects, levels and types of services, investment in assets, as well as the options proposed for funding them by rate increases. Where the council has received submissions from the community relevant to the proposed SV, the application should set out the views expressed in those submissions.

Although this criterion does not require the council to demonstrate community support for the proposed SV, it is required to consider the results of the community consultation in preparing the application. The response should identify and document any action taken, or which will be taken, to address issues of common concern within the community about the proposed SV.

Some councils will need to provide additional information in their response to demonstrate how consultation material explained to the community details about the proposed SV and its impact on rates to reflect the specific circumstances of their application, for example:

- If the council is **renewing or replacing an expiring SV**, information was provided about the purpose, and duration of the expiring SV, the original and current percentage of general income the SV represents, whether the new SV is temporary or permanent, the amount of any *additional* increase above the rate peg being requested, and that if the proposed SV is not approved (i.e. only the rate peg applies), the year-on-year change in rates would be lower, or that rates may fall
- If the council **has an existing (ongoing) section 508A SV** and is applying for an *additional SV*, how the consultation material explained details about the existing SV, its size and duration, and the impact on rate levels when it does expire, as well as the impact on rate levels and annual increases with and without the additional SV.
- If the council proposes to **increase minimum rates**, the increase to minimum amounts, and any change to the proportion of ratepayers on the minimum rate for all relevant rating categories which would occur as a result of the SV.
- Where the council intends to **make any changes to the rating structure in 2023-24** in conjunction with the proposed SV, such as changes to subcategories and adjusting ad valorem rates following new land valuations, the need for or purpose of the change and its impact was explained to the community.

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

In the table below please provide evidence as to how the councils community engagement met criterion 2.

Table 4 Evidence of council's community engagement meeting criterion 2

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
<p>Evidence that the community is aware of the need for and extent of a rate rise.</p>	<p>Community awareness of the need for and extent of an SV and detailed community engagement on the SV took place over an extended period that included:</p> <ul style="list-style-type: none"> • the provision of information to the community around the financial challenges facing Council and the steps already taken to address these, and • what steps may need to be taken into the future in order for Council to be able to continue to meet the expectations of the community i.e. a proposed SV application. <p><u>Community Awareness - Commenced September 2021</u></p> <p>As detailed in Criterion One of this application, Woollahra Council reported a negative actual Operating Performance Ratio (OPR) both before and after adjusting for the financial impacts from the COVID-19 pandemic in each of the financial years 2019-2020 to 2021-22.</p> <p>This was the result of the challenges faced by Council over the previous five years or so including rising expenditure, reduced income and interest rates and as a local government Council's limited capacity to increase rates income or fees and charges. Put simply, the operating deficit was a result of our expenditure being greater than our income.</p>	

To address this and work toward an operating surplus position, Council undertook a series of budget repair measures to both decrease expenditure and increase income from sources other than Rates.

At the same time, Council recognised that it was important that the community was aware of Council's financial challenges and the steps Council was undertaking to address these challenges. Whilst details of Council's financial challenges were contained within Quarterly Budget Review Reports and other finance related reports presented to Council (dating back to as early as September 2020), Council acknowledges that the majority of ratepayers would not necessarily be accessing detailed Council reports.

To promote community awareness of the financial challenges facing Council, a section on the Woollahra Council website titled "Budget and Financial Sustainability" was launched in September 2021, bringing important information in relation to Council's financial position together in one place, using Plain English and graphics designed for the community to more easily understand the challenges being faced. Promotion of this information to the community was via Council's E-Newsletters, Mayoral column in the local print media and Social Media channels.

Since its launch, the page has been continually updated with relevant stories on Council's financial position and progress toward achieving financial sustainability. A key story included at launch titled "Our Financial Challenges", informed the community on the measures we were taking and were considering, to address our financial challenges, including a potential SV. The following is a link to Council's ["Budget and Financial Sustainability"](#) website section:

Attachment 07: "Our Financial Challenges" Website story September 2021.

Similar information on Council's financial challenges, actions already taken to address them and the actions being considered (including a potential SV) was included in Council's 2021-22 Delivery Program and Operational Plan. These documents were on public exhibition for 28 days and no submissions regarding the financial challenges or a potential SV were received.

Attachment 08 – Woollahra Council Delivery Program and Operational Plan 2021-22 Page 14.

In April 2022 Council's draft IP&R suite of documents, including the Community Strategic Plan *Woollahra 2032*, Delivery Program 2022/23 – 2025/26, Operational Plan 2022/23 and Long Term Financial Plan 2022/23 – 2032/32 were placed on public exhibition for 28 days. Both the DP and the LTFP included information on Council's financial position, action taken to date to improve it and that a potential SV was being considered. Three examples of a potential SV were included in the LTFP. In total 36 submissions were received from the community with 2 directly referencing the budget and potential SV. One submission raised the issue of increased costs of living and that all cost cutting opportunities should be actioned prior to an SV and the other requested that the "imbalance" of the LTFP projections were addressed and the budget was "in balance" within the four years of the DP.

Attachment 09: DL Brochure rates notices sent April 2022.

To coincide with this a flyer was included with the fourth instalment Rates notices sent to ratepayers. This included a section on "Building Financial Sustainability" outlining Council's budget challenges, action taken and action being considered, including the following:

"Rates are our most important form of income and we are considering options for a special rate variation application in late 2022. Be assured that we will be engaging with the community on this during the last half of 2022."

Attachment 04a - Minutes of Woollahra Council Meeting 8 August 2022.

Extensive community engagement was undertaken on the SV between August and October 2022.

At the Council meeting held on 8 August 2022 a Communications and Engagement plan for the proposed SV community engagement was tabled. This plan detailed how Council intended to engage with the community on the proposed SV and the engagement tools that would be used in order to reach as many members of the community as possible.

At the above-mentioned Council meeting, Council endorsed Council staff to commence community engagement on the proposed SV from 22 August 2022 to 2 October 2022. The Council resolution also confirmed the three SV options that Council was seeking community feedback on. Please refer to Attachments 11 a and 11b for a copy of the Council Report and the full Council resolution.

Following on from the 8 August 2022 Council resolution, community engagement was undertaken for a period of seven weeks commencing **24 August 2022 and ending on 9 October 2022** in relation to three proposed rating options, one of which is a base scenario and two of which include an SV. Council staff extended the closing date for submissions from 2 October to 9 October 2022 to accommodate some minor Australia Post delivery delays in delivering the SV information brochure to households. In line with this extension, Council held an additional SV webinar on 29 September 2022.

A diverse range of communication and engagement methods were used to ensure as many people as possible were aware of the options being considered and how best to have their say, whether in writing, online or in person. Council used social media, advertising, advertorial and editorial content, digital content, a dedicated Your

Attachment 04b -
Woollahra Council
Strategic & Corporate
Committee Meeting 8
August 2022.

Attachment 10–
Communications and
Engagement Activities for
SV 24 August – 9 October
2022 - full details and
examples.

Attachment 06 –SV
Information Brochure.

Say online engagement page, direct mail, display signage, printed promotional material, two webinars and six in-person pop-up engagements. There were also over-the-phone and over-the-counter information and engagement opportunities for our community to share their feedback.

A detailed information brochure was sent to all ratepayers titled “We would like your feedback on Special Rate Variation options and our plans to deliver long-term financial sustainability and meet the priorities of our community”. The week commencing 29 August 2022, a hardcopy of the brochure was mailed to 20,301 ratepayers and an email link to the brochure sent to the remaining 5,665 ratepayers. Copies of this brochure were also distributed through the 6 x community pop-up sessions. The information brochure provided readers:

- Information on the need for the SV
- Budget repair actions that had already been undertaken
- Information on the three options on which we were seeking community feedback
- The priority projects which Options 2 and 3 would enable Council to address
- Information on how readers could submit their opinion, including through a QR Code which linked through to Council’s “Proposed Special Rate Variation” Your Say page.

The detailed SV information included in the above-mentioned brochure was also replicated on Councils web site for ease of viewing by residents.

A Rates Calculator was also available on Council’s website for Ratepayers to enter their Assessment Number to see what their Rates would likely be under the three proposed SV Options.

Council's Your Say web page sought specific feedback through a survey that asked 4 x questions as follows:

- If you were to support a Special Rate Variation (SV), which of the options would you prefer? Option 2 or 3.
- Are there any other projects or priorities you wish to be considered?
- Do you think Council should apply for an SV? Yes or No
- Please share any other feedback on the proposed SV – freeform of maximum 250 words

In total, there were 593 submissions received over the seven week period of engagement. The majority of these were received via the Your Say web page, noting that not all respondents completed all the questions asked.

There were 33 attendees in total at the two SV Webinars and a recording of both webinars was posted to the Your Say page on Council's web site.

Face-to-face community pop-ups were held in each Council Ward with a further pop-up held in Lyne Park, Rose Bay during the September school holidays. There were approximately 156 face-to-face interactions at the pop-ups.

The purpose of two of the above-mentioned questions posed to the community was to identify the level of support for an SV, with those questions and responses being:

- "Do you think Council should apply for an SV – Yes or No".

585 responses were received in response to this question, with 59% voting "No" and 41% voting "Yes".

- “If you were to support an SV, which option would you prefer – Option 2 or Option 3”.

387 responses were received in response to this question, with 67% voting “Option 2” and 33% voting “Option 3”.

Further information on the survey responses and general feedback received through the SV community engagement can be accessed [here](#)

Based on the feedback received online and in person during the seven week community engagement period, it is considered that there was an overall general understanding and agreement that Council has and should continue to work towards financial sustainability and overall, there was very little disagreement on the priority areas identified across the various SV options. Subsequently, Council resolved on 17 October 2022 to apply for an SV in line with Option 2 – SV.

Council’s Delivery Program 2022/23 – 2025/26 and Long Term Financial Plan 2022/23 – 2032/32 were updated to reflect this decision and publicly exhibited for 28 days. No submissions were received as a result of this public exhibition.

Attachment 11a –Minutes of Woollahra Council Meeting 1 October 2022

Attachment 11b – Report of Woollahra Council Strategic Corporate Committee Meeting 17 October 2022

Attachment 01 – Woollahra Council Delivery Program 2022/23 – 2025/26

Attachment 02 – Woollahra Council Long Term Financial Plan 2022/23 – 2031/32

<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>Long Term Financial Plan adopted 28 November 2022:</p> <ul style="list-style-type: none"> Page 14 outlines Council’s decision to apply for a SV under Option 2. Page 10 provides a table of the impact of a SV on Average Residential Rates, and Page 11 – provides a table of the impact of a SV on Average Business Rates <p>Delivery Program – adopted 28 November 2022:</p> <ul style="list-style-type: none"> Pages 15 -16 outline the need for a SV, the decision to apply to IPART, and Page 16 cross references to Council’s LTFP. 	<p>Attachment 02 Long Term Financial Plan 2022/23 – 2032/32 Pages 10, 11 & 14</p> <p>Attachment 01 – Woollahra Council Delivery Program 2022/23 – 2025/26 Pages 15 -16.</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>The community brochure that was delivered to all ratepayers included two tables, one for average residential rates and one for average business rates showing the cumulative increase over three years in both percentage and dollar terms. Note – these tables were prepared and exhibited prior to the release of the 3.7% Rate Peg by the IPART in September 2022. Therefore, they assume a Rate Peg of 2.5% as advised in the IPART Guidelines for financial modelling.</p>	<p>Attachment 06 –SV Information Brochure.</p>
<p></p>	<p>On Page 10 of the LTFP (adopted on 28 November 2022), a table is included that shows the impact of an SV on average residential rates and Page 11 provides a table of the impact of an SV on average business rates. Both tables show the cumulative increase over three years in both percentage and dollar terms. Please note that these tables were prepared and adopted following the release of the 3.7% Rate Peg by the IPART in September 2022.</p>	<p>Attachment 02 Long Term Financial Plan 2022/23 – 2032/32 Pages 10 and 11.</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>As discussed earlier in this application, a detailed range of engagement approaches were used to inform and engage the community on the proposed SV, including:</p>	<p>Attachment 10– Communications and Engagement Activities for SV 24 August – 9 October 2022 - full details and examples</p>

- The development of a detailed Your Say page on Council’s website including an SV summary and detailed tables of average rates impact, as well as 8 x detailed background papers/plans, a Frequently Asked Questions (FAQs) document, plus recordings of the 2 x SV community webinars.
- The development of a “Budget and Financial Sustainability” section on Council’s website in September 2021 which was continually updated with any new relevant information.
- Advertisements in print media
- Social media posts
- An SV brochure was letterbox delivered in August/September 2022 to all ratepayers across the LGA, which followed on from an insert to all ratepayers in April 2022.
- 2 x online webinars were held, with the recordings posted on Council’s website)
- 6 x Community pop-ups were held.

More detail on the community engagement strategy can be found in Attachment 10.

Explain the action, if any, the council took in response to feedback from the community

Following completion of the SV community engagement period (22 August 2022 to 9 October 2022), at its meeting held on 17 October 2022, Council was provided with a comprehensive report detailing the results of the SV community engagement process and related background information. By way of overview, the report included the following:

- The need for an SV
- Budget improvement measures already undertaken
- Community priority areas (i.e. the currently unfunded priorities)

Attachment 11a –Minutes of Woollahra Council Meeting 1 October 2022

Attachment 11b – Report of Woollahra Council Strategic Corporate Committee Meeting 17 October 2022

- Council's LTFP showing the impact of each of the three SV Options
- The impact on ratepayers of a proposed SV across each Option
- Council's Financial Hardship Policy
- Details of the Community Engagement undertaken and its results
- Updated Draft Long Term Financial Plan LTFP 2022/23 – 2031/32
- Updated Draft Delivery Program 2022/23-2025/26
- SV - Report of community submissions received – 12 October 2022

Following consideration of the report, Council resolved to apply for an SV as detailed in this application.

Following is an overview of the process Council undertook in responding to the community as a result of the feedback received from the SV community engagement:

- All respondents received an acknowledgement of receipt of their submission;
- All respondents received an update about how their submissions would be presented to Council, including instructions about how to register to speak at the Committee / Council meetings;
- All responses were summarised in the above-mentioned Council report and included verbatim (but de-identified) as an attachment to the report tabled to the Strategic & Corporate Committee meeting held 17 October 2022 and subsequently to the Council meeting of the same date
- All respondents received an update about the outcome of their submission, including information about the ability to

make further submissions to the IPART after Councils' SV application is lodged, along with a commitment to a further notification from Council after making its application in February 2023;

- Follow up queries resulting from the above communications were responded to as they arose, via email, telephone or face-to-face.

Included in the Council report that was tabled on 17 October 2022, is a summary of the key themes to come from the SV community engagement. Following each key theme listed is a *Staff Comment* addressing the broad matters raised. Please refer to Attachment 11b for a copy of the report.

The above information demonstrates Council's responses and or actions taken as a result of the SV community engagement undertaken in the last quarter of 2022.

Note: Reference to application supporting documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 7, Community mailout leaflet, section 1, pp 1-3.

In the text box below, provide any other details about the councils: consultation strategy, timing or materials that are not captured in Table 4.

Nil

In the text box below, please provide any other details about the community's involvement in, engagement with or support of the proposed SV not captured in Table 4.

At the closing of submissions, Council had received a total of 593 submissions on the proposed SV, with 33 people having attended the two SV Webinars, plus there were approximately 156 face-to-face interactions between Council staff and the community at the various SV pop-ups held around the LGA.

This represents the greatest level of engagement from the community on any matter before Council in recent years and is testament to the comprehensive nature of the communications and engagement plan implemented for the proposed SV. Whilst it is clear that the majority of people across any community generally do not want to pay more for services from any level of government, there was general acceptance that Council had been taking proactive steps in managing our financial challenges better and that there is generally not enough funding to do everything that everyone across the community would like.

In Table 5 please list out any other attachments that the council has relied on to respond to criterion 2 not otherwise detailed in Table 4.

Table 5 Other criterion 2 attachments

Attachment number	Name of document	Page references ^a

a. If document is only relevant in part.

Criterion 3 – Impact on ratepayers

Criterion 3 in the SV Guidelines is:

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

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

In assessing the impact, IPART may also consider:

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

This Application Form asks four questions for criterion 3. Councils should provide evidence to demonstrate:

1. the **impact on rates** of the proposed SV, including the **impact on minimum amounts** of any ordinary or special rate
2. how the council considered that the proposed rate rises were **affordable, having regard to ratepayers' capacity and willingness to pay**
3. how the council **addressed concerns about affordability** in determining the special variation is applied for, and
4. the council's plans for **addressing hardship** ratepayers may experience in meeting their obligations to pay rates in the future.

As well as considering the evidence provided by the council to demonstrate that the proposed rate increase is affordable for its community, IPART will undertake its own analysis of affordability by considering a range of data, including:

- the average growth in the council's rates in recent years, including previous SV increases
- how the council's average rates, current and under the proposed SV, compare with those in similar councils, and
- socio-economic indicators such as median household income, average rates to income ratio, outstanding rates ratio and SEIFA ranking.

The council's response to criterion 3 should also indicate how the required information is reflected in the Delivery Program and Long Term Financial Plan.

Is the impact on rates of the proposed special variation reasonable?

Although much of the quantitative information we need on the impact of the proposed SV on rate levels will already be contained in Worksheets 5a and 5b of SV Application Form Part A, the response to this question should clearly set out:

- the impact on rates across the council's rating structure should the SV be approved, compared with
- the rate levels which would apply if the SV is not approved.

This information should be provided in a table indicating average rates in 2023-24, and then both the dollar and percentage increase for each rating category and subcategory for each year of the proposed SV, and the cumulative increases for the whole period.

A simple table is sufficient where the council intends to apply the proposed SV percentage increase in general income to all rating categories and subcategories.

The approach is likely to be more complex where the council is applying an increase differentially across ratepayer categories or making any changes to the rating structure in 2023-24. In this case, the council's response should explain the basis for allocating the increase to general income among the ratepayers and how the rating structure would be different from that which would apply if the SV is not approved, and why. This information will be relevant to our assessment of the reasonableness of the impact on ratepayers.

If relevant, the council's response should also indicate the impact of any other anticipated changes (e.g. receipt of new valuations) in the rating structure, or any changes to other annual ratepayer charges such as for domestic waste management services. Please provide the councils response in the text box below.

The proposed SV is to be applied equally across all rating categories. The following table shows "No SV" and "With" SV" and the impact on average rates.

We note that these differ slightly to those within Council's LTFP, which was adopted on 28 November 2022. This is due to the recent NSW Valuer General (VG) revaluation of land effective from 1 July 2023, received after preparation of and adoption by Council of the LTFP. The VG valuations have increased the average land values for residential from \$1,430,180 to \$2,338,398 and for business from \$1,539,308 to \$2,203,976.

No SV – Rate Peg Only

Rate Peg Only	2022/23 Average Rate	Rate Peg Only Increase 2023/24	Rate Peg Only Increase 2024/25	Cumulative SRV Increase over 2 years		2023/24 Average Rate	2024/25 Average Rate
		3.70%	2.50%	\$	Percentage Change		
Average Annual Ordinary Rate - Residential Rating	\$1,480.41	\$ 54.78	\$ 38.38	\$ 93.15	6.3%	\$1,535.19	\$1,573.56
Average Annual Ordinary Rate - across all Business Rating Categories	\$4,259.45	\$ 157.60	\$ 110.43	\$ 268.03	6.3%	\$4,417.05	\$4,527.48

With SV

With Special Rate Variation	2022/23 Average Rate	SRV Increase 2023/24 10%	SRV Increase 2024/25 5%	Cumulative SRV Increase over 2 years		2023/24 Average Rate	2024/25 Average Rate
		Including 3.7% Rate Peg	Including 2.5% Rate Peg	Including Rate Peg	Percentage Change		
Average Annual Ordinary Rate - Residential Rating	\$1,480.41	\$ 211.46	\$ 126.90	\$ 338.36	22.9%	\$1,691.87	\$1,818.77
Average Annual Ordinary Rate - across all Business Rating Categories	\$4,259.45	\$ 452.61	\$ 353.40	\$ 806.01	18.9%	\$4,712.06	\$5,065.46

The VG revaluation of land effective from 1 July 2023 (which is the same date the proposed SV would be effective), may also impact on the amount of rates payable for individual ratepayers. Based on Council's residential rating structure, 50% of the total rates base is split between ratepayers based on their individual VG land value. Those with a higher land value will pay more. Therefore, any changes in the relative land value between ratepayers will impact the amount of their rates, with some increasing and some reducing. Council is undertaking a detailed analysis to identify those impacted significantly to support direct communication to them to explain the change.

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

The council's response in the text box below should provide evidence to establish:

- That the proposed SV is reasonable in the context of the current rate levels, ratepayer base and its purpose.
- How the council considered the community's capacity and willingness to pay, and that the rate increases would be affordable for the community.

Evidence about capacity to pay could include a discussion of such indicators as SEIFA rankings, land values, average rates, disposable incomes, the outstanding rates ratio and rates as a proportion of household/business/farmland income and expenditure, and how these measures relate to those in comparable or neighbouring council areas.

As many of these measures are highly aggregated, it may also be useful to discuss other factors that could better explain the impact on ratepayers affected by the proposed rate increases.

While councils should consider the affordability of the proposed rate increases for **all** affected ratepayers, in some circumstances, particularly where the increase will not be uniform for all ratepayers, councils should explain how the **affected** ratepayer capacity to pay was considered. This could apply, for example, where:

- The council intends to **apply the increase differentially across ratepayer categories**.
- The council intends to **make changes to the rating structure in 2023-24** in conjunction with the proposed SV.
- The proposal would **increase minimum rates** by a significantly high percentage.

Please provide the councils response in the text box below.

Reasonableness of the Proposed SV

When considering the reasonableness of the proposed SV, Council undertook a comparison of average rates for both Residential and Business to other OLG Group 2 Councils and neighbouring Councils. Comparisons were made of current 2022/23 rating structures and forecasts for 2024/25 rating structures.

Table 1 below compares Woollahra's average rates to other OLG Group 2 Councils and two neighbouring Councils based on 2022/23 data.

Table 1 – Comparison of Average Rates 2022/23

(data source – Individual Council Operating Plans 2022/23)

	Woollahra	OLG Group Councils					Neighbouring Councils	
		Hunters Hill Council	Mosman Council	Burwood Council	Lane Cove Council	Strathfield Council	Waverley Council	Randwick Council
Average Residential Rate ⁹ (\$)	1,480.00	2,187.00	1,493.87	1,549.61	1,282.20	845.50	1,197.72	1,498.19
Average Business Rate (\$)	4,250.38	1,593.00	3,208.54	6,956.64	4,796.52	4,137.26	7,261.61	10,003.31

In comparing average rates between Councils it is important to acknowledge that not all Councils are the same i.e. in relation to Woollahra Council, the LGA is predominantly residential with suburban shopping centres, with no major commercial precincts within the LGA.

In 2022/23 Woollahra’s business rates comprise 21.55% of the total rates base. By way of comparison, Strathfield Council’s business rates comprise 42.26% and Waverley’s 27.28%. Both of these LGAs have major commercial precincts with higher average business rates allowing for lower average residential rates. Overall, in our view our analysis indicates that Woollahra Council’s average rates in 2022/23 are reasonable when compared to other Councils.

Council also considered the forecast average rates comparison in the year 2024/25, which is the second and final year of Woollahra’s proposed SV. In doing this we have taken into consideration Hunters Hill Council’s current SV and assumed that the other Councils do not apply for a SV over that period and will only increase by the rate peg of 3.7% in 2023/24 and 2.5% in 2024/25. Any change to the rating path of other Councils through a SV will of course change this comparison. Table 2 below shows the forecast comparison:

Table 2 – Comparison of Forecast Average Rates 2024/25
(Data source Council Operating Plans 2022/23 increased for the assumed rate peg for all Councils except Hunters Hill. Hunters Hill data based on 2022/23 Operating Plan and the rate path per the approved SV)

	Woollahra	OLG Group Councils					Neighbouring Councils	
		Hunters Hill Council	Mosman Council	Burwood Council	Lane Cove Council	Strathfield Council	Waverley Council	Randwick Council
Average Residential Rate ^a (\$)	1,861.84	2,532.55	1,605.91	1,665.83	1,378.36	908.91	1,287.55	1,610.56
Average Business Rate (\$)	5,346.98	1,844.69	3,449.18	7,478.39	5,156.25	4,447.55	7,806.23	10,753.56
Assumed Cumulative Increase	25.80%	15.80%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

The above analysis indicates that Woollahra’s average residential rates will be higher than the neighbouring Councils of Waverley and Randwick and the majority of the Group 2 Councils, whereas the average business rates will remain lower than Waverley, Randwick and Burwood, if this SV application is approved by the IPART.

A further indicator of the reasonableness of the proposed rates is the “Ratio of Average Rates to Median Income” included in Table 3 below. Based on the 2021 Census data, the median income of Woollahra is \$165,984, therefore the 2022/23 average residential rates comprised 0.9% of the median income, which is mid-range of the Councils compared. The forecast 2024/25 average rates of \$1,861.84 would comprise 1.1% of the 2021 median income of \$165,984, which is still mid-range of the Councils compared. This assumes no increase in the median household income between 2021 and 2024 so the % is likely to be below 1.1%.

Community’s Capacity to Pay and Affordability of the Proposed SV

In considering the above-mentioned average rate analysis, Council looked further into the ratepayers’ capacity to pay through indicators such as median household income, average rates to income ratio, outstanding rates ratio and SEIFA ranking. This analysis is shown in Table 3 below:

Table 3 – Capacity to Pay Comparison

	Woollahra	OLG Group Councils					Neighbouring Councils	
		Hunters Hill Council	Mosman Council	Burwood Council	Lane Cove Council	Strathfield Council	Waverley Council	Randwick Council
Median Household Average Income* (\$)	165,984	155,896	150,384	97,084	145,652	109,460	148,408	119,860
Ratio of Average Rates to Median Income (%)	0.9%	1.4%	1.0%	1.6%	0.9%	0.8%	0.8%	1.2%
SEIFA Index NSW Rank ^b	129	125	128	106	126	113	124	117
Outstanding Rates Ratio (%) 2021-22	4.5%	5.9%	2.8%	5.6%	4.6%	4.4%	4.8%	4.5%

*Median annual household income is based on 2021 ABS Census data

^b The highest possible ranking is 130 which denotes a council that is least disadvantaged in NSW.

The Woollahra LGA has a SEIFA rating (2016 ABS Data) of 129, indicating it is the second least disadvantaged LGA in NSW. Average Residential rates comprise 0.9% of the Median Household Average Income of \$165,984 (2021 ABS Data), which is the mid-range of the Councils compared. The Woollahra Council Outstanding Rates Ratio of 4.5% in 2021-22 is below the Office of Local Government benchmark of <5% and compares favourably to other Councils.

The employment status (as a percentage of the labour force) in the Woollahra LGA in 2021 compared to Greater Sydney shows that there was a higher proportion of people in employment, and a lower proportion unemployed. Overall, 96.7% of the labour force in the Woollahra LGA was employed, with 3.3% unemployed, compared with 94.9% and 5.1% respectively for Greater Sydney (source:profile.id.com.au_2021 data).

As shown by the data included in Table 3, the Woollahra LGA is overall an affluent LGA, with broad capacity to pay the proposed increased rates as a result of the proposed SV.

Financial Hardship Policy

Council is very cognizant that whilst the Woollahra LGA is generally an affluent area, there are ratepayers who are less advantaged than the average and for whom the impact of the SV will be greater.

When resolving to apply for an SV, Council included as part of its formal resolution that *“Council’s Financial Hardship Policy be updated and reported back to Council before the end of the 2022 calendar year.”* This was to ensure that Council had in place an easy to understand and appropriate policy for dealing with any cases of financial hardship for Council ratepayers.

Council staff undertook a review of the existing Financial Hardship Policy as well as a review of Council’s Debt Recovery Policy and subsequently the revised policies were placed on public exhibition from 2 November 2022 to 30 November 2022, during which time there were no submissions received from the community. The revised policies were then adopted by Council on 12 December 2022.

In reference to the question below relating to whether interest is charged on late rate payments, It should be noted that whilst Council’s Financial Hardship Policy does allow for interest to be applied to late payments, there is also an option under the Policy whereby interest can accrue on overdue payments that may then be reduced or written off.

How does the council intend to address hardship?

Does the council have a hardship policy? Yes

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

The response in the text boxes below should explain any measures the council has in place, or intends to introduce, measure for dealing with cases where ratepayers experience hardship in meeting their obligation to pay rates.

Evidence can relate to a formal hardship policy which the council has adopted, and/or processes the council has in place, or intends to implement. The response should explain who the potential beneficiaries are and how they are or will be assisted. Alternatively, the response should explain why no such measures are proposed.

The council should also indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided). Please provide the councils 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.

As detailed in Table 3 above, when resolving to apply for an SV in October 2022, Council included as part of its resolution that Council's Financial Hardship Policy be updated and reported back to Council before the end of the 2022 calendar year. This was to ensure that Council had in place an easy to understand and appropriate policy for dealing with any cases of financial hardship for Council ratepayers, noting that Council has had a Financial Hardship Policy in place for many years. The revised Financial Hardship Policy and Debt Recovery Policy were reviewed, publicly exhibited and subsequently adopted by Council on 12 December 2022.

As noted within the "Community's Capacity to Pay and Affordability of the Proposed SV" above-mentioned response, the Woollahra LGA is generally an affluent area, with a low unemployment rate of 3.3%, compared to Greater Sydney average of 5.1%. However, seniors make up 12.8% of the Woollahra LGA, with this being a larger proportion of Seniors (70 to 84 years of age) compared to the Greater Sydney rate of 7.5% (source:profile.id.com.au_2021 data).

Within the Woollahra LGA, some seniors have a strong asset base (i.e. property ownership), but a lower cash flow base, therefore, it is possible that the increase in rates as a result of any approved SV may place additional financial burdens on these residents. This is the reason that Woollahra Councillors resolved to have the Financial Hardship Policy and Debt Recovery Policy revised and updated prior to lodging this SV application, so that residents who do struggle with payments under any SV scenario, have a range of options before them with regard to dealing with any financial hardship. Council's revised Financial Hardship Policy includes mechanisms to assist these ratepayers impacted by financial hardship.

For context, during the recent economic impact of the COVID-19 pandemic, Council were proactive in ensuring that our ratepayers were aware of the assistance with payments that was available from Council. As a result of this, throughout the pandemic, Council organised customised payments arrangements for the 79 ratepayers who approached us during that time.

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 – referenced on page 13 of Council's LTFFP.

Table 6 Criterion 3 attachments

Council- assigned number	Name of document	Page references ^a
Attachment 12	Woollahra Council Financial Hardship Policy	

a. If document only relevant in part.

Has the council considered the impact of the SV in its IP&R documents?

In the table below provide evidence that the council met the reporting requirements of criterion 3 in tis delivery program and LTFP.

Table 7 Consideration of the proposed SV impact in IP&R documents

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<p>The Delivery program and LTFP should:</p>		
<p>Clearly show the impact of any rises upon the community</p>	<p>Council’s LTFP includes tables of Average Residential and Average Business rates showing the following:</p> <ul style="list-style-type: none"> • Current 2022/23 • Year 1 – 2023/24 • Year 2 – 2024/25 • Year 3 – 2025/26 • Cumulative Increase over 3 Years – both dollar and percentage • Year 10 – 2032/33 • Average increase over 10 years (included as 10 years is the period over which the additional identified priority spend funded by the SV would occur) <p>The tables include comparisons for the 3 Rating Options that were the subject of the recent community engagement on the proposed SV. The LTFP also includes the decision by Council on 17 October 2022 to apply for an SV under what has been known as Option 2.</p> <p>Council’s DP includes reference to the SV application and the Council resolution to apply for an SV, plus the DP includes a cross reference to Council’s LTFP.</p>	<p>Attachment 02 Woollahra Council Long Term Financial Plan 2022/23 – 2031/32 Pages 9 to 11</p> <p>Attachment 02 Long Term Financial Plan 2022/23 – 2031/32 Page 14.</p> <p>Attachment 01 – Woollahra Council Delivery Program 2022/23 – 2025/26 Page 16.</p>

Include the council's consideration of the community's capacity and willingness to pay rates

As included in the above-mentioned responses to Criterion 3, Council has given detailed consideration to the community's capacity and willingness to pay increased rates as a result of any successful SV application.

Attachment 02 Long Term Financial Plan 2022/23 – 2031/32 Pages 12 to 13

Further to this, Council's LTFP includes a comparison of how Council's rates compared to other Councils and states the following:

'Whilst it is difficult to draw firm conclusions in any Council comparison, as each Council's rating structure and mix between residential and business is different, our current average rates appear reasonable in relation to the other Councils.'

Attachment 2 Long Term Financial Plan 2022/23 – 2031/32 Page 9

Council's LTFP notes under "Impact on Ratepayers", a number of budget improvement measures that were implemented prior to approaching the community about a potential increase in rates, which reads as follows:

'Impact on Our Ratepayers

We are very aware of the financial pressures everyone is under and asking for the community to consider paying more in rates is not something that we took lightly. To that end we wanted to make the internal savings and efficiencies and look to other sources of revenue through the budget repair actions that we outlined under "What Are Our Financial Challenges and How Are We Addressing Them", prior to approaching the community about a potential increase in rates.'

Establish that the proposed rate increases are affordable, having regard to the community's capacity to pay

Council's LTFP includes a comparison of how Council's existing 2022-23 rates compare to our neighbouring and similar Councils (Group 2 Councils as defined by the Office of Local Government).as well as the Socio-Economic Indexes for Areas (SEIFA) indicator.

Attachment 02 Long Term Financial Plan 2022/23 – 2031/32 Pages 12 to 13

The highest SEIFA ranking is 130, which denotes a Council area that is least disadvantaged in New South Wales (NSW). Woollahra's SEIFA ranking is 129, indicating it is the second least disadvantaged council area in NSW.

Further, an analysis of rates as a percentage of average income indicated Woollahra's rates comprised 0.9% (estimated to increase up to 1.1%) of average income (based on 2021 ABS data), noting that the percentage within Council's LTFP was based on 2016 ABS data).

Council's LTFP also includes reference to Council's Hardship Policy.

Note: Reference to IP&R documents should include Application attachment number, document Name, section reference, page reference. For example: Attachment 3, Council LTFP, section 3.2, pp 20-25.

Criterion 4 – Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

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

The formal requirements applying to IP&R documents are set out in the *Integrated Planning and Reporting Guidelines for Local Government in NSW* and the *Integrated Planning and Reporting Handbook for Local Councils in NSW*.

For the purposes of applying for an SV, councils should note:

- If amendments to an adopted **Delivery Program** or **Community Strategic Plan** are needed to incorporate or update information about the proposed SV, the draft documents should be re-exhibited for a period of 28 days, and adopted before the council submits its Application Form to IPART.
- The exhibition period should be scheduled so that there is an opportunity for the council to formally consider and resolve to adopt the revised documents. It will be expected that a council will hold an extraordinary general meeting, if necessary, to meet this requirement.
- The council should adopt a version of the **LTFP** which incorporates modelling of the proposed SV before the council submitting the application to IPART.
- When applying for a SV for 2023-24 councils do not need to prepare, exhibit or adopt the **Operational Plan for 2023-24**.
- If council has used supporting evidence from the **Operational Plan for 2023-24** to demonstrate how it satisfies other criteria, the council should also provide information about this document in its response to criterion 4.

Where the proposed SV is to fund asset management, the council's **Asset Management Strategy and Plan(s)** should be adopted before submitting the application to IPART.

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

In the text box indicate the progress of identifying the need for the SV being incorporated into the IP&R documents by providing information about community engagement and when key revisions were made to the IP&R documents.

In April 2022 Council's draft Integrated Planning & Reporting (IP&R) suite of documents including the Community Strategic Plan *Woollahra 2032*, Delivery Program 2022/23 – 2025/26, Operational Plan 2022/23 and Long Term Financial Plan 2022/23 – 2032/32 were on public exhibition for 28 days. Both the DP and the LTFP included information on Council's financial position, action taken to date to improve it and that a potential SV was being considered. Three examples of a potential SV were included in the LTFP.

In total 36 submissions were received from the community with 2 directly referencing the budget and potential SV. One submission raised the issue of increased costs of living and that all cost cutting opportunities should be actioned prior to an SV and the other requested that the “imbalance” of the LTFP projections were addressed and the budget was “in balance” within the four years of the DP.

On 8 August 2022 Council resolved to undertake extensive community engagement on a potential SV, based around three Options two of which included an SV.

Based on the feedback received online and in person during the seven week community engagement period, Council resolved on 17 October 2022 to apply for an SV in line with Option 2 – SV.

Council’s DP 2022/23 – 2025/26 and LTFP 2022/23 – 2032/32 were updated to reflect this decision and publicly exhibited for 28 days. No submission were received.

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

The table seeks information which demonstrates that the council has met the formal requirements for the preparation, exhibition, adoption and publication of the current IP&R documents. Please complete Table 8 for all IP&R documents relevant to the council's application.

Table 8 IP&R documents

Document	Exhibition dates	Adoption date	Placed on council's website	Web link
Community Strategic Plan	6 April - 15 May 2022	27 June 2022	Yes	Website page link: https://www.woollahra.nsw.gov.au/council/vision-structure-and-financial-sustainability/integrated_planning_and_reporting/woollahra_2032 Direct document link: https://www.woollahra.nsw.gov.au/__data/assets/pdf_file/0019/261514/Community-Strategic-Plan-2032.pdf
Delivery Program - Previous	6 April - 15 May 2022	27 June 2022,	Yes	Website page link: https://www.woollahra.nsw.gov.au/council/vision-structure-and-financial-sustainability/integrated_planning_and_reporting/delivery_program_and_operational_plan
Delivery Program - Current (revised to include the SV)	20 October to 17 November 2022	2 28 November 2022	Yes	Direct document link (revised final): https://www.woollahra.nsw.gov.au/__data/assets/pdf_file/0020/261515/Delivery-Program-2022-2026.pdf

Long Term Financial Plan - Previous	6 April - 15 May 2022	27 June 2022	Yes	Website page link: https://www.woollahra.nsw.gov.au/council/vision-structure-and-financial-sustainability/integrated_planning_and_reporting/resourcing_strategy
Long Term Financial Plan - Current (revised to include the SV)	20 October to 17 November 2022	2 28 November 2022	Yes	Direct document link (revised final): https://www.woollahra.nsw.gov.au/__data/assets/pdf_file/0016/261511/Long-Term-Financial-Plan-2022-2032.pdf
Asset Management Strategy / Plan(s)	N/A – Whilst adopted by Council, these documents did not require public exhibition	27 June 2022, then adopted with SV-related revisions 28 November 2022	Yes	Direct document link (revised final): https://www.woollahra.nsw.gov.au/__data/assets/pdf_file/0015/261510/Asset-Management-Strategy-2022-2032.pdf
Operational Plan	6 April - 15 May 2022	27 June 2022	Yes	Website page link – refer to page 15: https://www.woollahra.nsw.gov.au/council/vision-structure-and-financial-sustainability/integrated_planning_and_reporting/delivery_program_and_operational_plan Direct document link: https://www.woollahra.nsw.gov.au/__data/assets/pdf_file/0003/261516/Operational-Plan-2022-2023-with-Fees-and-Charges.pdf

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

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

This question seeks information about issues that arose in the council's undertaking of its IP&R processes with the community by publicly exhibiting the IP&R documents, which could be relevant for IPART's assessment of the council's application.

As detailed in the table above, the original IP&R documents for 2022-2023 were placed on public exhibition from 6 April to 15 May 2022, with Council receiving 36 x formal submissions on the suite of IP&R documents. It should be noted that whilst this suite of documents did reference the proposed SV, at the time of public exhibition and subsequent adoption by Council of these documents, no decision had been made by Council to apply for an SV.

There was minimal commentary from the community on the proposed SV during the above-mentioned public exhibition period. Most submissions dealt with a range of priorities of importance to the community.

Following the resolution of Council to apply for an SV (being 17 October 2022), the revised suite of IPR documents that reflected this decision were publicly exhibited from 20 October 2022 to 17 November 2022. As noted earlier in this application, no submissions were received from the re-exhibition of the suite of IPR documents that now reflected the Council decision to apply for an SV.

It is not considered that there were any matters that arose from the exhibition of the suite of IP&R documents that have not already been covered in other parts of this application.

Criterion 5 – Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

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

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

This Application Form asks four questions relating to:

1. The approach to improving productivity in operations and asset management.
2. Outcomes realised from productivity improvements and cost containment strategies in past years.
3. Productivity improvements and cost containment strategies planned for future years.
4. Evidence of productivity and efficiency.

Councils can adopt a very broad range of strategies, initiatives or activities to improve the efficiency of their operations and the productivity of their workforce, and to contain costs and increase revenue. They may arise from reviewing service priorities, levels of service, labour and capital inputs, and organisational structures or services to be delivered.

Drawing on our experience in past years, we will be placing an emphasis on councils' applications demonstrating how they satisfy criterion 5. To demonstrate that a council has met this criterion, it is not sufficient to list a series of cost-saving or revenue-raising initiatives. Councils should provide evidence of strategies and activities and robust data quantifying the efficiency gains.

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

The council's response should identify how, as an organisation, it has approached improving productivity in its operations and asset management. It could refer to approaches such as:

- comprehensive strategic-level review of council operations including service priorities, levels of service, labour and capital inputs
- targeted reviews of discrete areas of council operations encompassing all aspects of processes, procedures, procurement, scheduling and equipment use
- reviewing service standards so that the more closely align with community expectations
- organisational restructure
- redesigning processes such as financial reporting, people/performance/project management to achieve efficiencies

- reviewing procurement strategies
- pursuing opportunities for commercialisation and business improvement
- review of assets in order to rationalise and divest property.

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

For many years Woollahra Council has encouraged continuous improvement across the organisation in the form of the Best Service program. This program has focussed on giving staff a voice to be able to raise opportunities for improvement generally relating to processes, procedures and to address known inefficiencies in their areas of operation. Over the years there have been any number of processes reviewed, refined and streamlined, however there has been no formal process in place to record and measure any productivity improvements made. Whilst this is not ideal, the program has provided for increased employee engagement through staff being able to put forward their own ideas on how to improve things for them as employees and our customers.

Over the past two plus years, Council has commenced developing a far more strategic approach to productivity improvements, driven by the financial challenges Council has been facing. This has been driven internally by a largely new senior management team, with a new General Manager commencing in the last half of 2020 and three of the four Directors commencing in their roles in June / July 2021.

This more strategic approach to improving productivity is focused on developing a suite of processes and tools that can be deployed across the organisation depending on the organisational need, as directed by management and / or Councillors.

Following is a high-level overview of the key initiatives being introduced and / or undertaken now across the organisation all related to productivity improvements. More detail on these key initiatives is provided further below (shown in no particular order):

- Development of Service Review Framework & the commencement of formal Service Reviews
- Refresh of the Internal Audit Program
- Development of a Performance Measurement Framework
- Implementation of Customer Design processes for improved customer experiences
- Digital Technology Transformation program
- Staff generated Opportunities for Improvement (OFI's)

In addition to the above initiatives, there are a range of ongoing day-to-day measures that have been undertaken in recent years that also contribute to Council's ongoing efficiency and effectiveness and these are also detailed further below.

Service Review Framework & Service Reviews:

During 2022, a draft Service Review Framework (the Framework) was developed in-house, with the draft Framework tabled at the 15 November 2022 Audit, Risk and Improvement Committee and presented to Councillors at a briefing held on 16 November 2022. The intention is to have the Framework formally endorsed by Council in the first quarter of the 2023 calendar year.

The key aim of the Framework is to develop a formal process that has a more outward-looking focus at partnerships and alternative delivery methods, as well as implementation of efficiencies. This is so that Council can be more responsive to community / Councillor input. As part of the development of the Framework, a service catalogue has been defined that includes each service across the organisation. This catalogue will assist in determining the scope of services for each service review, noting that determining the current levels of service being provided to customers and what any future change to service levels might look like, will form part of each service review, as service levels at Woollahra Council have not previously been defined. A copy of Council's Service Review Framework is at Attachment 13.

Whilst the above-mentioned Framework has been under development, Council commenced some service reviews during 2022, with more planned for the first half of 2023. During the last half of 2022, two service reviews were commenced for Event Services and Waste Services. At the time of writing this application, the full results of these service reviews are not fully known, however it is anticipated that both reviews will address a range of potential inefficiencies in the way in which we undertake these services.

At the time of writing this application, service review scopes are being drafted for two service reviews to be undertaken in the first half of 2023, being for the Development Application Assessment process and Open Space & Trees.

During April / May 2023, as Councillors give consideration to inclusions in the 2023-2024 Operational Plan, decisions will be made on which services to review formally during the 2023-2024 financial year.

Internal Audit Program:

With the commencement of the more formal service review program across Council, a review and refresh of the Internal Audit Program (the Program) has also commenced. Such a Program has been in place across Council for many years, however this review will ensure that the future Program is more closely aligned to our Risk Management Framework and related risk registers and focusses on internal risk control measures; financial sustainability matters and acts as a catalyst for improvement.

Performance Measurement Framework:

The development of a Performance Measurement Framework (PMF) commenced in 2022 and will be presented to Councillors in the first quarter of calendar year 2023.

The aim of the PMF is to determine how well we are tracking and understand better if we are achieving the required results; to be able to compare apples for apples against other Councils into the future (i.e. with Councils that are measuring similar things to Woollahra, in the same way) and to understand if we really are making a difference in the community i.e. are we delivering on the planned outcomes as included in the Community Strategic Plan. This is about focussing on trend data & trend analysis, in order to measure our own performance over time.

It is acknowledged that the development and implementation of a PMF in itself does not lead to any direct cost savings or productivity improvements, however more formally measuring what it is we do may well lead to a range of opportunities for improvement that will then be incorporated into our broader improvement programs.

Improved Customer Experience and Customer Design Processes:

As part of an organisational restructure undertaken in 2021, one of Council's divisions was re-established as the Community & Customer Experience division. The key purpose in doing this was to start to build a more customer focused culture across Council, for both internal and external customers.

Part of this work has been to introduce customer design into the organisation. Customer design is about looking at the processes from a customer point of view and is an opportunity for staff who are involved in the processes to take ownership and be involved in any potential improvements. There are currently three customer design reviews taking place as follows:

- *iConcierge*. Being our own Woollahra app for customer service requests, with this project about taking a customer view of the app rather than relying on staff to assume that improvements to the app are benefiting the customer.
- *Venue Hire Pathways*. This project is looking at all the different ways a customer currently books venues, parks and our libraries, with the aim to find better cross-sectional coordination in order to provide an improved customer experience.
- *Payment Pathways*. This project is identifying a range of payments that are not currently able to be completed through Council's website, with the aim being to be able to map and design more efficient and simplified pathways that meet customer expectations.

At this stage it is difficult to understand what productivity improvements and or cost savings may come from these reviews, but it is considered that there will be some efficiency gains made across each of these projects, which will allow staff involved to be able to focus on other tasks across the organisation.

Digital Technology Transformation Program:

Following an independent review of Council's ICT systems and architecture, it was determined that Council's ICT environment is not aligned to the needs of Council's digital aspirations and that Council's enterprise architecture lacks the latest developments in technological innovation and architectural standards as core backbone requirements for building a forward-thinking digital business.

In light of the above, a high-level three year roadmap has been developed that will improve our processes, systems and overall business performance, through digitising our core systems.

One key component of this SV application (as detailed earlier in this document) is titled Improvements to Service. The estimated \$4.4million as part of the SV will allow us to make significant digital improvements across the organisation, which will in turn bring organisational efficiencies and improvements to the customer experience.

Opportunities for Improvement (OFI's):

As part of our suite of business improvement tools and processes, Council will continue to promote OFI's across the staff body. An OFI is any idea that saves Council and the community time and money and or provides an improved service internally or externally.

OFI's can come from any area of the organisation at any time and provide a short, sharp process whereby staff can raise potential improvements outside of the more formal and detailed processes such as a service review.

Other Reviews & Initiatives:

As outlined in the response to Criterion One, in each of the financial years 2018-19 to 2021-22 Woollahra Council reported a negative actual Operating Performance Ratio (OPR) both before and after adjusting for the financial impacts from the COVID-19 pandemic.

To address the operating deficit position, in addition to the broader productivity initiatives included above, Council has undertaken a series of measures to both decrease expenditure and increase income from sources other than rates. These measures are detailed here:

Staffing Review:

During the first half of 2022, in an effort to partially address the 2021/22 forecast Operating Deficit of \$4.1 million, a staffing review was undertaken across the organisation, noting that this was the first comprehensive staffing review / redundancy program undertaken by Woollahra Council.

Between 2017/2018 and 2021-2022, FTE staff numbers increased by 51, with little or no corresponding increases in income. In light of this a staffing review was launched in February 2022 and was completed in approximately May 2022. The staffing review resulted in a net reduction in FTE of 28 and savings of \$2.88 million.

Project Management:

During 2022, a Project Management Policy was developed, along with a related set of procedures, as well as two x Project Brief template documents that are to be used across the organisation.

Whilst project management across Council's major capital projects has been well managed and controlled, there was little formal project management taking place of projects across the rest of the organisation. Development of this range of project management documents is currently being implemented across the organisation.

It is not possible to estimate whether the introduction of greater governance around our project management will result in tangible dollar savings, however it is assumed that there will be greater efficiency of process and ultimately improved expenditure control as a result of these new processes and procedures.

Commercial Opportunities:

Cross Street Double Bay Car Park Redevelopment

On 11 April 2022, Council resolved to appoint a preferred development partner for the redevelopment of its Cross Street car park site in Double Bay. The car park is nearing the end of its life and suffers from a range of issues, including structural deterioration and BCA and other non-compliance issues, which meant that a 'do nothing' option is unviable.

The car park provides 380 public car parking spaces and in its redeveloped form, will also include a new cinema complex, retail and community space, offices, residential apartments and the above-mentioned car park.

Many of the details relating to this project are Commercial in Confidence, so little can be said here in relation to the positive financial impacts this project will have for Council in the long-term, however Council are now close to finalising a Heads of Agreement with the preferred development partner.

As this is a Public Private Partnership (PPP), Council has lodged a submission with the Office of Local Government seeking formal approval to proceed with this project as a PPP and at the time of writing this application, that approval is pending.

Wilberforce Ave Rose Bay Car Park Redevelopment

As detailed earlier in this application, for many years Council has planned for the replacement of the car park at Wilberforce Avenue, Rose Bay. Following community engagement on this, the project includes the construction of a new community centre, amenities and a multi-level car park that will address the current shortage of parking in the area.

Council has recently lodged a Development Application (DA) for this project and anticipates that DA approval for the project may be finalised around the middle of 2022. A Capital Expenditure Review for this project has been lodged with the OLG (refer to Attachment 14). This project will see a level of financial return to Council through leasing of some retail space within the development and from paid parking, which does not currently exist at this location.

This project is one of the key projects included in this SV application with Council looking to borrow funds of approximately \$28million to complete the project. The SV will fund annual financing costs of \$11.635m over 10 years.

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

In responding to the questions that address this point, wherever possible the council should:

- provide information about productivity improvements and cost containment strategies implemented during at least the past two years
- quantify in dollar terms the gains past initiatives have realised
- present these gains as a percentage of operating expenditure.

You may in this question provide evidence of overall improvements in the council's financial situation from productivity and operational improvements and provide specific examples of initiatives or activities such as:

- introducing environmental and energy efficiency initiatives
- adopting more efficient information and communications technology for a range of activities such as communications, document processing, financial transactions, outdoor staff operations, e-recruitment
- shared purchasing through joint organisations of councils
- improved management of workers compensation insurance claims and safety audit
- seeking private contract works for road maintenance
- contracting to provide services to other councils
- reviewing community venue management to increase the utilisation of venues and associated revenues
- reviewing charges to ensure greater cost-recovery for council-provided services
- review of and refinancing loan borrowings
- adopting waste management strategies to reduce landfill waste and associated costs.

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

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

As outlined in Criterion One above, in each of the financial years 2018-19 to 2021-22 Woollahra Council reported a negative actual Operating Performance Ratio (OPR) both before and after adjusting for the financial impacts from the COVID-19 pandemic in 2019-20 to 2021-22.

By 2021-22 Council's budget forecast an Operating Deficit of \$4.1 million, reflecting the challenges faced by Council over the previous five years or so including the pandemic, rising expenditure, reduced income and interest rates. Put simply, the operating deficit was the result of Council's expenditure being greater than Council's income.

To address the operating deficit a detailed budget improvement plan was undertaken to:

1. Undertake external engagement to increase the awareness and understanding of Council's financial position across the community, the details and outcomes of which are provided in Criterion 2,
2. Undertake internal engagement with Councillors and staff to increase the awareness and understanding of Council' financial position, and
3. Identify and implement actions for cost containment, operational efficiencies, income opportunities and other measures to improve Council's financial position without direct impact on service delivery.

The outcomes of 2 and 3 above are detailed in the response to b) below with a detailed quantification of financial improvements achieved in c) below.

b. Outline the outcomes which have been achieved.

Review of Existing Income and Identification of New Income Sources

Existing Fees & Charges – detailed review and benchmarking exercise

In 2021-22 a detailed review of Council's fees and charges was undertaken, which included a benchmarking exercise against other Councils and other organisation where relevant.

Other Income– Consideration of other sources of income

During 2022, Council identified the opportunity to increase revenue through advertising on Council's non-heritage bus shelters in non-heritage areas. A tender process is currently in progress with estimated additional income of \$2million per annum factored into Council's LTFP.

Identification of Ongoing Efficiencies and Cost Containment:

Employee Efficiencies – 2020-21

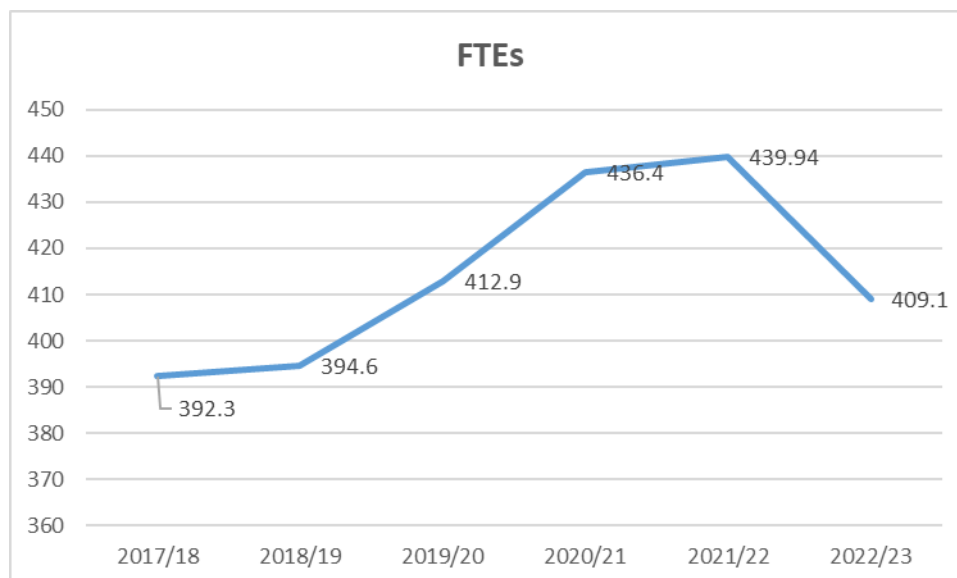
Efficiencies of \$326,000 in 2020-21 were identified and implemented.

Employee Costs – Comprehensive Staffing Review/Redundancy Program 2021-22

During the first half of 2022, a staffing review was undertaken across the organisation, noting that this was the first comprehensive staffing review / redundancy program undertaken by Woollahra Council.

The staffing review resulted in a net reduction in FTE of 28 and savings of \$2.88 million.

The following shows the reduction in budgeted FTE over recent financial years and includes the impact from the actions outlined above during 2020-21 and 2021-22, noting that these are budgeted FTEs rather than actual FTEs:



Employee Costs – Workers Compensation

Council is a member of the Loss Prevention & Recovery Model for Workers Compensation and has saved approx. \$743,000 (average \$247,000 per annum) over the past three years on premium costs when compared to what these would have cost by procuring in the open market

Borrowing Costs – investigation of refinancing opportunities

In April 2021 Council resolved to refinance our Loan for Kiaora Place, the Council-owned Double Bay commercial centre, resulting in:

- Decreased annual interest expense by \$700,000
- Total savings of \$7.87 million over the life of the loan (net of the one-off break costs of \$6.45million)

Other Expenses – review of insurance costs

A review of Council's insurance needs and costs resulted in a change in the mix of premiums to excess paid on claims, resulting in annual savings of \$200,000.

Other Expenses – Street Lighting Charges

Commencing in 2021, annual ongoing savings of \$340,000 for street lighting within the Woollahra LGA achieved through the replacement to high-performance and energy-efficient smart LED streetlights.

Council's Passenger Fleet – review and rationalisation

During 2021 the replacement of Council’s passenger vehicles was extended from a 2.5 year replacement cycle to a 4 year replacement cycle which will save approximately \$3.5 million over 10 years

Domestic Waste Management Charges:

Efficiencies achieved through the redundancy program outlined above have enabled Council to minimise the increase in the draft Domestic Management Charge (DWM) for 2023-24.

At the time of writing this application, the increase in the charge from 2022-23 to 2023-24 is estimated to be approximately 1.5% (\$9 per annum). Forecast cost increases of 5% in Tipping Charges, 4% in Recycling Costs and 4.5% for staff award and superannuation increases are largely offset by savings from efficiencies achieved through a reduction in FTEs within the Waste operations.

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

Annual ongoing budget improvements initiatives totalling \$7.769million have been achieved:

Initiative	LTFP	2021-22 \$'000	2022-23 \$'000	Annual Ongoing from 2023-24 \$'000
Fees & Charges – detailed review and benchmarking exercise	Yes	0.726		0.726
Other Income– Consideration of other sources of income – Bus Shelter Advertising	Yes		0.500	2.000
Employee Costs – ongoing review including through a restructure of the organisation	Yes	0.326	2.880	3.206
Employee Costs – Workers Compensation costs from participation in the Loss Prevention & Recovery Model	Yes	0.247		0.247

Insurance premiums – reduction in premium	Yes	0.200		0.200
Street lighting – reduction in annual costs.	Yes	0.340		0.340
Borrowing Costs –refinancing opportunities	Yes	0.700		0.700
Extension of Fleet life from 2.5 years to 4 years	Yes	0.350		0.350
TOTAL		2.889	3.380	7.769

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 to 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.

As noted above, over the last two years Council has undertaken a number of initiatives to improve productivity and contain costs resulting in ongoing savings of approximately \$7.769million.

Over the same period and also outlined above, Council has developed a more strategic approach to productivity improvements. The approach will bring together a suite of processes and tools that can be deployed across the organisation depending on the organisational need, as directed by management and / or Councillors.

Following is a high-level overview of the key initiatives either being introduced or that are currently being undertaken across the organisation all related to productivity improvements (shown in no particular order):

-
- Development of Service Review Framework & the commencement of formal Service Reviews
 - Refresh of the Internal Audit Program
 - Development of a Performance Measurement Framework
 - Implementation of Customer Design processes for improved customer experiences
 - Digital Technology Transformation program
 - Staff generated Opportunities for Improvement (OFI's)

In addition, during 2023-24 Council plans to undertake a review of Procurement practices to enhance contractor control and administration and identify potential savings.

b. Estimate their financial impact.

As noted in Part a) above, Council has implemented significant financial improvements from efficiencies and cost containment strategies over recent years and will continue to identify further opportunities through a more strategic approach outlined above. As these initiatives continue to be developed and embedded in Council operations, we anticipate that some will bring further efficiencies and cost containment opportunities for Council. However, we are unable to estimate what tangible financial impact these may have at this point in time particularly from future Service Reviews and the like.

Council's LTFP includes a 0.1% efficiency saving on materials/contacts and other expenses in each year from 2023/24.

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

As noted above a 0.1% efficiency saving on materials/contacts and other expenses is factored into each year of Council's LTFP. Further efficiency and cost containment opportunities will be factored into future revisions of Council's LTFP as they are identified.

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

To demonstrate how efficiency has changed over time, councils could use data based on studies of the council itself, or measures against the performance of comparable councils, and also rely on comparative data produced by OLG data such as:

- 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.

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

As outlined in the response to Criterion Three, when drawing comparisons between Councils it is important to acknowledge that not all Councils are the same. LGAs are of differing sizes, they have differing geographic challenges, community needs are different, what services the community values and wants is likely to be different and the best manner in which services are delivered to the community is often different.

By way of example, Woollahra Council provides in-house general waste (non-recyclable) collection services. Therefore Council employs staff to deliver the service rather than outsource to an external provider. Whilst the costs are comparable, the tailored and reliable service delivery from the in-house provision is valued and expected by Council's residents. This results in a higher FTE level than that of another Council that might be outsourcing the service.

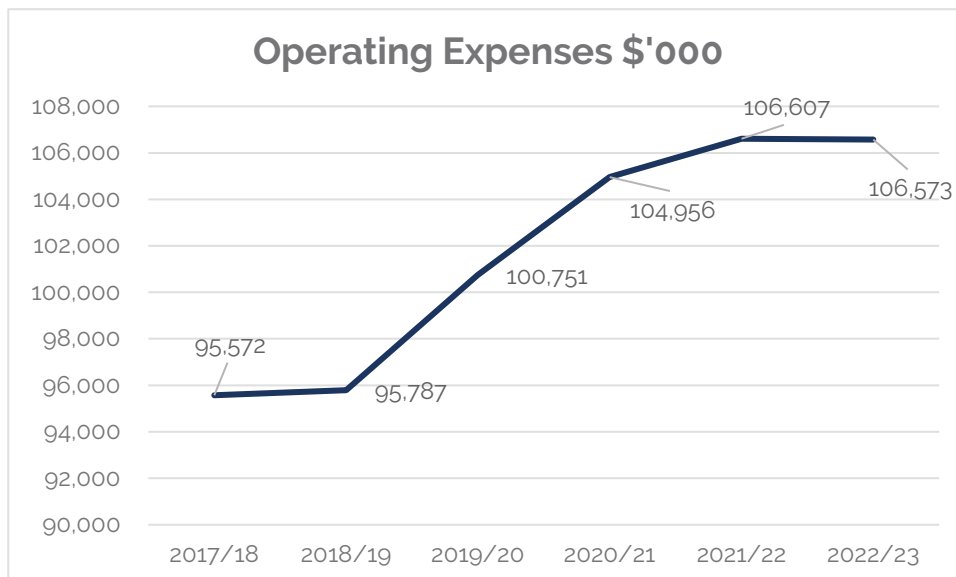
The following show the comparison of Woollahra and other Group 2 Councils using the Office of Local Government (OLG) Time Series data 2020-21 and 2021 census figures and illustrates the vast differences between the LGAs. Comparatively the Woollahra LGA has the largest road length of 145.8 km to maintain, the second largest area of open space at 144.9 hectares, the largest number of libraries, 3 pools and the largest number of public halls. All of these contribute to a FTE and cost structure that is unique to the Woollahra LGA.

	Woollahra	Burwood	Hunters Hill	Lane Cove	Mosman	Strathfield
Population 2021	53,496	40,397	13,559	39,438	28,329	45,593
Area (sq km)*	12.3	7.1	5.7	10.5	8.7	14
Length of Roads (km)*	145.8	89.7	55.8	101.6	94.1	97.1
Open Space (per ha)*	144.9	39.7	102.6	Not Provided	177	Not Provided
Number of Public Swimming Pool (incl rock pools)*	3	1	1	Not Provided	4	Not Provided
Number of Public Halls*	16	3	5	Not Provided	1	Not Provided
Number of State Libraries*	3	1	Not Provided	2	1	1
Population Density	4,349.27	5,689.72	2,378.77	3,756.00	3,256.21	3,256.64
FTEs 2020-21(actual as at 30/6/21)*	416.00	163.00	30.00	190.00	157.00	227.00
FTE Per Population	128.60	247.83	451.97	207.57	180.44	200.85

* OLG Time Series Data 2020-21

In identifying appropriate measures of efficiency and of budget improvement, Council combines budget indicators with community's expectations and satisfaction. Rather than rely only on benchmarks against other Councils, Woollahra monitors key budget indicators over time. As noted throughout the application, Council's budget improvement strategy has resulted in significant improvements to both income and expenditure over recent years. These are evidenced in the indicators used by Council and shown in the graphs below:

Total Operating Expenses



Budget improvements implemented during the 2020-21 and 2021-22 years have resulted in a decrease in total operating expenses. This decrease is after allowing for increases in Employee Costs for increases under the Award and superannuation obligations and increases in other expenditure areas through CPI or contractual obligations.

The following shows a comparison of the increase in total operating expenditure year on year between Woollahra Council and the average of other Group 2 Councils. Woollahra Councils average increase over the five years is 3.5% compared to the other Group Two Council average of 5.2%.

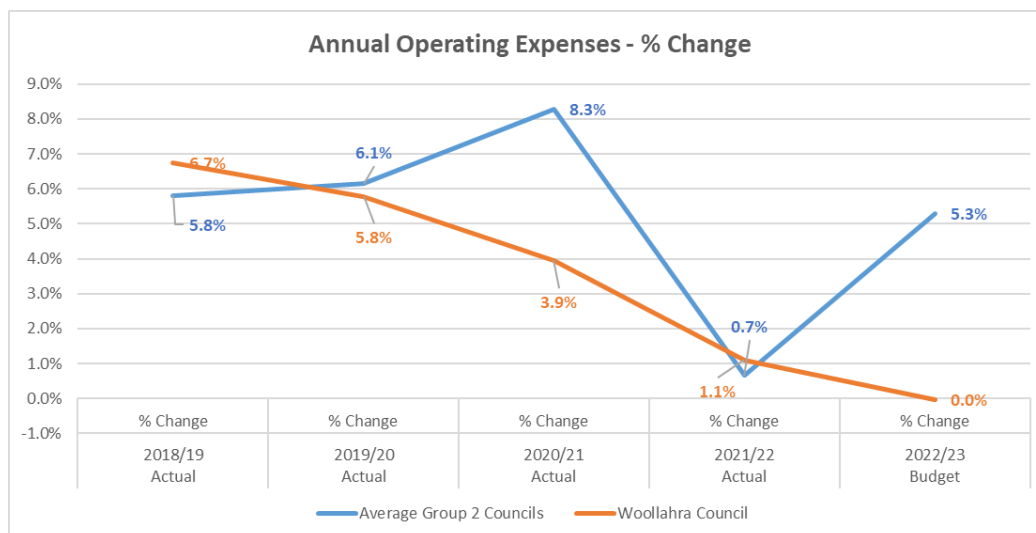


Table 9 Criterion 5 attachments

Council- assigned number	Name of document	Page references ^a
Attachment 14	Capital Expenditure Review – Wilberforce Ave Rose Bay Car park Redevelopment	

a. If document only relevant in part.

Criterion 6 – Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

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

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

In assessing applications for SVs for 2023-24, IPART will continue its approach of assessing each of the five criteria, then making an overall assessment taking into account these other relevant factors.

The council should only respond to this question if it wishes to provide information in addition to that provided elsewhere in the Application which it would like IPART to consider when assessing its proposed SV. It is not necessary to specifically deal with several of the factors listed in OLG's Guidelines such as the size of increase requested, current rate levels and previous rate rises, and purpose of the SV.

The response may refer to any other matters the council considers relevant to IPART's deliberations. In the text box the council may provide information in addition to that provided elsewhere in the Application Form which it would like us to consider when assessing its proposed SV.

Council's SV application is the first increase above the rate peg applied for in a significant number of years and the decision to apply for the SV was only made after other substantial productivity improvements and cost containment strategies were put in place over the last two years improving Council's ongoing budget by approximately \$7.769million.

The last increase dates back to 2002 with the approval of an Environment Levy allowing Council to fund a range of specific improvement projects under the Environmental Works Program. In 2006, Council expanded the Environmental Levy to include a program of infrastructure renewal projects with the new combined Environmental & Infrastructure Renewal Levy (E&IRL) approved for a period of 5 years. In 2011, the IPART approved the permanent renewal of the E&IRL.

This application for an SV to commence 1 July 2023 is the first proposal to increase Council’s rates as additional to the rate peg, since 2011.

Reporting requirements SV compliance

In the text box propose SV compliance requirements in addition to those in the IP&R documentation that the council feels are appropriate for this application (if relevant).

Council does not recommend any additional reporting than that within Council’s IP&R documentation.

Table 10 Criterion 6 attachments

Council- assigned number	Name of document	Page references ^a

a. If document is only relevant in part.

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.

Certification of application

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

Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

Name of council:

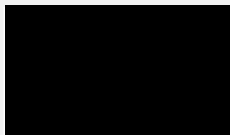
Woollahra Municipal Council

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

General Manager (name):

Craig Swift-McNair

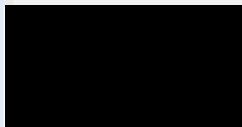
Signature and Date:



Responsible Accounting Officer (name):

Paul Ryan

Signature and Date:



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

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 contact details will be redacted before publication of this application.

General Manager

General Manager contact phone

General Manager contact email

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

Primary council contact

Council contact phone

Council contact email

Council email for inquiries about the SV application

SRV2023@woollahra.nsw.gov.au

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

Secondary council contact

Council contact phone

Council contact email

Council email for inquiries about the SV application

SRV2023@woollahra.nsw.gov.au

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

List of attachments

To complete (adding rows as necessary):

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

List of attachments to the council's application

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
	Council resolution to apply for the for the minimum rate increase variation	<input checked="" type="checkbox"/>
	Certification	<input checked="" type="checkbox"/>
If applicable for Description and Context Question 4		
	Instrument for expiring special variation	<input type="checkbox"/>
	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
If applicable for Description and Context Questions 5 and 6		
	Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
	Relevant instrument(s) for past special variations (if applicable)	<input type="checkbox"/>
	Evidence of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
Mandatory public supporting material (i.e. to be published on IPART's website)		
	Community Strategic Plan – Relevant extracts	<input type="checkbox"/>
	Delivery Program – Relevant extracts	<input checked="" type="checkbox"/>
	Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	<input checked="" type="checkbox"/>
	Consultation material, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation	<input checked="" type="checkbox"/>
	Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
	Willingness to pay study (if applicable)	<input type="checkbox"/>
	Hardship Policy	<input checked="" type="checkbox"/>
Other public supporting material		
	Asset Management Strategy / Plan(s) (if applicable)	<input type="checkbox"/>
	Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)	<input checked="" type="checkbox"/>
	NSW Treasury Corporation report on financial sustainability (if applicable)	<input type="checkbox"/>

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
01	Woollahra Council Delivery Program 2022/23 – 2025/26	Yes
02	Woollahra Council Long Term Financial Plan 2022/23 – 2031/32	Yes
03	Priority Expenditure Areas to be funded from the SV – Evidence of Community Support	Yes
04a	Minutes of Woollahra Council Meeting 8 August 2022	Yes
04b	Report of Woollahra Council Strategic & Corporate Committee Meeting 8 August 2022	Yes
05	Priority Expenditure Areas to be Funded from the SV	Yes
06	SV Information Brochure	Yes
07	“Our Financial Challenges” – website story September 2021	Yes
08	Woollahra Council Delivery Program and Operation Plan 2021-22	Yes
09	DL Brochure included in Rates Notices April 2022	Yes
10	Communication and Engagement Activities 24 August – 9 October 2022 – full details and examples	Yes
11a	Minutes of Woollahra Council Meeting 17 October 2022	Yes
11b	Report of Woollahra Council Strategic & Corporate Committee Meeting 17 October 2022	Yes
12	Woollahra Council Financial Hardship Policy	Yes
13	Woollahra Council Draft Service Review Framework	Yes
15	Woollahra Council Community Strategic Plan	Yes
Confidential supporting material (i.e. not to be published on IPART's website)		
14	OLG Capital Expenditure Review – Wilberforce Ave Rose Bay Car Park Redevelopment	Yes

Important information

Submitting online

Applications must be submitted through the Council portal by close of business on Friday, 3 February 2023.

- A file size limit of 10MB applies to the Part B Application Form.
- For supporting documents (Attachments) a file size limit of 400MB applies to public documents, and another 200MB to confidential documents.

Confidential content

We 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 CONFIDENTAL.

Publishing the council's application

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