



QUALITY NATURE - QUALITY HERITAGE - QUALITY LIFESTYLE

**BUSINESS PAPER
EXTRAORDINARY COUNCIL
MEETING
7 DECEMBER 2022**

Notice is hereby given in accordance with the provisions of the *Local Government Act 1993*, and pursuant to Clause 3.3 of Council's Code of Meeting Practice that a **Extraordinary Council Meeting** will be held in the "Koreelah Room", Council Administration Building, 247 Rouse St, Tenterfield NSW, on **Wednesday 7 December 2022** commencing at **9.30 am**.

Daryl Buckingham
Chief Executive

COMMUNITY CONSULTATION – PUBLIC ACCESS

Community Consultation (Public Access) relating to items on this Agenda can be made between 9.00 am and 9.30 am on the day of the Meeting. Requests for public access should be made to the General Manager no later than COB on the Monday before the Meeting.

Section 8 of the Business Paper allows a period of up to 30 minutes of Open Council Meetings for members of the Public to address the Council Meeting on matters INCLUDED in the Business Paper for the Meeting.

Members of the public will be permitted a maximum of five (5) minutes to address the Council Meeting. An extension of time may be granted if deemed necessary.

Members of the public seeking to represent or speak on behalf of a third party must satisfy the Council Meeting that he or she has the authority to represent or speak on behalf of the third party.

Members of the public wishing to address Council Meetings are requested to contact Council either by telephone or in person prior to close of business on the Monday prior to the day of the Meeting. Persons not registered to speak will not be able to address Council at the Meeting.

Council will only permit two (2) speakers in support and two (2) speakers in opposition to a recommendation contained in the Business Paper. If there are more than two (2) speakers, Council's Governance division will contact all registered speakers to determine who will address Council. In relation to a Development Application, the applicant will be reserved a position to speak.

Members of the public will not be permitted to raise matters or provide information which involves:

- Personnel matters concerning particular individuals (other than Councillors);
- Personal hardship of any resident or ratepayer;
- Information that would, if disclosed confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business;
- Commercial information of a confidential nature that would, if disclosed:
 - Prejudice the commercial position of the person who supplied it, or
 - Confer a commercial advantage on a competitor of the Council; or
 - Reveal a trade secret;
- Information that would, if disclosed prejudice the maintenance of law;
- Matters affecting the security of the Council, Councillors, Council staff or Council property;
- Advice concerning litigation or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege;
- Information concerning the nature and location of a place or an item of Aboriginal significance on community land;
- Alleged contraventions of any Code of Conduct requirements applicable under Section 440; or
- On balance, be contrary to the public interest.

Members of the public will not be permitted to use Community Consultation to abuse, vilify, insult, threaten, intimidate or harass Councillors, Council staff or other members of the public. Conduct of this nature will be deemed to be an act of disorder and the person engaging in such behaviour will be ruled out of order and may be expelled.

CONFLICT OF INTERESTS

What is a "Conflict of Interests" - A conflict of interests can be of two types:

Pecuniary - an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.

Non-pecuniary - a private or personal interest that a Council official has that does not amount to a pecuniary interest as defined in the Local Government Act (eg. A friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature).

Remoteness

A person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to a matter or if the interest is of a kind specified in Section 448 of the Local Government Act.

Who has a Pecuniary Interest? - A person has a pecuniary interest in a matter if the pecuniary interest is the interest of:

- The person, or
- Another person with whom the person is associated (see below).

Relatives, Partners

A person is taken to have a pecuniary interest in a matter if:

- The person's spouse or de facto partner or a relative of the person has a pecuniary interest in the matter, or
- The person, or a nominee, partners or employer of the person, is a member of a company or other body that has a pecuniary interest in the matter.

N.B. "Relative", in relation to a person means any of the following:

- (a) the parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descends or adopted child of the person or of the person's spouse;
- (b) the spouse or de facto partners of the person or of a person referred to in paragraph (a)

No Interest in the Matter

However, a person is not taken to have a pecuniary interest in a matter:

- If the person is unaware of the relevant pecuniary interest of the spouse, de facto partner, relative or company or other body, or
- Just because the person is a member of, or is employed by, the Council.
- Just because the person is a member of, or a delegate of the Council to, a company or other body that has a pecuniary interest in the matter provided that the person has no beneficial interest in any shares of the company or body.

Disclosure and participation in meetings

- A Councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or Committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- The Councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
 - (a) at any time during which the matter is being considered or discussed by the Council or Committee, or
 - (b) at any time during which the Council or Committee is voting on any question in relation to the matter.

No Knowledge - A person does not breach this Clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

Participation in Meetings Despite Pecuniary Interest (S 452 Act)

A Councillor is not prevented from taking part in the consideration or discussion of, or from voting on, any of the matters/questions detailed in Section 452 of the Local Government Act.

Non-pecuniary Interests - Must be disclosed in meetings.

There are a broad range of options available for managing conflicts & the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary conflicts of interests must be dealt with in at least one of the following ways:

- It may be appropriate that no action be taken where the potential for conflict is minimal. However, Councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. Participate in discussion but not in decision making or vice-versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. Relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as if the provisions in S451 of the Local Government Act apply (particularly if you have a significant non-pecuniary interest)

Disclosures to be Recorded (s 453 Act)

A disclosure (and the reason/s for the disclosure) made at a meeting of the Council or Council Committee or Sub-Committee must be recorded in the minutes of the meeting.

~~~000~~~

## ORDER OF BUSINESS

### Community Consultation (Public Access)

1. Opening & Welcome
2. Civic Prayer & Acknowledgement of Country
3. Apologies
4. Disclosure & Declarations of Interest
5. Open Council Reports
  - Our Governance
6. Meeting Close

# AGENDA

## COMMUNITY CONSULTATION (PUBLIC ACCESS)

### WEBCASTING OF MEETING

This meeting will be recorded for placement on Council's website and livestreamed on Council's YouTube Channel for the purposes of broadening knowledge and participation in Council issues and demonstrating Council's commitment to openness and accountability.

All speakers must ensure their comments are relevant to the issue at hand and to refrain from making personal comments or criticisms or mentioning any private information.

No other persons are permitted to record the meeting, unless specifically authorised by Council to do so.

### 1. OPENING & WELCOME

#### 2. (A) OPENING PRAYER

*"We give thanks for the contribution by our pioneers, early settlers and those who fought in the various wars for the fabric of the Tenterfield Community we have today.*

*May the words of our mouths and the meditation of our hearts be acceptable in thy sight, O Lord."*

#### (B) ACKNOWLEDGEMENT OF COUNTRY

*"I would like to acknowledge the traditional custodians of this land that we are meeting on today. I would also like to pay respect to the Elders past, present, and emerging of the Jukembal, Kamilaroi and Bundjalung nations and extend that respect to other Aboriginal people present."*

### 3. APOLOGIES

### 4. DISCLOSURES & DECLARATIONS OF INTEREST

### 5. OPEN COUNCIL REPORTS

#### OUR GOVERNANCE

(ITEM GOV101/22) APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE GENERAL INCOME - ORDINARY RATE INCOME. .... 5

### 6. MEETING CLOSED

|                      |                                                                                                             |
|----------------------|-------------------------------------------------------------------------------------------------------------|
| <b>Department:</b>   | <b>Office of the Chief Corporate Officer</b>                                                                |
| <b>Submitted by:</b> | Roy Jones, Manager Finance & Technology                                                                     |
| <b>Reference:</b>    | <b>ITEM GOV101/22</b>                                                                                       |
| <b>Subject:</b>      | <b>APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE GENERAL INCOME - ORDINARY RATE INCOME.</b> |

**LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK**

|                      |                                                                                                                                                      |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>CSP Goal:</b>     | <b>Leadership</b> - Council is a transparent, financially-sustainable and high-performing organisation, delivering valued services to the Community. |
| <b>CSP Strategy:</b> | Ensure Council operates in an effective and financially sustainable manner to deliver affordable services.                                           |

**SUMMARY**

This report is in response to Council resolution (237/22) and is the proposed Final Draft Application to IPART (Independent Pricing and Regulatory Tribunal) for a Section 508 A (Permanent) Special Rate Variation (SRV) for the Financial Year commencing 2023/2024 and 2024/2025.

This application developed for submission is consistent with Council resolution (237/22)- Notification to IPART of Intent to Apply for a Special Rate variation comprising a permanent Special Rate Variation of 43% (including rate peg) in 2023/2024 and 43% (including rate peg) in 2024/2025, representing a cumulative increase of 104.49%.

**OFFICER'S RECOMMENDATION:****That Council:**

- (1) Receive the attached application for a permanent Special Rate Variation.**
- (2) Adopt the submission to IPART, consisting of IPART application form Part A Special Variation 2022/2023 and IPART Application form Part B Special Variation 2022/2023.**
- (3) Lodge the attached application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government Act 1993 for increases to the ordinary rate income of 43% in 2023/2024 (including the rate peg) and 43% in 2024/2025 (including the rate peg), representing a total cumulative increase of 104.49% over the two-year period, to be a permanent increase retained within the rate base.**
- (4) Authorise the Chief Executive Officer to undertake any necessary minor administrative or editorial changes to the submission to IPART.**

Our Governance No. 101 Cont...

### **BACKGROUND**

Council recognises it must address its current financial sustainability and level of service to address community expectation. Over the last several years, and as recently as March 2022 as part of the quarterly budget review process Council resolved:

*"(e) That a plan be developed to increase operational income and further reduce operational expenditure as per previous discussions and comments in Council Reports, may include a Special Rates Variation request with a view to returning Council's operating position to surplus." (resolution 103/22).*

As at 30 June 2022 Council's Own Source Operating Revenue was 32.79% which is significantly below the Office of Local Government benchmark of greater than 60%. This indicates that Tenterfield Shire Council is highly dependent on external grants and contributions for operational purposes, that is unsustainable in the long term.

Council resolved through resolution (156/22) on 27 July 2022 to commence community engagement to support an application to IPART for a proposed Special Rate Variation comprising of a permanent increase of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49% using the current rating structure to determine yield.

Community consultations and information sessions were held in September 2022 where Council requested community feedback and provided face to face meetings with executive staff to go through concerns and/or comments regarding the Special Rate Variation.

Additionally, several Councillor Workshops have been held between January 2022 and September 2022 discussing community feedback and the impact of Special Rate Variation on Council's financial sustainability and the impact on community.

On 26 October 2022 Council resolved through resolution (237/22) *that Council:*

- (1) Request the Chief Executive Officer notify the Independent Pricing and Regulatory Tribunal of its intent to apply under section 508A of the Local Government Act 1993 for a Special Rate Variation of 43% (including the rate peg) in 2023/2024 and 43% (including the rate peg) in 2024/2025 to be a permanent increase retained within the rate base, for the purpose of maintaining current service levels, maintenance and renewal of assets and enhancing financial sustainability.*
- (2) Receive the report on Notification to IPART of Intent to Apply for a Special Rate Variation*
- (3) Receive the report on community engagement undertaken between April 2022 to September 2022 and its outcomes.*
- (4) Receive a further report that will include a draft Application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government Act 1993 for an increase to the ordinary rate income, on the confirmed percentage increase as resolved by Council as part of this meeting.*

The proposed SRV is focused on Council being able to fund asset maintenance and renewal.

Our Governance No. 101 Cont...

The SRV timeframe proposed has been driven by the need to achieve an increase in revenue in a short period. This is to ensure that Council has sufficient cash to fund renewal and maintenance of its assets that have been under pressure due to prolonged reduction in maintenance and renewal.

Budget constraints have been highlighted even more so in recent years due to natural disasters and adverse weather events. There are also cash management difficulties associated with grant expenses compared to the timing of the income and Council's lack of reserves. The extra financial burdens include, but are not limited to:

1. The rate peg for the 2023/24 financial year (4.2% for the FY 2023/24) which will not cover Council's exponential increase in operating expenditure due to high inflation primarily driven by economic conditions;
2. Additional audit and internal costs;
3. Rising emergency services levy costs;
4. Cost shifting proposed by State Government to Tenterfield Shire Council by transferring Rural Fire Service assets and associated depreciation to Council;
5. Increasing inflationary pressures, including but not limited to cost of materials, transport and contract cost; and
6. Real declining value of Financial Assistance Grants by the Commonwealth to Council.

**REPORT:**

The New South Wales Local Government Act 1993 requires Council to manage its assets, resources, and finances responsibly and sustainably.

On 25 May 2022 Council adopted its ten-year long term financial plan as part of the Integrated Planning and Reporting Framework (Resolution 98/22). The plan forecasts a 'Net Operating Result before Grants and Contributions provided for Capital purposes' deficit range between \$3.5M and \$5.7M in the general fund for the next ten years without a special rate variation.

Council's current financial position requires Council to increase its revenue or significantly reduce costs through service reductions to close the financial gap of continuing forecasted operational deficits.

The community engagement undertaken through Council's Community Strategic Plan (CSP) process has shown strong opposition to service reductions and a preference to see no increase in rates or a decrease in rates. In combination, these views result in a financially unsustainable Council. Even with additional income proposed, the current inflationary environment may make it difficult to achieve current service levels used to forecast the increase in income for the application.

This significant challenge is forecasted as a result of:

1. Upgraded core infrastructure assets for Council as a result of grant funded works (e.g. replacing timber bridges with concrete bridges, and widening and sealing of Mount Lindesay Road),
2. New and upgraded community assets (e.g. public toilets, playgrounds and community halls),
3. The increased cost of asset replacement,
4. Increasing cost of managing grants applications and acquittals, and
5. Increased costs due to meeting regulated requirements (e.g. audit costs, emergency services levy, and ongoing disaster recovery management).



Our Governance No. 101 Cont...

For Council to address this type of operating result it has four options available to it. These are:

1. Reducing service levels,
2. Sell and/or dispose of assets that will reduce the associated on-going expenses,
3. Increase income raised through rates, user fees and charges, and/or
4. A combination of the above options.

Council's income base from rates is fixed. Any increase is limited to an annual 'rate peg' amount set by the State Government. The rate peg for 2022/23 was 0.7% which is much lower than obligated expense increases (e.g. award wage increases). The rate peg for 2023/2024 determined by IPART is 4.2% for Tenterfield Shire Council. In real terms, the cost to deliver services and maintain community assets to current service levels increases above the rate peg amount each year, compounding the impact on Council's financial position over a number of years leading to the need for additional income.

Councils are under constant pressure to deliver the same services for less which is an unsustainable model. This includes mandatory requirements and costs associated with it to function as a Local Government entity. Tenterfield Shire Council has very limited opportunity to materially increase own-source revenue and as a result an increase in rates, combined with further operational efficiencies, is the most viable solution for a financially sustainable Council.

#### **How much does Council need:**

Based on current service levels, known asset data and Council's current estimated forecast operating result, the gap in the General Fund between what Council should be spending on assets, compared to current budgets is currently approximately \$4.5m per annum.

This deficit has the potential to be reduced by capital grant income that can be used to offset any operational works, but currently grant funds do not generally allow for undertaking operational works.

This proposed SRV does not include any funds to address the backlog of works (approximately \$15 million, with the largest areas being roads and buildings).

Council applied for and received an SRV in 2013/14. This application made allowances for \$47 million+ of service level reductions and deferrals of renewals. As a result of this, adjusting service levels will adjust the value of increased income required, however based on current known data there is not enough capacity to cover the full amount through efficiency gains alone.

#### **Special Rate Variation Application:**

***A Special Rate Variation (SRV) of 43% in FY 2023/2024 and a 43% Special Rate Variation in Financial Year 2024/2025, resulting in a compound (accumulative) impact of 104.49%.***

This will result in an additional income of approximately \$2.081M in the financial year 2023/24 and a further \$2.976M in financial year 2024/25 providing an additional income from rates of \$5.057M over two years. This will be in addition to Council's current rate income of approximately \$4.8M per year.

Attachments -1 and 2) IPART Application Part A and Part B

Our Governance No. 101 Cont...

This additional income will be spent on the maintenance of Council assets. Based on the current information at hand the distribution of this additional income will be as follows;

- 75% of additional income – Roads, Transport, Stormwater and Drainage.
- 15% of additional income – Buildings Renewal and Maintenance
- 10% of additional income – Other assets (e.g. swimming pool, parks and open spaces)

With this, Council will ensure:

- Improved financial sustainability by reducing the General Fund operating deficit,
- Provide additional funding to meet asset renewal funding requirements,
- Improve Council current cash position (unrestricted cash),and
- Meet compliance obligations under the Local Government Act 1993 and other forms of legislation.

In addition to the above, Council has already commenced significant efficiency measures and reduction in operational expenses. This is reflected by Council currently undertaking organisational structural changes to align skills and qualifications of employees to better align with service delivery and organisational requirements. This includes redeployment and internal transfers of employees in consultation with employees, which has also reduced services in some areas.

Council has kept the concerns of ratepayers at the forefront of transparent decision making whilst balancing the challenging financial situation council currently faces and will face in the future. In March 2022, IPART allowed Council to conduct an Additional Special Variation for 2022/2023 of 1.8%. However Council on 27 April 2022 resolved not to proceed with the additional special rate variation of 1.8% for 2022/23 financial year (Resolution 81/22) allowed under IPART, considering that the community engagement had commenced through the IPR Process and flagged the need for the SRV for FY2023/2024 onwards.

In order to develop the application council undertook additional research including engagement with Office of Local Government and Morrison Low Consultants. Summary of the attachments are below:

### **Tenterfield Shire Council Financial Analysis Review – Conducted by Office of Local Government**

Council proactively approached Office of Local Government to undertake a financial performance activity. The Office of Local Government also acknowledged that it had received a number of complaints this year from community members within the Tenterfield Shire Council area and as a result, an assessment of Council's financial performance was undertaken. Council's financial performance was compared to in relation to a selected group of similar councils, being – Glenn Innes Severn, Gwydir, Kyogle, Upper Lachlan and Uralla.

#### **Key findings are:**

- Council's net operating result before capital has declined since FY17 and turned negative in FY21. This is similar to the trend of the peer councils analysed.
- There seems to be a high reliance on grant income, shown by Council's inability to meet the Own Source Revenue KPI for the five years analysed. The majority of other councils in the group analysed perform poorly on this KPI.
- Council's overall cash balance has declined since FY18. Other councils analysed have improved their overall cash balance over the period analysed.

Our Governance No. 101 Cont...

- Council had a negative unrestricted cash balance in FY21. This has since been restored in FY22.
- Council has struggled to meet asset management KPIs. The infrastructure backlog KPI has not been met during the five year period.
- Council's governance and administration costs have increased significantly in FY20 and FY21. OLG understands from Council that this is due to a re-allocation of income recoveries out of governance and administration costs calculations into transport and communication.

**Other findings include:**

- Council's average population is below average for the group and has experienced the second largest population decline.
- Unemployment is highest in the group and Council ranks lowest on the Socio-Economic Index Rating (SEIR).
- Council has the second largest land area and second lowest population in the group.
- Council's full time equivalent staff (FTE) is the lowest on the group and ranks third highest in terms of the number of people to service per staff member.
- Council is the third largest in the group for:
  - network of roads
  - road length per capita and
  - road spending as a percentage of total expenditure (32%).

**Tenterfield Shire Council Rate Payers Capacity to Pay**

Council engaged an independent firm Morrison Low to undertake a Capacity to Pay assessment to understand the potential impact on the community if the SRV was accepted, to ensure Council can maintain existing service levels into the future. The report provides an analysis and evaluation of relative wealth and financial capacity; and looks at the financial vulnerability and exposure of different community groups within the local government area.

**Key findings include:**

- Tenterfield Shire Local Government Area has some of the lowest rates amongst NSW large rural Councils. The average residential rate is in the bottom five of average residential rates for all NSW large rural Council's.
- Council's total rates revenue as a percentage of total operating expenditure, for the LGA is only 16%, well below most comparable Councils. This is a strong indication that Council's rates are below the level required to service the community.
- Tenterfield Shire Council has a relatively low proportion of outstanding rates at 4.4% (2021) and 4.0% (2022), ranking 5th best amongst all large rural councils compared to Office of Local Government benchmark of 10%. This provides a strong indicator of both capacity and willingness to pay.
- High proportion of fully owned homes (50%) relative to NSW regional averages, and relative low values when it comes to monthly mortgage repayment.
- However, Tenterfield Shire Local Government Area experiences significant levels of disadvantage. This is demonstrated through indicators such as equivalised household income, which measures the economic resources available to a standardised household (77% of the LGA within the lowest two quartiles) and SEIFA (Socio-Economic Indexes for Areas) index, which rank the LGA in the 11<sup>th</sup> percentiles when measuring socio-economic disadvantages and advantage. This means that 11% of Australia's suburb have a SEIFA index lower than this are (more disadvantaged), while 89% are higher. Individuals in social housing are unlikely to be impacted by a change in rates.

Our Governance No. 101 Cont...

The report and the accompanying analysis are included in the application attachment.

### **COUNCIL IMPLICATIONS:**

#### **1. Community Engagement / Communication (per engagement strategy)**

Initial Community Engagement took place in January 2022, as part of the Community Strategic Plan process.

Community Engagement regarding SRV took place in April 2022 across Shire, with the long term financial plan and Delivery program established.

Attachments to the application detail all the engagement activities.

#### **NOTE:**

Staff have attached the application to this business paper; however, we acknowledge that in printing, the font size of some tables required in the application template are small to read. The full report is available electronically on Council's website, including links to all attachments referenced in the application.

#### **2. Policy and Regulation**

- Local Government Act 1993
- Local Government (General) Regulation 2005
- NSW Local Government State Award
- An SRV requires compliance with S508(a) of the Local Government Act 1993 and associated guidelines and regulations.
- Independent Pricing and Regulatory Tribunal (IPART) processes

#### **3. Financial (Annual Budget & LTFP)**

Nil at the time of the writing of the report, however significant work and staff time is required to consult and develop the proposed application. These costs will be absorbed in current operational budgets through deferral of non-urgent tasks.

Council delayed a consideration for an SRV in FY 2022/2023, which resulted in borrowings in the current operational plan. Council continues to borrow funds from external sources to fund a number of its current Capital Projects as per Council Borrowing Policy, however this is not a viable solution in the long run and will impact Council financial sustainability and Office of Local Government benchmark against the debt service coverage ratio.

#### **4. Asset Management (AMS)**

Nil at the time of the writing of the report, however significant work would be required subject to the outcome of the proposed application as it is all focused on meeting the Asset Maintenance and Renewal outlined in the Asset Management Strategy.

#### **5. Workforce (WMS)**

Nil at the time of the writing of the report, however significant work would be required subject to the outcome of the proposed application noting Council's current low employee number relative to similar councils.

Our Governance No. 101 Cont...

## **6. Legal and Risk Management**

Council's operations and rating structure are quite complicated and detailed. There is a risk that SRV information is not well understood by the community.

Should Council not achieve the level of income required to service its asset base, the risk is that assets will deteriorate much quicker and not provide the level of community service required. Without appropriate intervention Council will see an increase in the asset maintenance and renewal gap required for future works.

## **7. Performance Measures**

Nil.

## **8. Project Management**

Nil.

**Kylie Smith**  
**Chief Corporate Officer**

|                               |                                                                                                                                                                                                                                                     |           |                                                           |          |          |                                                                    |           |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------|----------|----------|--------------------------------------------------------------------|-----------|
| Prepared by staff member:     | Roy Jones, Manager Finance & Technology.                                                                                                                                                                                                            |           |                                                           |          |          |                                                                    |           |
| Approved/Reviewed by Manager: | Kylie Smith, Chief Corporate Officer                                                                                                                                                                                                                |           |                                                           |          |          |                                                                    |           |
| Department:                   | Office of the Chief Corporate Officer                                                                                                                                                                                                               |           |                                                           |          |          |                                                                    |           |
| Attachments:                  | <table><tr><td><b>1</b></td><td>Part A - Application For SRV to General Income Worksheets</td><td>34 Pages</td></tr><tr><td><b>2</b></td><td>Part B - Application Form - Special Variation Application to IPART</td><td>106 Pages</td></tr></table> | <b>1</b>  | Part A - Application For SRV to General Income Worksheets | 34 Pages | <b>2</b> | Part B - Application Form - Special Variation Application to IPART | 106 Pages |
| <b>1</b>                      | Part A - Application For SRV to General Income Worksheets                                                                                                                                                                                           | 34 Pages  |                                                           |          |          |                                                                    |           |
| <b>2</b>                      | Part B - Application Form - Special Variation Application to IPART                                                                                                                                                                                  | 106 Pages |                                                           |          |          |                                                                    |           |

**APPLICATION FOR SPECIAL VARIATION TO GENERAL INCOME**

**2023-24**

**WORKSHEET 1**

|                                                                                  |                                              |
|----------------------------------------------------------------------------------|----------------------------------------------|
| Step 1: Fill out council details                                                 | <b>Colour code</b>                           |
| Step 2: Fill out any existing variation information                              | Enter data in the blue input cells           |
| Step 3: Fill out crown land adjustments, catch up & excess, valuation objections | Hard-coded values that should not be changed |
| Step 4: Fill out proposed special variation amounts                              | Key outputs                                  |
|                                                                                  | Special instructions                         |

All dollars in nominal terms

Council Name:

Council Name if not listed:

Contact Details:

Name:

Position:

Telephone:

Email:

If your councils' name is not in the list, please enter it in cell E14

Note: Please provide direct contact information for relevant council officer. Contact details will be redacted before publication.

**A. Existing special variations (SVs)**

1. Does the council have any existing SV(s) that means it has an increase above the rate peg for any year from 2023-24 (Year 1) onwards?

**B. Proposed special variations (SVs)**

- Is the council applying for a one-year increase (s508(2)) or a multi-year increase (s508A)?
- For s508A applications: for how many years is the council requesting % increases as part of this application?
- For s508A & s508(2) applications: is the special variation permanent or temporary?  
If temporary or combined, enter the number of years before the (temporary part of the) special variation is due to expire.
- Percentage rate peg for the first year of the SV period (2023-24). This will autofill with the selection of Council.
- Enter the percentage above the rate peg the council is applying for in the first year.  
na - ignore this row  
na - ignore this row

|               |                                        |
|---------------|----------------------------------------|
| select option | <input type="text" value="s508A"/>     |
| select option | <input type="text" value="2 years"/>   |
| select option | <input type="text" value="Permanent"/> |
| enter years   | <input type="text"/>                   |
|               | <input type="text" value="4.20%"/>     |
| enter %       | <input type="text" value="38.80%"/>    |
| na - ignore   | <input type="text"/>                   |
| %             | <input type="text" value="0.00%"/>     |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

**C. Expiring special variations (SVs)**

7. Does the council have an expiring variation? If yes, please specify when.

|                               |    |
|-------------------------------|----|
| 1st Expiring SV select option | na |
| 2nd Expiring SV select option | na |

8. If the council has an expiring variation, enter the \$ amount expiring in row 73 below.

**D. Crown Land adjustments, catch ups, valuation objections**

9. Enter the amount of any Crown Land adjustments required

10. Enter the amount for any catch ups or excess adjustments required

11. Enter any valuation objections required (input as a positive whole number)

|          | \$      | % Y 0 income |
|----------|---------|--------------|
| enter \$ |         | 0.00%        |
| enter \$ | -12,312 | -0.25%       |
| enter \$ |         | 0.00%        |

**E. Requested annual percentage increases and expiring SV amounts**

A special variation is the total % increase permitted in a council's general income, including the rate peg and Crown land adjustments, before adjustments are made for catch ups/excesses and valuation objections.

*Note: Approved SV% increases do not change if the actual rate peg turns out to be different from that assumed for a particular year.*

**Table 1 Requested annual percentage increases and expiring SV amounts**

| Financial year                                | Year 0<br>2022-23 | Year 1<br>2023-24 | Year 2<br>2024-25 | Year 3<br>2025-26 | Year 4<br>2026-27 | Year 5<br>2027-28 | Year 6<br>2028-29 | Year 7<br>2029-30 |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Annual % increases</b>                     |                   |                   |                   |                   |                   |                   |                   |                   |
| na - leave blank                              |                   |                   |                   |                   |                   |                   |                   |                   |
| Rate peg only                                 |                   | 4.20%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             |
| plus na                                       |                   | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| plus percentage above the rate peg            |                   | 38.80%            | 40.50%            | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| plus na - ignore this row                     |                   | 0.00%             |                   |                   |                   |                   |                   |                   |
| plus Crown Land adjustment                    |                   | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| <b>Proposed SV</b>                            | na                | 43.00%            | 43.00%            |                   |                   |                   |                   |                   |
| <b>Cumulative % increase</b>                  |                   |                   |                   |                   |                   |                   |                   |                   |
| Rate peg only                                 |                   | 4.20%             | 6.80%             | 9.48%             | 12.21%            | 15.02%            | 17.89%            | 20.84%            |
| plus additional increases                     |                   | 38.80%            | 97.69%            | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| <b>Proposed SV</b>                            | na                | 43.00%            | 104.49%           | 109.60%           | 114.84%           | 120.21%           | 125.72%           | 131.36%           |
| <b>Expiring special variations</b>            |                   |                   |                   |                   |                   |                   |                   |                   |
| \$ value of expiring special variations (ESV) | \$ (nominal)      |                   |                   |                   |                   |                   |                   |                   |
|                                               | % value of ESV    | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |

Tenterfield Shire Council

**WORKSHEET 2**

**CALCULATION OF NOTIONAL GENERAL INCOME 2022-23**  
**Applicable to the first year of the application**

All dollars in nominal terms

This worksheet must reflect the rating structure levied in the previous year

NOTE: Valuations used here are to be taken from Council's valuation list on 1 July 2022 and are to include:

- (i) supplementaries having the same base date and furnished to Council during that year, and
- (ii) estimates of increases in valuations provided to the Council under section 513.

**Calculation of Notional General Income - Ordinary Rates**

| Rating Category (s514-518) | Name of sub-category     | Number of Assessments | Ad Valorem Rate | Base Amount \$ | Base Amount % | Minimum Amount \$ | Number on Minimum | Land Value (see note above) \$ | Land Value of Land on Minimum | Notional General Income |
|----------------------------|--------------------------|-----------------------|-----------------|----------------|---------------|-------------------|-------------------|--------------------------------|-------------------------------|-------------------------|
| Residential                | Tenterfield              | 1,592                 | 0.5996          | 329.00         | 49.51%        |                   |                   | 89,081,660                     |                               | 1,057,880               |
| Residential                | Tenterfield Urban        | 8                     | 0.4942          | 329.00         | 23.69%        |                   |                   | 1,715,000                      |                               | 11,108                  |
| Residential                | Other                    | 1,474                 | 0.4596          | 155.00         | 25.93%        |                   |                   | 141,990,338                    |                               | 881,056                 |
| Residential                | Urbenville               | 130                   | 0.7811          | 294.00         | 48.71%        |                   |                   | 5,152,200                      |                               | 78,464                  |
| Residential                | Jennings                 | 105                   | 0.8278          | 294.00         | 49.05%        |                   |                   | 3,874,200                      |                               | 62,942                  |
| Residential                | Drake                    | 82                    | 1.0058          | 294.00         | 49.31%        |                   |                   | 2,463,880                      |                               | 48,889                  |
| Residential                | Tenterfield MDAF         | 1                     | 0.5996          | 329.00         | 45.78%        |                   |                   | 40,300                         |                               | 446                     |
| Residential                | Tenterfield MDAF         | 0                     | 0.5996          | 329.00         | 36.61%        |                   |                   | 41,800                         |                               | 395                     |
| Residential                | Tenterfield MDAF         | 0                     | 0.5996          | 329.00         | 56.59%        |                   |                   | 13,893                         |                               | 192                     |
| Residential                | Tenterfield MDAF         | 1                     | 0.5996          | 329.00         | 39.23%        |                   |                   | 65,450                         |                               | 646                     |
| Residential                | Tenterfield MDAF         | 0                     | 0.5996          | 329.00         | 20.56%        |                   |                   | 103,880                        |                               | 784                     |
| Residential                | Tenterfield MDAF         | 1                     | 0.5996          | 329.00         | 33.90%        |                   |                   | 73,830                         |                               | 670                     |
| Residential                | Urbenville MDAF          | 1                     | 0.7811          | 294.00         | 48.29%        |                   |                   | 22,971                         |                               | 347                     |
| Residential                |                          |                       |                 |                |               |                   |                   |                                |                               | .                       |
| Residential                |                          |                       |                 |                |               |                   |                   |                                |                               | .                       |
| Residential                |                          |                       |                 |                |               |                   |                   |                                |                               | .                       |
| Residential                |                          |                       |                 |                |               |                   |                   |                                |                               | .                       |
| Residential                |                          |                       |                 |                |               |                   |                   |                                |                               | .                       |
| Residential                |                          |                       |                 |                |               |                   |                   |                                |                               | .                       |
|                            | <b>Total Residential</b> | <b>3,395</b>          |                 |                |               |                   | <b>0</b>          | <b>244,639,402</b>             | <b>0</b>                      | <b>2,143,819</b>        |
| Business                   | Tenterfield              | 192                   | 1.7491          | 567.00         | 36.48%        |                   |                   | 10,835,610                     |                               | 298,390                 |
| Business                   | Other                    | 16                    | 0.5005          | 288.00         | 25.46%        |                   |                   | 2,695,070                      |                               | 18,096                  |
| Business                   | Urbenville               | 13                    | 0.7320          | 270.00         | 47.83%        |                   |                   | 523,100                        |                               | 7,339                   |
| Business                   | Jennings                 | 2                     | 0.4998          | 270.00         | 46.52%        |                   |                   | 124,200                        |                               | 1,161                   |
| Business                   | Drake                    | 8                     | 0.8394          | 270.00         | 48.61%        |                   |                   | 272,000                        |                               | 4,443                   |
| Business                   | Tenterfield MDAF         | 0                     | 1.7491          | 567.00         | 33.28%        |                   |                   | 24,700                         |                               | 647                     |
| Business                   | Tenterfield MDAF         | 1                     | 1.7491          | 567.00         | 25.44%        |                   |                   | 53,200                         |                               | 1,248                   |
| Business                   | Tenterfield MDAF         | 1                     | 1.7491          | 567.00         | 43.50%        |                   |                   | 28,207                         |                               | 873                     |
| Business                   | Tenterfield MDAF         | 0                     | 1.7491          | 567.00         | 27.61%        |                   |                   | 19,550                         |                               | 472                     |
| Business                   | Tenterfield MDAF         | 1                     | 1.7491          | 567.00         | 13.26%        |                   |                   | 108,120                        |                               | 2,180                   |



**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

|                           |                  |              |        |        |        |                                   |                    |                             |
|---------------------------|------------------|--------------|--------|--------|--------|-----------------------------------|--------------------|-----------------------------|
| Business                  | Tenterfield MDAF | 0            | 1.7491 | 567.00 | 23.25% |                                   | 33,170             | 756                         |
| Business                  | Urbenville MDAF  | 0            | 0.7320 | 270.00 | 47.79% |                                   | 17,329             | 243                         |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| Business                  |                  |              |        |        |        |                                   |                    |                             |
| <b>Total Business</b>     |                  | <b>234</b>   |        |        |        | <b>0</b>                          | <b>14,734,256</b>  | <b>335,849</b>              |
| Farmland                  | Farmland         | 1,463        | 0.2502 | 423.00 | 26.18% |                                   | 697,692,100        | 2,364,189                   |
| Farmland                  |                  |              |        |        |        |                                   |                    |                             |
| Farmland                  |                  |              |        |        |        |                                   |                    |                             |
| Farmland                  |                  |              |        |        |        |                                   |                    |                             |
| Farmland                  |                  |              |        |        |        |                                   |                    |                             |
| Farmland                  |                  |              |        |        |        |                                   |                    |                             |
| Farmland                  |                  |              |        |        |        |                                   |                    |                             |
| Farmland                  |                  |              |        |        |        |                                   |                    |                             |
| Farmland                  |                  |              |        |        |        |                                   |                    |                             |
| <b>Total Farmland</b>     |                  | <b>1,463</b> |        |        |        | <b>0</b>                          | <b>697,692,100</b> | <b>2,364,189</b>            |
| Mining                    | Mining           | 10           | 1.9997 | 459.00 | 45.08% |                                   | 279,640            | 10,182                      |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| Mining                    |                  |              |        |        |        |                                   |                    |                             |
| <b>Total Mining</b>       |                  | <b>10</b>    |        |        |        | <b>0</b>                          | <b>279,640</b>     | <b>10,182</b>               |
| <b>Total Assessments:</b> |                  | <b>5,102</b> |        |        |        | <b>Total Rateable Land Value:</b> | <b>957,345,398</b> | <b>Sub-Total: 4,854,039</b> |

| <u><b>Calculation of Notional General Income - Special Rates</b></u> |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
|----------------------------------------------------------------------|-----------------------------|------------------------------|------------------------|-----------------------|----------------------|--------------------------|--------------------------|------------------------------------|--------------------------------------|------------------------|
| <b>Rating Category (s514-518)</b>                                    | <b>Name of special rate</b> | <b>Number of Assessments</b> | <b>Ad Valorem Rate</b> | <b>Base Amount \$</b> | <b>Base Amount %</b> | <b>Minimum Amount \$</b> | <b>Number on Minimum</b> | <b>Land Value (see note above)</b> | <b>Land Value of Land on Minimum</b> | <b>Notional Income</b> |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Residential                                                          |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Business                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Farmland                                                             |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |
| Mining                                                               |                             |                              |                        |                       |                      |                          |                          |                                    |                                      |                        |

| Mining                                                                                                                                                                      |  |  |  |  |                       |                     |  |                 |                                       |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|-----------------------|---------------------|--|-----------------|---------------------------------------|------------------|
| Mining                                                                                                                                                                      |  |  |  |  |                       |                     |  |                 |                                       |                  |
|                                                                                                                                                                             |  |  |  |  |                       |                     |  |                 | Sub-Total:                            | 0                |
| <b>Calculation of Notional General Income - Annual Charges</b>                                                                                                              |  |  |  |  |                       |                     |  |                 |                                       |                  |
| Annual Charges (excluding water supply, sewerage and domestic and non-domestic waste management services)                                                                   |  |  |  |  | Number of Assessments | Amount of Charge \$ |  | Notional Income |                                       |                  |
|                                                                                                                                                                             |  |  |  |  |                       |                     |  |                 |                                       | .                |
|                                                                                                                                                                             |  |  |  |  |                       |                     |  |                 |                                       | .                |
|                                                                                                                                                                             |  |  |  |  |                       |                     |  |                 |                                       | .                |
|                                                                                                                                                                             |  |  |  |  |                       |                     |  |                 |                                       | .                |
|                                                                                                                                                                             |  |  |  |  |                       |                     |  |                 | Sub-Total:                            | 0                |
|                                                                                                                                                                             |  |  |  |  |                       |                     |  |                 | <b>Total Notional General Income:</b> | <b>4,854,039</b> |
| <p><b>Note:</b> Section 505(a) of the Act provides for those rates and charges that are to be included in general income, including certain section 501 annual charges.</p> |  |  |  |  |                       |                     |  |                 |                                       |                  |

DRAFT

Tenterfield Shire Council

**WORKSHEET 3**

**CALCULATION OF NOTIONAL GENERAL INCOME 2023-24**

All dollars in nominal terms

This worksheet must contain the rating structure proposed for the first year of the special variation application.

Note: A rating structure that does not comply with the legislation may not be approved. It is Council's responsibility to check its rating structure with OLG before submission to IPART.

**Calculation of Notional General Income - Ordinary Rates**

| Rating Category (s514-518) | Name of sub-category | Number of Assessments | Ad valorem rate (cents) | Base Amount \$ | Base Amount % | Minimum Amount \$ | Number on Minimum | Land Value as at start of year \$ | Land Value of Land on Minimum \$ | Notional General Income |
|----------------------------|----------------------|-----------------------|-------------------------|----------------|---------------|-------------------|-------------------|-----------------------------------|----------------------------------|-------------------------|
| Residential                | Tenterfield          | 1,592                 | 0.8574                  | 465.00         | 49.22%        |                   |                   | 89,081,660                        |                                  | 1,504,061               |
| Residential                | Tenterfield Urban    | 8                     | 0.7067                  | 465.00         | 23.48%        |                   |                   | 1,715,000                         |                                  | 15,840                  |
| Residential                | Other                | 1,474                 | 0.6572                  | 220.00         | 25.79%        |                   |                   | 141,990,338                       |                                  | 1,257,479               |
| Residential                | Urbenville           | 130                   | 1.1170                  | 417.00         | 48.51%        |                   |                   | 5,152,200                         |                                  | 111,759                 |
| Residential                | Jennings             | 105                   | 1.1184                  | 417.00         | 50.26%        |                   |                   | 3,874,200                         |                                  | 87,113                  |
| Residential                | Drake                | 82                    | 1.4383                  | 417.00         | 49.11%        |                   |                   | 2,463,880                         |                                  | 69,631                  |
| Residential                | Tenterfield MDAF     | 1                     | 0.8574                  | 465.00         | 45.49%        |                   |                   | 40,300                            |                                  | 634                     |
| Residential                | Tenterfield MDAF     | 0                     | 0.8574                  | 465.00         | 36.34%        |                   |                   | 41,800                            |                                  | 563                     |
| Residential                | Tenterfield MDAF     | 0                     | 0.8574                  | 465.00         | 56.30%        |                   |                   | 13,893                            |                                  | 273                     |
| Residential                | Tenterfield MDAF     | 1                     | 0.8574                  | 465.00         | 38.95%        |                   |                   | 65,450                            |                                  | 919                     |
| Residential                | Tenterfield MDAF     | 0                     | 0.8574                  | 465.00         | 20.37%        |                   |                   | 103,880                           |                                  | 1,119                   |
| Residential                | Tenterfield MDAF     | 1                     | 0.8574                  | 465.00         | 33.64%        |                   |                   | 73,830                            |                                  | 954                     |
| Residential                | Urbenville MDAF      | 1                     | 1.1170                  | 417.00         | 48.09%        |                   |                   | 22,971                            |                                  | 494                     |
| Residential                |                      |                       |                         |                |               |                   |                   |                                   |                                  | .                       |
| Residential                |                      |                       |                         |                |               |                   |                   |                                   |                                  | .                       |
| Residential                |                      |                       |                         |                |               |                   |                   |                                   |                                  | .                       |
| Residential                |                      |                       |                         |                |               |                   |                   |                                   |                                  | .                       |
| Residential                |                      |                       |                         |                |               |                   |                   |                                   |                                  | .                       |
| Residential                |                      |                       |                         |                |               |                   |                   |                                   |                                  | .                       |
| Residential                |                      |                       |                         |                |               |                   |                   |                                   |                                  | .                       |
| Residential                |                      |                       |                         |                |               |                   |                   |                                   |                                  | .                       |
| <b>Total Residential</b>   |                      | <b>3,395</b>          |                         |                |               |                   | <b>0</b>          | <b>244,639,402</b>                | <b>0</b>                         | <b>3,050,839</b>        |
| Business                   | Tenterfield          | 192                   | 2.5012                  | 806.00         | 36.35%        |                   |                   | 10,835,610                        |                                  | 425,774                 |
| Business                   | Other                | 16                    | 0.7157                  | 409.00         | 25.33%        |                   |                   | 2,695,070                         |                                  | 25,832                  |
| Business                   | Urbenville           | 13                    | 1.0468                  | 382.00         | 47.56%        |                   |                   | 523,100                           |                                  | 10,442                  |
| Business                   | Jennings             | 2                     | 0.7147                  | 382.00         | 46.26%        |                   |                   | 124,200                           |                                  | 1,652                   |
| Business                   | Drake                | 8                     | 1.2004                  | 382.00         | 48.35%        |                   |                   | 272,000                           |                                  | 6,321                   |
| Business                   | Tenterfield MDAF     | 0                     | 2.5012                  | 806.00         | 33.14%        |                   |                   | 24,700                            |                                  | 924                     |
| Business                   | Tenterfield MDAF     | 1                     | 2.5012                  | 806.00         | 25.33%        |                   |                   | 53,200                            |                                  | 1,782                   |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

|                           |                  |              |        |        |        |          |  |                    |                             |
|---------------------------|------------------|--------------|--------|--------|--------|----------|--|--------------------|-----------------------------|
| Business                  | Tenterfield MDAF | 1            | 2.5012 | 806.00 | 43.36% |          |  | 28,207             | 1,246                       |
| Business                  | Tenterfield MDAF | 0            | 2.5012 | 806.00 | 27.49% |          |  | 19,550             | 674                         |
| Business                  | Tenterfield MDAF | 1            | 2.5012 | 806.00 | 13.19% |          |  | 108,120            | 3,115                       |
| Business                  | Tenterfield MDAF | 0            | 2.5012 | 806.00 | 23.15% |          |  | 33,170             | 1,080                       |
| Business                  | Urbenville MDAF  | 0            | 1.0468 | 382.00 | 47.52% |          |  | 17,329             | 346                         |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| Business                  |                  |              |        |        |        |          |  |                    |                             |
| <b>Total Business</b>     |                  | <b>234</b>   |        |        |        | <b>0</b> |  | <b>14,734,256</b>  | <b>479,187</b>              |
| Farmland                  | Farmland         | 1,463        | 0.3577 | 602.00 | 26.08% |          |  | 697,692,100        | 3,376,559                   |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| Farmland                  |                  |              |        |        |        |          |  |                    |                             |
| <b>Total Farmland</b>     |                  | <b>1,463</b> |        |        |        | <b>0</b> |  | <b>697,692,100</b> | <b>3,376,559</b>            |
| Mining                    | Mining           | 10           | 2.8596 | 652.00 | 44.91% |          |  | 279,640            | 14,517                      |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| Mining                    |                  |              |        |        |        |          |  |                    |                             |
| <b>Total Mining</b>       |                  | <b>10</b>    |        |        |        | <b>0</b> |  | <b>279,640</b>     | <b>14,517</b>               |
| <b>Total Assessments:</b> |                  | <b>5,102</b> |        |        |        |          |  | <b>957,345,398</b> | <b>Sub-Total: 6,921,101</b> |

**Calculation of Notional General Income - Special Rates**



|            |  |  |  |  |  |  |  |  |   |
|------------|--|--|--|--|--|--|--|--|---|
| Mining     |  |  |  |  |  |  |  |  |   |
| Mining     |  |  |  |  |  |  |  |  |   |
| Mining     |  |  |  |  |  |  |  |  |   |
| Mining     |  |  |  |  |  |  |  |  |   |
| Mining     |  |  |  |  |  |  |  |  |   |
|            |  |  |  |  |  |  |  |  |   |
| Sub-Total: |  |  |  |  |  |  |  |  | 0 |

**Calculation of Notional General Income - Annual Charges**

| Annual Charges (excluding water supply, sewerage and domestic and non-domestic waste management services) | Number of Assessments | Amount of Charge | Notional Income |
|-----------------------------------------------------------------------------------------------------------|-----------------------|------------------|-----------------|
|                                                                                                           |                       |                  |                 |
|                                                                                                           |                       |                  |                 |
|                                                                                                           |                       |                  |                 |
|                                                                                                           |                       |                  |                 |
|                                                                                                           |                       |                  |                 |
|                                                                                                           |                       |                  |                 |
|                                                                                                           |                       |                  |                 |
|                                                                                                           |                       |                  |                 |
| Sub-Total:                                                                                                |                       |                  | 0               |

|                                    |                  |
|------------------------------------|------------------|
| Total Notional General Income      | 6,921,101        |
| LESS: Valuation Objection Income   | 0                |
| <b>NET Notional General Income</b> | <b>6,921,101</b> |

**Note:** Section 505(a) of the Act provides for those rates and charges that are to be included in general income, including certain section 501 annual charges.

| Tenterfield Shire Council                                                                                      |               |                          |                     |      |
|----------------------------------------------------------------------------------------------------------------|---------------|--------------------------|---------------------|------|
| <b>WORKSHEET 4</b>                                                                                             |               |                          |                     |      |
| <b>PERMISSIBLE GENERAL INCOME SUMMARY FOR 2023-24</b>                                                          |               |                          |                     |      |
| All dollars in nominal terms                                                                                   |               |                          |                     |      |
| Please check all income adjustments and expiring variation amounts with OLG before submitting the application. |               |                          |                     |      |
| Prior year Notional General Income                                                                             |               |                          | 4,854,039           | 0.00 |
| <b>Less:</b> Expiry of a prior special variation                                                               |               |                          | -                   | 0.00 |
| Adjusted first year Notional General Income                                                                    |               |                          | <b>\$ 4,854,039</b> |      |
| <b>Plus:</b> Rate peg - first year                                                                             | 4.20%         |                          | 203,870             | 0.00 |
| <b>Plus:</b> na                                                                                                | 0.00%         |                          | 0                   |      |
| <b>Plus:</b> Additional increase - first year                                                                  | 38.80%        |                          | 1,883,367           | 0.00 |
| <b>Plus:</b> na                                                                                                | 0.00%         |                          | 0                   |      |
| <b>Plus:</b> Crown Land adjustment - first year                                                                | 0.00%         |                          | 0                   | 0.00 |
| <b>Total special variation - first year</b>                                                                    | <b>43.00%</b> |                          | <b>\$ 2,087,237</b> | 0.00 |
| <b>Other First Year Adjustments:</b>                                                                           |               |                          |                     |      |
| <b>Plus/Minus</b> Prior year Catch-up/(Excess)                                                                 |               |                          | -12,312             |      |
| <b>Minus:</b> Valuation Objections claimed in prior year                                                       |               |                          | 0                   |      |
|                                                                                                                |               | <b>Total Adjustments</b> | -12,312             | 0.00 |
| <b>First year Permissible General Income</b>                                                                   |               |                          | <b>\$ 6,928,963</b> | 0.00 |

check = 0

**PERMISSIBLE GENERAL INCOME (PGI) OVER PROPOSED SV PERIOD (\$ nominal)**

Note: PGI estimates for years beyond proposed and/or existing SV period shown in light grey font. PGI beyond a temporary SV period = 0



**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| Financial year                                              | units      | Year 0<br>2022-23 | Year 1<br>2023-24<br>Proposed SV<br>period | Year 2<br>2024-25<br>Proposed SV<br>period | Year 3<br>2025-26<br>no SV | Year 4<br>2026-27<br>no SV | Year 5<br>2027-28<br>no SV | Year 6<br>2028-29<br>no SV | Year 7<br>2029-30<br>no SV | Total increase   |                |
|-------------------------------------------------------------|------------|-------------------|--------------------------------------------|--------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------|----------------|
| 0 = beyond temporary SV period                              |            | 1                 | 1                                          | 1                                          | 1                          | 1                          | 1                          | 1                          | 1                          | \$ nominal       | %              |
| <b>PGI with proposed SV</b>                                 |            |                   |                                            |                                            |                            |                            |                            |                            |                            |                  |                |
| Prior year Notional General Income (NGI)                    | \$ nominal | 4,854,039         | 6,928,963                                  | 9,908,417                                  | 10,156,128                 | 10,410,031                 | 10,670,282                 | 10,937,039                 |                            |                  |                |
| less expiry of a prior special variation                    | \$ nominal | 0                 | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| Adjusted Notional General income                            | \$ nominal | 4,854,039         | 6,928,963                                  | 9,908,417                                  | 10,156,128                 | 10,410,031                 | 10,670,282                 | 10,937,039                 |                            |                  |                |
| plus rate peg increase                                      | \$ nominal | 203,870           | 173,224                                    | 247,710                                    | 253,903                    | 260,251                    | 266,757                    | 273,426                    |                            |                  |                |
| plus na                                                     | \$ nominal | 0                 | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| plus additional increase                                    | \$ nominal | 1,883,367         | 2,806,230                                  | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| plus na                                                     | \$ nominal | 0                 | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| plus Crown Land adjustment                                  | \$ nominal | 0                 | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| <b>Total proposed SV</b>                                    | \$ nominal | 2,087,237         | 2,979,454                                  | 247,710                                    | 253,903                    | 260,251                    | 266,757                    | 273,426                    |                            |                  |                |
| Notional General Income after SV applied                    | \$ nominal | 6,941,275         | 9,908,417                                  | 10,156,128                                 | 10,410,031                 | 10,670,282                 | 10,937,039                 | 11,210,465                 |                            |                  |                |
| plus other 1st-year adjustments                             | \$ nominal | -12,312           | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| <b>PGI with proposed SV</b>                                 | \$ nominal | <b>4,854,039</b>  | <b>6,928,963</b>                           | <b>9,908,417</b>                           | <b>10,156,128</b>          | <b>10,410,031</b>          | <b>10,670,282</b>          | <b>10,937,039</b>          | <b>11,210,465</b>          | <b>5,054,379</b> | <b>104.13%</b> |
| <b>PGI if only the rate peg applied</b>                     |            |                   |                                            |                                            |                            |                            |                            |                            |                            |                  |                |
| Prior year Notional General Income (NGI)                    | \$ nominal | 4,854,039         | 5,045,596                                  | 5,171,736                                  | 5,301,030                  | 5,433,555                  | 5,569,394                  | 5,708,629                  |                            |                  |                |
| less expiry of a prior special variation                    | \$ nominal | 0                 | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| Adjusted Notional General income                            | \$ nominal | 4,854,039         | 5,045,596                                  | 5,171,736                                  | 5,301,030                  | 5,433,555                  | 5,569,394                  | 5,708,629                  |                            |                  |                |
| plus rate peg increase                                      | \$ nominal | 203,870           | 126,140                                    | 129,293                                    | 132,526                    | 135,839                    | 139,235                    | 142,716                    |                            |                  |                |
| plus na                                                     | \$ nominal | 0                 | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| plus other 1st-year adjustments                             | \$ nominal | -12,312           | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| <b>PGI if only the rate peg applied</b>                     | \$ nominal | <b>4,854,039</b>  | <b>5,045,596</b>                           | <b>5,171,736</b>                           | <b>5,301,030</b>           | <b>5,433,555</b>           | <b>5,569,394</b>           | <b>5,708,629</b>           | <b>5,851,345</b>           | <b>317,698</b>   | <b>6.55%</b>   |
| <b>PGI if expiring SV renewed and only rate peg applied</b> |            |                   |                                            |                                            |                            |                            |                            |                            |                            |                  |                |
| Prior year Notional General Income (NGI)                    | \$ nominal | 4,854,039         | 5,045,596                                  | 5,171,736                                  | 5,301,030                  | 5,433,555                  | 5,569,394                  | 5,708,629                  |                            |                  |                |
| plus rate peg increase                                      | \$ nominal | 203,870           | 126,140                                    | 129,293                                    | 132,526                    | 135,839                    | 139,235                    | 142,716                    |                            |                  |                |
| plus na                                                     | \$ nominal | 0                 | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| plus other 1st-year adjustments                             | \$ nominal | -12,312           | 0                                          | 0                                          | 0                          | 0                          | 0                          | 0                          |                            |                  |                |
| <b>PGI if expiring SV renewed and only rate peg applied</b> | \$ nominal | <b>4,854,039</b>  | <b>5,045,596</b>                           | <b>5,171,736</b>                           | <b>5,301,030</b>           | <b>5,433,555</b>           | <b>5,569,394</b>           | <b>5,708,629</b>           | <b>5,851,345</b>           | <b>317,698</b>   | <b>6.55%</b>   |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

**INCREASES IN PERMISSABLE GENERAL INCOME (PGI) OVER PROPOSED SV PERIOD (nominal)**

Note: PGI estimates for years beyond proposed and/or existing SV period shown in light grey font. PGI beyond a temporary SV period = 0

| Financial year                                                                                | Year 0<br>2022-23 | Year 1<br>2023-24 | Year 2<br>2024-25 | Year 3<br>2025-26 | Year 4<br>2026-27 | Year 5<br>2027-28 | Year 6<br>2028-29 | Year 7<br>2029-30 | Total increase   |                |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|----------------|
|                                                                                               |                   |                   |                   |                   |                   |                   |                   |                   | \$ nominal       | %              |
| <b>Annual % increase in PGI</b>                                                               |                   |                   |                   |                   |                   |                   |                   |                   |                  |                |
| PGI with proposed SV                                                                          | %                 | 42.75%            | 43.00%            | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             |                  | 104.13%        |
| PGI if only the rate peg applied                                                              | %                 | 3.95%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             |                  | 6.55%          |
| PGI if expiring SV renewed and only rate peg applie                                           | %                 | 3.95%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             |                  | 6.55%          |
| <b>Annual \$ increase in PGI</b>                                                              |                   |                   |                   |                   |                   |                   |                   |                   |                  |                |
| PGI with proposed SV                                                                          | \$ nominal        | 2,074,925         | 2,979,454         | 247,710           | 253,903           | 260,251           | 266,757           | 273,426           | <b>5,054,379</b> | <b>104.13%</b> |
| PGI if only the rate peg applied                                                              | \$ nominal        | 191,558           | 126,140           | 129,293           | 132,526           | 135,839           | 139,235           | 142,716           | 317,698          | 6.55%          |
| PGI if expiring SV renewed and only rate peg applie                                           | \$ nominal        | 191,558           | 126,140           | 129,293           | 132,526           | 135,839           | 139,235           | 142,716           | 317,698          | 6.55%          |
| <b>Annual \$ increase in PGI with proposed SV more than:</b>                                  |                   |                   |                   |                   |                   |                   |                   |                   |                  |                |
| PGI if only the rate peg applied                                                              | \$ nominal        | 1,883,367         | 2,853,314         | 118,417           | 121,377           | 124,412           | 127,522           | 130,710           | 4,736,681        | 97.58%         |
| PGI if expiring SV renewed and only rate peg applie                                           | \$ nominal        | 1,883,367         | 2,853,314         | 118,417           | 121,377           | 124,412           | 127,522           | 130,710           | 4,736,681        | 97.58%         |
| <b>Cumulative PGI</b>                                                                         |                   |                   |                   |                   |                   |                   |                   |                   |                  |                |
| PGI with proposed SV                                                                          | \$ nominal        | 6,928,963         | 16,837,381        | 26,993,508        | 37,403,539        | 48,073,821        | 59,010,860        | 70,221,325        | 23,766,344       |                |
| PGI if only the rate peg applied                                                              | \$ nominal        | 5,045,596         | 10,217,332        | 15,518,362        | 20,951,917        | 26,521,311        | 32,229,940        | 38,081,285        | 15,262,929       |                |
| PGI if expiring SV renewed and only rate peg applie                                           | \$ nominal        | 5,045,596         | 10,217,332        | 15,518,362        | 20,951,917        | 26,521,311        | 32,229,940        | 38,081,285        | 15,262,929       |                |
| <b>Increase in cumulative PGI with proposed SV that exceeds the increase in the PGI under</b> |                   |                   |                   |                   |                   |                   |                   |                   |                  |                |
| PGI if only the rate peg applied                                                              | \$ nominal        | 1,883,367         | 6,620,048         | 11,475,146        | 16,451,622        | 21,552,510        | 26,780,920        | 32,140,040        | 8,503,415        | 55.71%         |
| PGI if expiring SV renewed and only rate peg applie                                           | \$ nominal        | 1,883,367         | 6,620,048         | 11,475,146        | 16,451,622        | 21,552,510        | 26,780,920        | 32,140,040        | 8,503,415        | 55.71%         |

| Minimum Rates - with proposed special variation |                                   | \$ nominal per year             |                                |                                |                                |                                |                                |                                |                                |
|-------------------------------------------------|-----------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Category                                        | Sub-category or Special Rate name | Current Minimum Rate<br>2022-23 | Minimum Rate Year 1<br>2023-24 | Minimum Rate Year 2<br>2024-25 | Minimum Rate Year 3<br>2025-26 | Minimum Rate Year 4<br>2026-27 | Minimum Rate Year 5<br>2027-28 | Minimum Rate Year 6<br>2028-29 | Minimum Rate Year 7<br>2029-30 |
| Residential                                     | Tenterfield                       |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Tenterfield Urban                 |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Other                             |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Urbenville                        |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Jennings                          |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Drake                             |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     | Urbenville MDAF                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Residential                                     |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Tenterfield                       |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Other                             |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Urbenville                        |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Jennings                          |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Drake                             |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Tenterfield MDAF                  |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        | Urbenville MDAF                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |
| Business                                        |                                   |                                 |                                |                                |                                |                                |                                |                                |                                |

|          |          |  |  |  |  |  |  |  |
|----------|----------|--|--|--|--|--|--|--|
| Business |          |  |  |  |  |  |  |  |
| Business |          |  |  |  |  |  |  |  |
| Business |          |  |  |  |  |  |  |  |
| Business |          |  |  |  |  |  |  |  |
| Business |          |  |  |  |  |  |  |  |
| Business |          |  |  |  |  |  |  |  |
| Business |          |  |  |  |  |  |  |  |
| Business |          |  |  |  |  |  |  |  |
| Farmland | Farmland |  |  |  |  |  |  |  |
| Farmland |          |  |  |  |  |  |  |  |
| Farmland |          |  |  |  |  |  |  |  |
| Farmland |          |  |  |  |  |  |  |  |
| Farmland |          |  |  |  |  |  |  |  |
| Farmland |          |  |  |  |  |  |  |  |
| Farmland |          |  |  |  |  |  |  |  |
| Farmland |          |  |  |  |  |  |  |  |
| Mining   | Mining   |  |  |  |  |  |  |  |
| Mining   |          |  |  |  |  |  |  |  |
| Mining   |          |  |  |  |  |  |  |  |
| Mining   |          |  |  |  |  |  |  |  |
| Mining   |          |  |  |  |  |  |  |  |
| Mining   |          |  |  |  |  |  |  |  |
| Mining   |          |  |  |  |  |  |  |  |
| Mining   |          |  |  |  |  |  |  |  |

DRAFT







**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

|                      |          |          |          |          |          |          |          |          |          |
|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| <b>TOTAL AVERAGE</b> |          | 1,434.70 | 1,494.96 | 1,532.33 | 1,570.64 | 1,609.91 | 1,650.16 | 1,691.41 | 1,733.69 |
| Farmland             | Farmland | 1,615.99 | 1,683.86 | 1,725.95 | 1,769.10 | 1,813.33 | 1,858.66 | 1,905.13 | 1,952.76 |
| Farmland             |          |          |          |          |          |          |          |          |          |
| Farmland             |          |          |          |          |          |          |          |          |          |
| Farmland             |          |          |          |          |          |          |          |          |          |
| Farmland             |          |          |          |          |          |          |          |          |          |
| Farmland             |          |          |          |          |          |          |          |          |          |
| Farmland             |          |          |          |          |          |          |          |          |          |
| Farmland             |          |          |          |          |          |          |          |          |          |
| Farmland             |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| <b>TOTAL AVERAGE</b> |          | 1,615.99 | 1,683.86 | 1,725.95 | 1,769.10 | 1,813.33 | 1,858.66 | 1,905.13 | 1,952.76 |
| Mining               | Mining   | 1,018.20 | 1,060.96 | 1,087.48 | 1,114.67 | 1,142.54 | 1,171.10 | 1,200.38 | 1,230.39 |
| Mining               |          |          |          |          |          |          |          |          |          |
| Mining               |          |          |          |          |          |          |          |          |          |
| Mining               |          |          |          |          |          |          |          |          |          |
| Mining               |          |          |          |          |          |          |          |          |          |
| Mining               |          |          |          |          |          |          |          |          |          |
| Mining               |          |          |          |          |          |          |          |          |          |
| Mining               |          |          |          |          |          |          |          |          |          |
| Mining               |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| Special rate         |          |          |          |          |          |          |          |          |          |
| <b>TOTAL AVERAGE</b> |          | 1,018.20 | 1,060.96 | 1,087.48 | 1,114.67 | 1,142.54 | 1,171.10 | 1,200.38 | 1,230.39 |

| Domestic Waste Management Services - Annual Charge                                                 |                        |                      |                      |                      |                      |                      |                      |                      |
|----------------------------------------------------------------------------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ nominal per year                                                                                |                        |                      |                      |                      |                      |                      |                      |                      |
| (Enter the current annual charge and the proposed annual charge for each year of the application.) |                        |                      |                      |                      |                      |                      |                      |                      |
| Description                                                                                        | Current Average Charge | Annual Charge Year 1 | Annual Charge Year 2 | Annual Charge Year 3 | Annual Charge Year 4 | Annual Charge Year 5 | Annual Charge Year 6 | Annual Charge Year 7 |
|                                                                                                    | 2022-23                | 2023-24              | 2024-25              | 2025-26              | 2026-27              | 2027-28              | 2028-29              | 2029-30              |
| Waste Collection - Residential 120L Bin                                                            | 447.00                 | 483.00               | 517.00               | 553.00               | 581.00               | 610.00               | 641.00               | 673.00               |
| Waste Collection - Non-Residential 120L Bin                                                        | 447.00                 | 483.00               | 517.00               | 553.00               | 581.00               | 610.00               | 641.00               | 673.00               |
| Waste Collection - Residential 240L Bin                                                            | 575.00                 | 621.00               | 664.00               | 710.00               | 746.00               | 783.00               | 822.00               | 863.00               |
| Waste Collection - Non-Residential 240L Bin                                                        | 575.00                 | 621.00               | 664.00               | 710.00               | 746.00               | 783.00               | 822.00               | 863.00               |
| Waste Management Facility Charge                                                                   | 288.50                 | 312.00               | 334.00               | 357.00               | 375.00               | 394.00               | 414.00               | 435.00               |
| Waste Recycling Collection - Residential                                                           | 86.50                  | 93.00                | 100.00               | 107.00               | 112.00               | 118.00               | 124.00               | 130.00               |
| Waste Recycling Collection - Non-Residential                                                       | 86.50                  | 93.00                | 100.00               | 107.00               | 112.00               | 118.00               | 124.00               | 130.00               |



**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|

**Water Supply Services - Annual Charge**

| <b>Water Supply Services - Annual Charge</b>                                                              |                        | <b>\$ nominal per year</b> |                      |                      |                      |                      |                      |                      |
|-----------------------------------------------------------------------------------------------------------|------------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <i>(Enter the current annual charge and the proposed annual charge for each year of the application.)</i> |                        |                            |                      |                      |                      |                      |                      |                      |
| Description                                                                                               | Current Average Charge | Annual Charge Year 1       | Annual Charge Year 2 | Annual Charge Year 3 | Annual Charge Year 4 | Annual Charge Year 5 | Annual Charge Year 6 | Annual Charge Year 7 |
|                                                                                                           | 2022-23                | 2023-24                    | 2024-25              | 2025-26              | 2026-27              | 2027-28              | 2028-29              | 2029-30              |
| Residential Water Service Availability                                                                    | 618.00                 | 711.00                     | 782.00               | 860.00               | 903.00               | 948.00               | 995.00               | 1,045.00             |
| Mt Lindesay Private Line Water Service Availability                                                       | 770.00                 | 886.00                     | 975.00               | 1,073.00             | 1,127.00             | 1,183.00             | 1,242.00             | 1,304.00             |
| Residential Strata Water Service Availability                                                             | 464.00                 | 534.00                     | 587.00               | 646.00               | 678.00               | 712.00               | 748.00               | 785.00               |
| Non-Residential 20mm Service Availability                                                                 | 618.00                 | 711.00                     | 782.00               | 860.00               | 903.00               | 948.00               | 995.00               | 1,045.00             |
| Non-Residential 25mm Service Availability                                                                 | 618.00                 | 711.00                     | 782.00               | 860.00               | 903.00               | 948.00               | 995.00               | 1,045.00             |
| Non-Residential 32mm Service Availability                                                                 | 618.00                 | 711.00                     | 782.00               | 860.00               | 903.00               | 948.00               | 995.00               | 1,045.00             |
| Non-Residential 40mm Service Availability                                                                 | 927.00                 | 1,066.00                   | 1,173.00             | 1,290.00             | 1,355.00             | 1,423.00             | 1,494.00             | 1,569.00             |
| Non-Residential 50mm Service Availability                                                                 | 1,445.00               | 1,662.00                   | 1,828.00             | 2,011.00             | 2,112.00             | 2,218.00             | 2,329.00             | 2,445.00             |
| Non-Residential 80mm Service Availability                                                                 | 3,715.00               | 4,272.00                   | 4,699.00             | 5,169.00             | 5,427.00             | 5,698.00             | 5,983.00             | 6,282.00             |
| Non-Residential 100mm Service Availability                                                                | 5,805.00               | 6,676.00                   | 7,344.00             | 8,078.00             | 8,482.00             | 8,906.00             | 9,351.00             | 9,819.00             |
| Non-Residential 150mm Service Availability                                                                | 13,060.00              | 15,019.00                  | 16,521.00            | 18,173.00            | 19,082.00            | 20,036.00            | 21,038.00            | 22,090.00            |
| Voluntary & Charitable Organisations Service Availability                                                 | 118.50                 | 136.00                     | 150.00               | 165.00               | 173.00               | 182.00               | 191.00               | 201.00               |
| Water Infrastructure Charge                                                                               | 77.00                  | 77.00                      | 77.00                | 77.00                | 77.00                | 77.00                | 77.00                | 77.00                |

| <b>Sewerage Services - Annual Charge</b>                                                                  |                        | <b>\$ nominal per year</b> |                      |                      |                      |                      |                      |                      |
|-----------------------------------------------------------------------------------------------------------|------------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <i>(Enter the current annual charge and the proposed annual charge for each year of the application.)</i> |                        |                            |                      |                      |                      |                      |                      |                      |
| Description                                                                                               | Current Average Charge | Annual Charge Year 1       | Annual Charge Year 2 | Annual Charge Year 3 | Annual Charge Year 4 | Annual Charge Year 5 | Annual Charge Year 6 | Annual Charge Year 7 |
|                                                                                                           | 2022-23                | 2023-24                    | 2024-25              | 2025-26              | 2026-27              | 2027-28              | 2028-29              | 2029-30              |
| Residential Sewer Service Availability                                                                    | 1,320.00               | 1,386.00                   | 1,455.00             | 1,528.00             | 1,604.00             | 1,684.00             | 1,768.00             | 1,856.00             |
| Non-Residential 20mm Service Availability                                                                 | 1,320.00               | 1,386.00                   | 1,455.00             | 1,528.00             | 1,604.00             | 1,684.00             | 1,768.00             | 1,856.00             |
| Non-Residential 25mm Service Availability                                                                 | 1,320.00               | 1,386.00                   | 1,455.00             | 1,528.00             | 1,604.00             | 1,684.00             | 1,768.00             | 1,856.00             |
| Non-Residential 32mm Service Availability                                                                 | 1,710.00               | 1,796.00                   | 1,886.00             | 1,980.00             | 2,079.00             | 2,183.00             | 2,292.00             | 2,407.00             |
| Non-Residential 40mm Service Availability                                                                 | 2,667.00               | 2,800.00                   | 2,940.00             | 3,087.00             | 3,241.00             | 3,403.00             | 3,573.00             | 3,752.00             |
| Non-Residential 50mm Service Availability                                                                 | 4,158.00               | 4,366.00                   | 4,584.00             | 4,813.00             | 5,054.00             | 5,307.00             | 5,572.00             | 5,851.00             |
| Non-Residential 80mm Service Availability                                                                 | 10,641.75              | 11,174.00                  | 11,733.00            | 12,320.00            | 12,936.00            | 13,583.00            | 14,262.00            | 14,975.00            |
| Non-Residential 100mm Service Availability                                                                | 16,626.75              | 17,458.00                  | 18,331.00            | 19,248.00            | 20,210.00            | 21,221.00            | 22,282.00            | 23,396.00            |
| Non-Residential 150mm Service Availability                                                                | 37,422.00              | 39,293.00                  | 41,258.00            | 43,321.00            | 45,487.00            | 47,761.00            | 50,149.00            | 52,656.00            |
| Voluntary & Charitable Organisations Service Availability                                                 | 255.15                 | 268.00                     | 281.00               | 295.00               | 310.00               | 326.00               | 342.00               | 359.00               |

| <b>Other Annual Charges</b> \$ nominal per year                                                    |                        |                      |                      |                      |                      |                      |                      |                      |
|----------------------------------------------------------------------------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| (Enter the current annual charge and the proposed annual charge for each year of the application.) |                        |                      |                      |                      |                      |                      |                      |                      |
| Description                                                                                        | Current Average Charge | Annual Charge Year 1 | Annual Charge Year 2 | Annual Charge Year 3 | Annual Charge Year 4 | Annual Charge Year 5 | Annual Charge Year 6 | Annual Charge Year 7 |
|                                                                                                    | 2022-23                | 2023-24              | 2024-25              | 2025-26              | 2026-27              | 2027-28              | 2028-29              | 2029-30              |
| Stormwater Management Charge - Residential                                                         | 25.00                  | 25.00                | 25.00                | 25.00                | 25.00                | 25.00                | 25.00                | 25.00                |
| Stormwater Management Charge - Strata Residential Title Pe                                         | 12.50                  | 12.50                | 12.50                | 12.50                | 12.50                | 12.50                | 12.50                | 12.50                |
| Stormwater Management Charge - Non-Residential <350m s                                             | 25.00                  | 25.00                | 25.00                | 25.00                | 25.00                | 25.00                | 25.00                | 25.00                |
| Stormwater Management Charge - Non-Residential 350m -12                                            | 50.00                  | 50.00                | 50.00                | 50.00                | 50.00                | 50.00                | 50.00                | 50.00                |
| Stormwater Management Charge - Non-Residential 1200m -5                                            | 221.00                 | 221.00               | 221.00               | 221.00               | 221.00               | 221.00               | 221.00               | 221.00               |
| Stormwater Management Charge - Non-Residential >5000m <                                            | 357.00                 | 357.00               | 357.00               | 357.00               | 357.00               | 357.00               | 357.00               | 357.00               |

DRAFT

Tenterfield Shire Council

**WORKSHEET 6**

**PROPOSED ADDITIONAL SPECIAL VARIATION INCOME AND EXPENDITURE**

All dollars in nominal terms

This sheet shows how the council proposes to use the additional income from the special variation.

Enter the proposed spending over 10 years under each of the headings as relevant.

For additional SV income in years beyond the period of the proposed special variation, we increase the income after the final year of the variation by the assumed rate peg of 2.5% in each of the future years. i.e. multiply by 1.025 each year.

Note: Columns G to P are formatted black if no data are required for a temporary SV. They will also display black before information has been entered regarding the proposed SV (WK 1 - Identification)

|                                                                               | <b>Year 1</b><br><b>2023-24</b> | <b>Year 2</b><br><b>2024-25</b> | <b>Year 3</b><br><b>2025-26</b> | <b>Year 4</b><br><b>2026-27</b> | <b>Year 5</b><br><b>2027-28</b> | <b>Year 6</b><br><b>2028-29</b> | <b>Year 7</b><br><b>2029-30</b> | <b>Year 8</b><br><b>2030-31</b> | <b>Year 9</b><br><b>2031-32</b> | <b>Year 10</b><br><b>2032-33</b> | <b>Sum of 10<br/>years</b> |
|-------------------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------|
| <b>Income \$ nominal per year</b>                                             |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  |                            |
| Proposed SV income above rate peg                                             | 1,883,367                       | 4,736,681                       | 4,855,098                       | 4,976,476                       | 5,100,888                       | 5,228,410                       | 5,359,120                       | 5,493,098                       | 5,630,426                       | 5,771,186                        | 49,034,749                 |
| <b>Operating balance \$ nominal per year</b>                                  |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  |                            |
| Change in Operating Balance due to proposed SV                                | 941,683                         | 2,368,341                       | 2,427,549                       | 2,488,238                       | 2,550,444                       | 2,614,205                       | 2,679,560                       | 2,746,549                       | 2,815,213                       | 2,885,593                        | 24,517,375                 |
| <b>Operating expenses (including loan interest costs) \$ nominal per year</b> |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  |                            |
| Fund existing service levels (eg, libraries)                                  |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  |                            |
| Roads, Transport, Stormwater and Drainage                                     | 706,263                         | 1,776,255                       | 1,820,662                       | 1,866,178                       | 1,912,833                       | 1,960,654                       | 2,009,670                       | 2,059,912                       | 2,111,410                       | 2,164,195                        | 18,388,031                 |
| Buildings renewal and maintenance                                             | 141,253                         | 355,251                         | 364,132                         | 373,236                         | 382,567                         | 392,131                         | 401,934                         | 411,982                         | 422,282                         | 432,839                          | 3,677,606                  |
| Aquatics, Parks and Open Space                                                | 94,168                          | 236,834                         | 242,755                         | 248,824                         | 255,044                         | 261,420                         | 267,956                         | 274,655                         | 281,521                         | 288,559                          | 2,451,737                  |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
| Fund new/enhanced service levels (eg, sustainability program)                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |
|                                                                               |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                  | 0                          |



**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

|                           |         |           |           |           |            |            |            |            |            |            |            |  |   |
|---------------------------|---------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|--|---|
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
|                           |         |           |           |           |            |            |            |            |            |            |            |  | 0 |
| Annual total              | 941,683 | 2,368,341 | 2,427,549 | 2,488,238 | 2,550,444  | 2,614,205  | 2,679,560  | 2,746,549  | 2,815,213  | 2,885,593  | 24,517,375 |  |   |
| Cumulative totals by year | 941,683 | 3,310,024 | 5,737,573 | 8,225,811 | 10,776,255 | 13,390,460 | 16,070,020 | 18,816,569 | 21,631,782 | 24,517,375 |            |  |   |

| Other uses of proposed SV income (eg, loan principal repayments, transfers to reserves) |   |   |   |   |   |   |   |   |   |   |   | \$ nominal per year |   |
|-----------------------------------------------------------------------------------------|---|---|---|---|---|---|---|---|---|---|---|---------------------|---|
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
|                                                                                         |   |   |   |   |   |   |   |   |   |   |   |                     | 0 |
| Annual total                                                                            | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0                   | 0 |
| Cumulative totals by year                                                               | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0                   | 0 |

| Total                                                 |           |           |           |           |           |           |           |           |           |           |            | \$ nominal per year |
|-------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---------------------|
| Total use of proposed SV income                       | 1,883,367 | 4,736,681 | 4,855,098 | 4,976,476 | 5,100,888 | 5,228,410 | 5,359,120 | 5,493,098 | 5,630,426 | 5,771,186 | 49,034,749 |                     |
| Difference between additional SRV income and its uses | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0          |                     |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

Tenterfield Shire Council

**WORKSHEET 7**

**FINANCIAL INFORMATION**

All dollars in nominal terms (\$'000)

This sheet captures the council's historical financial information as reported in its financial statements and forecasts of selected balance sheet items for financial ratios. Please ensure that these figures are for the GENERAL FUND only.

| Income statement (General fund)                                                                                                    | \$'000 nominal per year |               |               |               |               |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------|---------------|---------------|---------------|
|                                                                                                                                    | 2017-18                 | 2018-19       | 2019-20       | 2020-21       | 2021-22       |
| <b>Income</b>                                                                                                                      |                         |               |               |               |               |
| Rates and Annual Charges                                                                                                           | 6,177                   | 6,742         | 6,937         | 7,183         | 7,454         |
| User Charges & Fees                                                                                                                | 1,335                   | 1,237         | 1,424         | 1,330         | 1,160         |
| Interest and Investment Revenues                                                                                                   | 365                     | 396           | 288           | 53            | 111           |
| Other Revenues                                                                                                                     | 1,185                   | 389           | 307           | 1,078         | 1,694         |
| Grants & Contributions Op purposes                                                                                                 | 7,387                   | 10,803        | 12,794        | 11,881        | 16,450        |
| Grants & Contributions Capital purposes                                                                                            | 2,952                   | 9,397         | 4,006         | 18,342        | 13,941        |
| Other Income (items excluded from ratio analysis)                                                                                  |                         |               | 140           | 174           | 160           |
| Net gains asset sales                                                                                                              |                         | 120           |               |               |               |
| Fair value gains                                                                                                                   | 20                      |               |               |               |               |
| Joint Ventures and Associated Entities                                                                                             |                         |               |               |               |               |
| <b>Total Income</b>                                                                                                                | <b>19,421</b>           | <b>29,084</b> | <b>25,896</b> | <b>39,841</b> | <b>40,970</b> |
| Income excluding Cap. Grants & Contrib.                                                                                            | 16,469                  | 19,687        | 21,890        | 21,499        | 27,029        |
| Income excl cap grants & cont.; net gains from asset disposal; profit on joint ventures; and fair value gains                      | 16,449                  | 19,567        | 21,890        | 21,499        | 27,029        |
| <b>Expenses</b>                                                                                                                    |                         |               |               |               |               |
| Employee Benefits & On-costs                                                                                                       | 5,451                   | 7,055         | 7,625         | 7,861         | 7,985         |
| Borrowing Costs (i.e. interest costs)                                                                                              | 130                     | 148           | 108           | 6,752         | 8,349         |
| Materials & Contracts                                                                                                              | 3,422                   | 4,848         | 5,912         | 118           | 266           |
| Depreciation & Amortisation                                                                                                        | 4,957                   | 5,510         | 6,232         | 6,367         | 6,677         |
| Impairment                                                                                                                         | 357                     |               |               |               |               |
| Other Expenses                                                                                                                     | 1,282                   | 1,480         | 2,138         | 1,582         | 817           |
| Other Expenses (items excluded from ratio analysis)                                                                                |                         |               |               |               |               |
| <b>Interest &amp; Investment losses</b>                                                                                            |                         |               |               |               |               |
| Net loss from disposal of assets                                                                                                   | 338                     | -25           | 625           | 2,788         | 2,048         |
| Fair value losses                                                                                                                  |                         |               |               |               |               |
| Joint Ventures and Associated Entities                                                                                             |                         |               |               |               |               |
| <b>Total Expenses</b>                                                                                                              | <b>15,917</b>           | <b>19,016</b> | <b>22,640</b> | <b>25,248</b> | <b>26,142</b> |
| Expenses excluding investment losses                                                                                               | 15,917                  | 19,016        | 22,640        | 25,248        | 26,142        |
| Total expenses continuing operations excl net loss from asset disposals, joint ventures and fair value adjustments                 | 15,579                  | 19,041        | 22,015        | 22,480        | 24,094        |
| Operating result from continuing operations                                                                                        | 3,504                   | 10,068        | 3,256         | 14,593        | 14,828        |
| Net operating result before Cap. Grants & Contrib                                                                                  | 552                     | 671           | -750          | -3,749        | 887           |
| Net operating result before Cap. Grants & Contrib, net gains from asset sales, profit on joint ventures and fair value adjustments | 870                     | 526           | -125          | -981          | 2,935         |
| Operating Performance Ratio <sup>a</sup>                                                                                           | 5.3%                    | 2.7%          | -0.6%         | -4.6%         | 10.9%         |

a. Net Operating Balance (excl Cap. Grants & Contrib. and net gains from asset sales etc) as % income (excl Cap. Grants & Contrib. and net gains from asset sales etc)

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| <b>Borrowing costs and repayments</b>      |  | <b>\$'000 nominal per year</b> |         |         |         |         |
|--------------------------------------------|--|--------------------------------|---------|---------|---------|---------|
| Source: Cash flow statement (General fund) |  | 2017-18                        | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Borrowing costs                            |  | 130                            | 148     | 108     | 118     | 268     |
| Repayment of borrowings and advances       |  | 370                            | 392     | 415     | 304     | 473     |

| <b>Infrastructure asset performance indicators by fund</b> |  | <b>%</b> |         |         |         |         |
|------------------------------------------------------------|--|----------|---------|---------|---------|---------|
| Source: Special Schedule 7 (General fund)                  |  | 2017-18  | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| 1. Infrastructure renewals ratio                           |  | 94.58%   | 281.47% | 118.02% | 172.18% | 162.17% |
| 2. Infrastructure backlog ratio                            |  | 8.25%    | 3.71%   | 4.36%   | 5.47%   | 4.38%   |
| 3. Asset maintenance ratio                                 |  | 100.00%  | 100.02% | 100.00% | 100.03% | 100.00% |

| <b>Cash and investments (General fund)</b>                   |  | <b>\$'000 nominal</b> |
|--------------------------------------------------------------|--|-----------------------|
| Source: Note 6a, 6b, 6c                                      |  | 2021-22               |
| <b>6a - Cash and cash equivalents</b>                        |  |                       |
| Cash on hand and at bank                                     |  | 30,725                |
| Cash-equivalent assets                                       |  | 6,382                 |
| Total                                                        |  | 37,107                |
| <b>6b - Investments</b>                                      |  |                       |
| Current                                                      |  |                       |
| Non-current                                                  |  |                       |
| Total                                                        |  | 0                     |
| <b>Total cash, cash equivalents, and investments</b>         |  | 37,107                |
| <b>6c Restricted cash, cash equivalents, and investments</b> |  |                       |
| External restrictions                                        |  | 31,628                |
| Internal restrictions                                        |  | 5,000                 |
| Unrestricted                                                 |  | 481                   |
| Total                                                        |  | 37,107                |
| check = 0                                                    |  | 0                     |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| Balance sheet extract (General fund) - historical and forecasts for SV scenario      |             |  | \$'000 nominal |          |          |          |          |          |          |          |          |          |          |          |          |
|--------------------------------------------------------------------------------------|-------------|--|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Sources: Notes to financial statements and Council's Long Term Financial Plan (LTFF) |             |  | Actual         | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
|                                                                                      |             |  | 2021-22        | 2022-23  | 2023-24  | 2024-25  | 2025-26  | 2026-27  | 2027-28  | 2028-29  | 2029-30  | 2030-31  | 2031-32  | 2032-33  |          |
| <b>Assets</b>                                                                        |             |  |                |          |          |          |          |          |          |          |          |          |          |          |          |
| Cash & Cash Equivalents                                                              | Current     |  | 28,528         | 9,387    | 7,683    | 8,814    | 11,294   | 15,928   | 17,885   | 20,047   | 23,814   | 29,348   | 36,025   | 43,230   |          |
| Receivables                                                                          | Current     |  | 2,149          | 1,557    | 1,726    | 1,849    | 2,033    | 2,119    | 2,206    | 2,299    | 2,400    | 2,509    | 2,629    | 2,734    |          |
| Receivables                                                                          | Non-current |  |                |          |          |          |          |          |          |          |          |          |          |          |          |
| Investments                                                                          | Current     |  |                |          |          |          |          |          |          |          |          |          |          |          |          |
| Investments                                                                          | Non-current |  |                |          |          |          |          |          |          |          |          |          |          |          |          |
| <b>Liabilities</b>                                                                   |             |  |                |          |          |          |          |          |          |          |          |          |          |          |          |
| Payables                                                                             | Current     |  | 4,112          | 2,377    | 2,728    | 2,884    | 2,894    | 2,897    | 2,985    | 3,097    | 3,132    | 3,201    | 3,262    | 3,328    |          |
| Payables                                                                             | Non-current |  |                |          |          |          |          |          |          |          |          |          |          |          |          |
| Borrowing                                                                            | Current     |  | 598            | 781      | 811      | 703      | 735      | 768      | 806      | 841      | 879      | 921      | 756      | 786      |          |
| Borrowing                                                                            | Non-current |  | 10,811         | 12,814   | 12,003   | 11,299   | 10,564   | 9,798    | 8,990    | 8,149    | 7,269    | 6,349    | 5,592    | 4,921    |          |

| Infrastructure, property and equipment - (General fund) - historical and forecasts for baseline scenario |  |  | \$'000 nominal |         |         |         |          |          |          |          |          |          |          |          |          |
|----------------------------------------------------------------------------------------------------------|--|--|----------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Sources: Notes to financial statements and Council's Long Term Financial Plan (LTFF)                     |  |  | Actual         | Actual  | Actual  | Actual  | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
|                                                                                                          |  |  | 2017-18        | 2018-19 | 2019-20 | 2020-21 | 2021-22  | 2022-23  | 2023-24  | 2024-25  | 2025-26  | 2026-27  | 2027-28  | 2028-29  | 2029-30  |
| <b>Infrastructure, PPE<sup>a</sup></b>                                                                   |  |  |                |         |         |         |          |          |          |          |          |          |          |          |          |
| Infrastructure, PPE (Gross Carrying Amount)                                                              |  |  | 449,906        | 458,614 | 530,781 | 554,121 | 621,123  | 603,245  | 609,367  | 615,221  | 619,814  | 627,859  | 636,343  | 644,244  | 651,310  |
| Less: Accumulated depreciation and impairments                                                           |  |  | 110,952        | 112,115 | 128,161 | 130,658 | 145,523  | 152,619  | 160,420  | 167,690  | 175,059  | 182,507  | 190,052  | 197,790  | 205,996  |
| Infrastructure, PPE (Net Carrying Amount)                                                                |  |  | 338,954        | 346,499 | 402,600 | 423,465 | 475,600  | 450,626  | 448,947  | 447,531  | 444,755  | 445,352  | 446,291  | 446,454  | 445,314  |

a. NOTE: Please EXCLUDE capital works in progress & non-depreciable assets (e.g. land and bulk earthworks [non-depreciable] etc.)

| Infrastructure, property and equipment - (General fund) - forecasts for SV scenario <sup>b</sup> |  |  | \$'000 nominal |         |         |         |          |          |          |          |          |          |          |          |          |
|--------------------------------------------------------------------------------------------------|--|--|----------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Sources: Council's Long Term Financial Plan (LTFF)                                               |  |  | Actual         | Actual  | Actual  | Actual  | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
|                                                                                                  |  |  | 2017-18        | 2018-19 | 2019-20 | 2020-21 | 2021-22  | 2022-23  | 2023-24  | 2024-25  | 2025-26  | 2026-27  | 2027-28  | 2028-29  | 2029-30  |
| <b>Infrastructure, PPE<sup>a</sup></b>                                                           |  |  |                |         |         |         |          |          |          |          |          |          |          |          |          |
| Infrastructure, PPE (Gross Carrying Amount)                                                      |  |  | 449,906        | 458,614 | 530,781 | 554,121 | 621,123  | 603,245  | 609,367  | 615,221  | 619,814  | 627,859  | 636,343  | 644,224  | 651,310  |
| Less: Accumulated depreciation and impairments                                                   |  |  | 110,952        | 112,115 | 128,161 | 130,658 | 145,523  | 152,619  | 160,420  | 167,690  | 175,059  | 182,507  | 190,052  | 197,790  | 205,996  |
| Infrastructure, PPE (Net Carrying Amount)                                                        |  |  | 338,954        | 346,499 | 402,600 | 423,465 | 475,600  | 450,626  | 448,947  | 447,531  | 444,755  | 445,352  | 446,291  | 446,434  | 445,314  |

a. NOTE: Please EXCLUDE capital works in progress & non-depreciable assets (e.g. land and bulk earthworks [non-depreciable] etc.)

b. NOTE: In a previous version of this spreadsheet, prior to a 9 November 2022 update this table was incorrectly labelled as "Infrastructure, property and equipment - (General fund) - historical and forecasts for baseline scenario".

| Net cash flows from operating activities (General fund) <sup>a</sup>       |  |  | \$'000 nominal |         |         |         |          |          |          |          |          |          |          |          |          |
|----------------------------------------------------------------------------|--|--|----------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Sources: Cash flow statement and Council's Long Term Financial Plan (LTFF) |  |  | Actual         | Actual  | Actual  | Actual  | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
|                                                                            |  |  | 2017-18        | 2018-19 | 2019-20 | 2020-21 | 2021-22  | 2022-23  | 2023-24  | 2024-25  | 2025-26  | 2026-27  | 2027-28  | 2028-29  | 2029-30  |
| <b>Net Cash flows from operating activities (baseline scenario)</b>        |  |  | 9,851          | 13,759  | 6,955   | 20,194  | 36,375   | 4,493    | 3,909    | 3,704    | 3,953    | 4,240    | 4,304    | 4,228    |          |
| <b>Net Cash flows from operating activities (SV scenario)</b>              |  |  | 9,851          | 13,759  | 6,955   | 20,194  | 36,375   | 4,493    | 5,777    | 8,389    | 9,351    | 10,298   | 11,091   | 11,794   |          |

a. NOTE: This table splits net cash flows from operating activities into baseline and SV scenarios. A version of this spreadsheet, prior to a 9 November 2022 update did not make this distinction.



**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| Tenterfield Shire Council                                                                                                                                                                                                                                                                                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|----------------------|-----------------|
| <b>WORKSHEET 8</b>                                                                                                                                                                                                                                                                                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| <b>LONG TERM FINANCIAL PLAN - SV SCENARIO AND BASE CASE</b>                                                                                                                                                                                                                                                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| All dollars in nominal terms                                                                                                                                                                                                                                                                                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| This sheet shows how the council's Long Term Financial Plan reflects the impact of the proposed special variation versus its base case (no special variation). Enter the figures from the most recent Long Term Financial Plan over 10 years under each of the headings as relevant. Add rows if necessary. |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| In the last table, please enter the key assumptions relating to the Long Term Financial Plan. Please ensure that these figures match the latest version of the Long Term Financial Plan provided with the application and that these figures are for the GENERAL FUND ONLY.                                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| <b>SCENARIO 1: Proposed additional SV income and expenditure</b>                                                                                                                                                                                                                                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
|                                                                                                                                                                                                                                                                                                             | Year 0            | Year 1            | Year 2            | Year 3            | Year 4            | Year 5            | Year 6            | Year 7            | Year 8            | Year 9            | Year 10           | Sum of 10 years    | Change over 10 years |                 |
|                                                                                                                                                                                                                                                                                                             | 2022-23           | 2023-24           | 2024-25           | 2025-26           | 2026-27           | 2027-28           | 2028-29           | 2029-30           | 2030-31           | 2031-32           | 2032-33           |                    | \$                   | %               |
| <b>Income from continuing operations</b>                                                                                                                                                                                                                                                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| <b>Revenue:</b>                                                                                                                                                                                                                                                                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| Rates & Annual Charges                                                                                                                                                                                                                                                                                      | 7,488,919         | 9,802,288         | 12,999,375        | 13,974,743        | 14,955,952        | 16,007,543        | 17,134,446        | 18,340,277        | 19,633,600        | 21,016,904        | 22,497,601        | 166,362,788        | 15,008,682           | 200.41%         |
| User Charges & Fees                                                                                                                                                                                                                                                                                         | 1,109,108         | 1,144,788         | 1,183,633         | 1,220,189         | 1,255,736         | 1,288,284         | 1,326,421         | 1,361,582         | 1,402,531         | 1,440,538         | 1,479,575         | 13,103,276         | 370,467              | 33.40%          |
| Interest & Investment Revenue                                                                                                                                                                                                                                                                               | 120,400           | 120,804           | 121,212           | 121,624           | 122,040           | 122,461           | 122,885           | 123,314           | 123,747           | 124,185           | 124,624           | 1,226,897          | 4,224                | 3.51%           |
| Other Revenues                                                                                                                                                                                                                                                                                              | 525,652           | 536,415           | 539,156           | 550,283           | 553,233           | 564,738           | 567,905           | 579,830           | 583,200           | 595,592           | 608,247           | 5,678,571          | 82,595               | 15.71%          |
| Grants & Contributions Op Purposes                                                                                                                                                                                                                                                                          | 8,496,329         | 8,526,752         | 8,579,506         | 8,650,736         | 8,714,361         | 8,791,528         | 8,857,811         | 8,938,030         | 9,007,281         | 9,091,019         | 9,175,537         | 88,332,559         | 679,207              | 7.99%           |
| Grants & Contributions Capital Purposes                                                                                                                                                                                                                                                                     | 341,115           | 335,032           | 335,297           | 335,567           | 335,843           | 336,124           | 336,411           | 336,703           | 337,001           | 337,306           | 337,610           | 3,362,894          | -3,505               | -1.03%          |
| <include additional items here>                                                                                                                                                                                                                                                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%           |
| <b>Other Income (items excluded from ratio analysis)</b>                                                                                                                                                                                                                                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| Net share of profit on joint ventures                                                                                                                                                                                                                                                                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%           |
| Fair value gains                                                                                                                                                                                                                                                                                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%           |
| Net gains from disposal of assets                                                                                                                                                                                                                                                                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%           |
| <b>Total Income Continuing Operations</b>                                                                                                                                                                                                                                                                   | <b>18,081,524</b> | <b>20,466,078</b> | <b>23,758,179</b> | <b>24,853,142</b> | <b>25,937,164</b> | <b>27,110,678</b> | <b>28,345,879</b> | <b>29,679,709</b> | <b>31,087,420</b> | <b>32,605,543</b> | <b>34,223,194</b> | <b>278,066,985</b> | <b>16,141,670</b>    | <b>89.27%</b>   |
| <b>Income excluding capital grants and contributions</b>                                                                                                                                                                                                                                                    | <b>17,740,409</b> | <b>20,131,046</b> | <b>23,422,882</b> | <b>24,517,575</b> | <b>25,601,321</b> | <b>26,774,554</b> | <b>28,009,468</b> | <b>29,343,006</b> | <b>30,750,419</b> | <b>32,268,238</b> | <b>33,885,583</b> | <b>274,704,090</b> | <b>16,145,174</b>    | <b>91.01%</b>   |
| Income excluding capital grants and contributions, net gains from asset disposals, profit on joint ventures and fair value gains                                                                                                                                                                            | 17,740,409        | 20,131,046        | 23,422,882        | 24,517,575        | 25,601,321        | 26,774,554        | 28,009,468        | 29,343,006        | 30,750,419        | 32,268,238        | 33,885,583        | 274,704,090        | 16,145,174           | 91.01%          |
| <b>Expenses from continuing operations</b>                                                                                                                                                                                                                                                                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| <b>Employee Benefits &amp; On-costs</b>                                                                                                                                                                                                                                                                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| Employee Benefits & On-costs                                                                                                                                                                                                                                                                                | 8,654,834         | 8,975,830         | 9,200,952         | 9,431,851         | 9,663,349         | 9,900,640         | 10,143,859        | 10,393,156        | 10,648,694        | 10,910,604        | 11,178,955        | 100,447,890        | 2,524,121            | 29.16%          |
| Borrowing Costs (i.e. interest costs)                                                                                                                                                                                                                                                                       | 509,104           | 501,547           | 531,924           | 494,821           | 462,909           | 430,185           | 392,587           | 357,142           | 319,503           | 277,972           | 241,839           | 4,070,428          | -267,325             | -52.50%         |
| Materials & Contracts                                                                                                                                                                                                                                                                                       | 2,484,443         | 3,568,080         | 3,699,311         | 3,693,084         | 3,570,036         | 3,714,473         | 3,858,294         | 3,904,951         | 4,010,811         | 4,018,841         | 4,127,789         | 38,163,650         | 1,663,348            | 67.49%          |
| Depreciation & Amortisation                                                                                                                                                                                                                                                                                 | 7,002,718         | 7,132,159         | 7,442,681         | 7,442,681         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 74,136,786         | 442,890              | 8.32%           |
| Other Expenses                                                                                                                                                                                                                                                                                              | 1,543,684         | 1,643,836         | 1,831,858         | 1,783,274         | 1,857,901         | 1,936,005         | 2,154,487         | 2,103,283         | 2,192,878         | 2,286,692         | 2,384,520         | 20,174,734         | 840,835              | 54.47%          |
| <include additional items here>                                                                                                                                                                                                                                                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%           |
| <b>Other Expenses (items excluded from ratio analysis)</b>                                                                                                                                                                                                                                                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| Net loss on joint ventures                                                                                                                                                                                                                                                                                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%           |
| Fair value losses                                                                                                                                                                                                                                                                                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%           |
| Net loss from disposal of assets                                                                                                                                                                                                                                                                            | 275,706           | 281,220           | 286,845           | 292,581           | 298,433           | 304,402           | 310,490           | 316,700           | 323,034           | 329,494           | 336,084           | 3,079,282          | 60,378               | 21.90%          |
| <b>Total expenses continuing operations</b>                                                                                                                                                                                                                                                                 | <b>20,450,548</b> | <b>22,162,673</b> | <b>22,993,570</b> | <b>23,138,272</b> | <b>23,298,235</b> | <b>23,731,311</b> | <b>24,303,323</b> | <b>24,520,837</b> | <b>24,940,526</b> | <b>25,269,209</b> | <b>25,714,794</b> | <b>240,072,751</b> | <b>5,264,246</b>     | <b>25.74%</b>   |
| Total expenses continuing operations excluding net loss from asset disposals, joint ventures and fair value losses                                                                                                                                                                                          | 20,174,842        | 21,881,453        | 22,706,726        | 22,845,690        | 22,998,802        | 23,426,909        | 23,992,834        | 24,204,138        | 24,617,493        | 24,939,715        | 25,378,710        | 236,993,469        | 5,203,868            | 25.79%          |
| <b>Operating results</b>                                                                                                                                                                                                                                                                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |                 |
| Operating result from continuing operations                                                                                                                                                                                                                                                                 | -2,369,024        | -1,696,595        | 764,609           | 1,714,870         | 2,638,929         | 3,379,367         | 4,042,555         | 5,158,872         | 6,146,894         | 7,336,334         | 8,508,399         | 37,904,233         | 10,877,423           | -459.15%        |
| <b>Net operating result before capital grants &amp; contributions</b>                                                                                                                                                                                                                                       | <b>-2,710,139</b> | <b>-2,031,627</b> | <b>429,312</b>    | <b>1,379,303</b>  | <b>2,303,086</b>  | <b>3,043,243</b>  | <b>3,706,144</b>  | <b>4,822,169</b>  | <b>5,809,892</b>  | <b>6,999,028</b>  | <b>8,170,789</b>  | <b>34,631,339</b>  | <b>10,880,928</b>    | <b>-401.49%</b> |
| Net operating result before capital grants & contributions, gains/losses on asset disposals, gains/losses on joint ventures and fair value adjustments                                                                                                                                                      | -2,434,433        | -1,750,407        | 716,157           | 1,871,884         | 2,801,519         | 3,347,644         | 4,016,634         | 5,138,868         | 6,132,926         | 7,328,522         | 8,508,873         | 37,710,621         | 10,941,306           | -449.44%        |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| Increase in rates and annual charges    |  |           |           |         |         |           |           |           |           |           |           |            |  |
|-----------------------------------------|--|-----------|-----------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|------------|--|
| \$ Increase in rates and annual charges |  | 2,313,369 | 3,197,087 | 975,368 | 981,209 | 1,051,592 | 1,126,903 | 1,205,831 | 1,293,383 | 1,383,244 | 1,480,697 | 15,008,682 |  |
| % Increase in rates and annual charges  |  | 30.89%    | 32.62%    | 7.50%   | 7.02%   | 7.03%     | 7.04%     | 7.04%     | 7.05%     | 7.05%     | 7.05%     | 200.41%    |  |

  

| SCENARIO 2: Base case - no SV income or expenditure                                                                                                    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|----------------------|---------------|
|                                                                                                                                                        | Year 0            | Year 1            | Year 2            | Year 3            | Year 4            | Year 5            | Year 6            | Year 7            | Year 8            | Year 9            | Year 10           | Sum of 10 years    | Change over 10 years |               |
|                                                                                                                                                        | 2022-23           | 2023-24           | 2024-25           | 2025-26           | 2026-27           | 2027-28           | 2028-29           | 2029-30           | 2030-31           | 2031-32           | 2032-33           |                    | \$                   | %             |
| <b>Income from continuing operations</b>                                                                                                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| <b>Revenue:</b>                                                                                                                                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Rates & Annual Charges                                                                                                                                 | 7,488,919         | 7,842,014         | 8,186,902         | 8,547,073         | 8,860,590         | 9,187,896         | 9,529,515         | 9,884,319         | 10,255,832        | 10,640,874        | 11,040,371        | 93,975,385         | 3,551,452            | 47.42%        |
| User Charges & Fees                                                                                                                                    | 1,109,108         | 1,144,788         | 1,183,633         | 1,220,189         | 1,255,736         | 1,288,284         | 1,326,421         | 1,361,582         | 1,402,531         | 1,440,538         | 1,479,575         | 13,103,276         | 370,467              | 33.40%        |
| Interest & Investment Revenue                                                                                                                          | 120,400           | 120,804           | 121,212           | 121,624           | 122,040           | 122,461           | 122,885           | 123,314           | 123,747           | 124,185           | 124,624           | 1,226,897          | 4,224                | 3.51%         |
| Other Revenues                                                                                                                                         | 525,652           | 536,415           | 539,156           | 550,283           | 553,233           | 564,738           | 567,905           | 579,803           | 583,200           | 595,592           | 608,247           | 5,678,571          | 82,595               | 15.71%        |
| Grants & Contributions Op Purposes                                                                                                                     | 8,496,329         | 8,526,752         | 8,579,506         | 8,650,736         | 8,714,361         | 8,791,528         | 8,857,811         | 8,938,030         | 9,007,281         | 9,091,019         | 9,175,537         | 88,332,559         | 679,207              | 7.99%         |
| Grants & Contributions Capital Purposes                                                                                                                | 341,115           | 335,032           | 335,297           | 335,567           | 335,843           | 336,124           | 336,411           | 336,703           | 337,001           | 337,306           | 337,610           | 3,362,894          | -3,505               | -1.03%        |
| <include additional items here>                                                                                                                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%         |
| <b>Other Income (items excluded from ratio analysis)</b>                                                                                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Net share of profit on joint ventures                                                                                                                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%         |
| Fair value gains                                                                                                                                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%         |
| Net gains from disposal of assets                                                                                                                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%         |
| <b>Total Income Continuing Operations</b>                                                                                                              | <b>18,081,524</b> | <b>18,505,804</b> | <b>18,945,706</b> | <b>19,425,472</b> | <b>19,841,802</b> | <b>20,291,031</b> | <b>20,740,948</b> | <b>21,223,751</b> | <b>21,709,592</b> | <b>22,229,513</b> | <b>22,765,964</b> | <b>205,679,582</b> | <b>4,684,440</b>     | <b>25.91%</b> |
| <b>Income excluding capital grants and contributions</b>                                                                                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
|                                                                                                                                                        | 17,740,409        | 18,170,772        | 18,610,409        | 19,089,905        | 19,505,959        | 19,954,907        | 20,404,537        | 20,887,048        | 21,372,591        | 21,892,208        | 22,428,354        | 202,316,688        | 4,687,945            | 26.43%        |
| Income excluding capital grants and contributions, net gains from asset disposals, profit on joint ventures and fair value gains                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
|                                                                                                                                                        | 17,740,409        | 18,170,772        | 18,610,409        | 19,089,905        | 19,505,959        | 19,954,907        | 20,404,537        | 20,887,048        | 21,372,591        | 21,892,208        | 22,428,354        | 202,316,688        | 4,687,945            | 26.43%        |
| <b>Expenses from continuing operations</b>                                                                                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Employee Benefits & On-costs                                                                                                                           | 8,654,834         | 8,975,830         | 9,200,952         | 9,431,851         | 9,663,349         | 9,900,640         | 10,143,859        | 10,393,156        | 10,648,694        | 10,910,604        | 11,178,955        | 100,447,890        | 2,524,121            | 29.16%        |
| Borrowing Costs (i.e. interest costs)                                                                                                                  | 509,164           | 561,547           | 531,924           | 494,821           | 462,909           | 430,185           | 392,587           | 357,142           | 319,503           | 277,972           | 241,839           | 4,070,428          | -267,325             | -52.50%       |
| Materials & Contracts                                                                                                                                  | 2,464,443         | 3,568,080         | 3,699,311         | 3,693,064         | 3,570,036         | 3,714,473         | 3,856,294         | 3,904,951         | 4,010,811         | 4,018,841         | 4,127,789         | 38,163,650         | 1,663,346            | 67.49%        |
| Depreciation & Amortisation                                                                                                                            | 7,002,716         | 7,132,159         | 7,442,681         | 7,442,681         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 74,136,766         | 442,890              | 6.32%         |
| Other Expenses                                                                                                                                         | 1,543,684         | 1,643,836         | 1,831,858         | 1,783,274         | 1,857,901         | 1,936,005         | 2,154,487         | 2,103,283         | 2,192,878         | 2,286,692         | 2,384,520         | 20,174,734         | 840,835              | 54.47%        |
| <include additional items here>                                                                                                                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%         |
| <b>Other Expenses (items excluded from ratio analysis)</b>                                                                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Net loss on joint ventures                                                                                                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%         |
| Fair value losses                                                                                                                                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   | 0                  | 0                    | 0.00%         |
| Net loss from disposal of assets                                                                                                                       | 275,706           | 281,220           | 286,845           | 292,581           | 298,433           | 304,402           | 310,490           | 316,700           | 323,034           | 329,494           | 336,084           | 3,079,282          | 60,378               | 21.90%        |
| <b>Total expenses continuing operations</b>                                                                                                            | <b>20,450,548</b> | <b>22,162,673</b> | <b>22,993,570</b> | <b>23,138,272</b> | <b>23,298,235</b> | <b>23,731,311</b> | <b>24,303,323</b> | <b>24,520,837</b> | <b>24,940,526</b> | <b>25,269,209</b> | <b>25,714,794</b> | <b>240,072,751</b> | <b>5,264,246</b>     | <b>25.74%</b> |
| Total expenses continuing operations excluding net loss from asset disposals, joint ventures and fair value losses                                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
|                                                                                                                                                        | 20,174,842        | 21,881,453        | 22,706,726        | 22,845,690        | 22,999,802        | 23,426,909        | 23,992,834        | 24,204,138        | 24,617,493        | 24,939,715        | 25,378,710        | 236,993,469        | 5,203,868            | 25.79%        |
| <b>Operating results</b>                                                                                                                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Operating result from continuing operations                                                                                                            | -2,369,024        | -3,656,869        | -4,047,864        | -3,712,800        | -3,456,433        | -3,440,280        | -3,562,376        | -3,297,086        | -3,230,934        | -3,039,696        | -2,948,830        | -34,393,169        | -579,806             | 24.47%        |
| <b>Net operating result before capital grants &amp; contributions</b>                                                                                  | <b>-2,710,139</b> | <b>-3,991,901</b> | <b>-4,383,161</b> | <b>-4,048,367</b> | <b>-3,792,276</b> | <b>-3,776,404</b> | <b>-3,898,787</b> | <b>-3,633,789</b> | <b>-3,567,936</b> | <b>-3,377,002</b> | <b>-3,286,440</b> | <b>-37,756,063</b> | <b>-576,301</b>      | <b>21.26%</b> |
| Net operating result before capital grants & contributions, gains/losses on asset disposals, gains/losses on joint ventures and fair value adjustments |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
|                                                                                                                                                        | -2,434,433        | -3,710,681        | -4,096,316        | -3,755,788        | -3,493,843        | -3,472,003        | -3,588,297        | -3,317,090        | -3,244,902        | -3,047,508        | -2,950,356        | -34,676,781        | -515,923             | 21.19%        |
| <b>Increase in rates and annual charges</b>                                                                                                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| \$ Increase in rates and annual charges                                                                                                                |                   | 353,095           | 344,888           | 360,171           | 313,517           | 327,307           | 341,619           | 354,804           | 371,513           | 385,042           | 399,498           | 3,551,452          |                      |               |
| % Increase in rates and annual charges                                                                                                                 |                   | 4.71%             | 4.40%             | 4.40%             | 3.87%             | 3.89%             | 3.72%             | 3.72%             | 3.76%             | 3.75%             | 3.75%             | 47.42%             |                      |               |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| SCENARIO 3: Hybrid case - SV expenditure but no SV income                                                                                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|----------------------|---------------|
|                                                                                                                                                        | Year 0            | Year 1            | Year 2            | Year 3            | Year 4            | Year 5            | Year 6            | Year 7            | Year 8            | Year 9            | Year 10           | Sum of 10 years    | Change over 10 years |               |
|                                                                                                                                                        | 2022-23           | 2023-24           | 2024-25           | 2025-26           | 2026-27           | 2027-28           | 2028-29           | 2029-30           | 2030-31           | 2031-32           | 2032-33           |                    | \$                   | %             |
| <b>Income from continuing operations</b>                                                                                                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| <b>Revenue:</b>                                                                                                                                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Rates & Annual Charges                                                                                                                                 | 7,488,919         | 7,842,014         | 8,186,902         | 8,547,073         | 8,860,590         | 9,187,896         | 9,529,515         | 9,884,319         | 10,255,832        | 10,640,874        | 11,040,371        | 93,975,385         | 3,551,452            | 47.42%        |
| User Charges & Fees                                                                                                                                    | 1,109,108         | 1,144,788         | 1,183,633         | 1,220,189         | 1,255,736         | 1,288,284         | 1,326,421         | 1,361,582         | 1,402,531         | 1,440,538         | 1,479,575         | 13,103,276         | 370,467              | 33.40%        |
| Interest & Investment Revenue                                                                                                                          | 120,400           | 120,804           | 121,212           | 121,624           | 122,040           | 122,461           | 122,885           | 123,314           | 123,747           | 124,185           | 124,624           | 1,226,897          | 4,224                | 3.51%         |
| Other Revenues                                                                                                                                         | 525,652           | 536,415           | 539,156           | 550,283           | 553,233           | 564,738           | 567,905           | 579,803           | 583,200           | 595,592           | 608,247           | 5,678,571          | 82,595               | 15.71%        |
| Grants & Contributions Op Purposes                                                                                                                     | 8,496,329         | 8,526,752         | 8,579,506         | 8,650,736         | 8,714,361         | 8,791,528         | 8,857,811         | 8,938,030         | 9,007,281         | 9,091,019         | 9,175,537         | 88,332,559         | 679,207              | 7.99%         |
| Grants & Contributions Capital Purposes                                                                                                                | 341,115           | 335,032           | 335,297           | 335,567           | 335,843           | 336,124           | 336,411           | 336,703           | 337,001           | 337,306           | 337,610           | 3,362,894          | -3,505               | -1.03%        |
| <include additional items here>                                                                                                                        | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                    | 0.00%         |
| <b>Other Income (items excluded from ratio analysis)</b>                                                                                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Net share of profit on joint ventures                                                                                                                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                    | 0.00%         |
| Fair value gains                                                                                                                                       | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                    | 0.00%         |
| Net gains from disposal of assets                                                                                                                      | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                    | 0.00%         |
| <b>Total Income Continuing Operations</b>                                                                                                              | <b>18,081,524</b> | <b>18,505,804</b> | <b>18,945,706</b> | <b>19,425,472</b> | <b>19,841,802</b> | <b>20,291,031</b> | <b>20,740,948</b> | <b>21,223,751</b> | <b>21,709,592</b> | <b>22,229,513</b> | <b>22,765,964</b> | <b>205,679,582</b> | <b>4,684,440</b>     | <b>25.91%</b> |
| <b>Income excluding capital grants and contributions</b>                                                                                               | <b>17,740,409</b> | <b>18,170,772</b> | <b>18,610,409</b> | <b>19,089,905</b> | <b>19,505,959</b> | <b>19,954,907</b> | <b>20,404,537</b> | <b>20,887,048</b> | <b>21,372,591</b> | <b>21,892,208</b> | <b>22,428,354</b> | <b>202,316,888</b> | <b>4,687,945</b>     | <b>26.43%</b> |
| Income excluding capital grants and contributions, net gains from asset disposals, profit on joint ventures and fair value gains                       | 17,740,409        | 18,170,772        | 18,610,409        | 19,089,905        | 19,505,959        | 19,954,907        | 20,404,537        | 20,887,048        | 21,372,591        | 21,892,208        | 22,428,354        | 202,316,888        | 4,687,945            | 26.43%        |
| <b>Expenses from continuing operations</b>                                                                                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Employee Benefits & On-costs                                                                                                                           | 8,654,834         | 8,975,830         | 9,200,952         | 9,431,851         | 9,663,349         | 9,900,640         | 10,143,859        | 10,393,156        | 10,648,694        | 10,910,604        | 11,178,955        | 100,447,890        | 2,524,121            | 29.16%        |
| Borrowing Costs (i.e. interest costs)                                                                                                                  | 509,164           | 561,547           | 531,924           | 494,821           | 462,909           | 430,185           | 392,587           | 357,142           | 319,503           | 277,972           | 241,839           | 4,070,428          | -267,325             | -52.50%       |
| Materials & Contracts                                                                                                                                  | 2,464,443         | 3,568,080         | 3,699,311         | 3,693,084         | 3,570,036         | 3,714,473         | 3,856,294         | 3,904,951         | 4,010,811         | 4,018,841         | 4,127,789         | 38,163,650         | 1,663,348            | 67.49%        |
| Depreciation & Amortisation                                                                                                                            | 7,002,716         | 7,132,159         | 7,442,681         | 7,442,681         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 7,445,606         | 74,136,768         | 442,890              | 6.32%         |
| Other Expenses                                                                                                                                         | 1,543,684         | 1,643,836         | 1,831,858         | 1,783,274         | 1,857,901         | 1,936,005         | 2,154,487         | 2,103,283         | 2,192,878         | 2,286,692         | 2,384,520         | 20,174,734         | 840,835              | 54.47%        |
| <include additional items here>                                                                                                                        | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                    | 0.00%         |
| <b>Other Expenses (items excluded from ratio analysis)</b>                                                                                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Net loss on joint ventures                                                                                                                             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                    | 0.00%         |
| Fair value losses                                                                                                                                      | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                    | 0.00%         |
| Net loss from disposal of assets                                                                                                                       | 275,706           | 281,220           | 286,845           | 292,581           | 298,433           | 304,402           | 310,490           | 316,700           | 323,034           | 329,494           | 336,084           | 3,079,282          | 60,378               | 21.90%        |
| <b>Total expenses continuing operations</b>                                                                                                            | <b>20,450,548</b> | <b>22,162,673</b> | <b>22,993,570</b> | <b>23,138,272</b> | <b>23,298,235</b> | <b>23,731,311</b> | <b>24,303,323</b> | <b>24,520,837</b> | <b>24,940,526</b> | <b>25,269,209</b> | <b>25,714,794</b> | <b>240,072,751</b> | <b>5,264,246</b>     | <b>25.74%</b> |
| Total expenses continuing operations excluding net loss from asset disposals, joint                                                                    | 20,174,842        | 21,881,453        | 22,706,726        | 22,845,690        | 22,999,802        | 23,426,909        | 23,992,834        | 24,204,138        | 24,617,493        | 24,939,715        | 25,378,710        | 236,993,469        | 5,203,868            | 25.79%        |
| <b>Operating results</b>                                                                                                                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| Operating result from continuing operations                                                                                                            | -2,369,024        | -3,656,869        | -4,047,864        | -3,712,800        | -3,456,433        | -3,440,280        | -3,562,376        | -3,297,086        | -3,230,934        | -3,039,696        | -2,948,830        | -34,393,169        | -579,806             | 24.47%        |
| <b>Net operating result before capital grants &amp; contributions</b>                                                                                  | <b>-2,710,139</b> | <b>-3,991,901</b> | <b>-4,383,161</b> | <b>-4,048,367</b> | <b>-3,792,276</b> | <b>-3,776,404</b> | <b>-3,898,787</b> | <b>-3,633,789</b> | <b>-3,567,936</b> | <b>-3,377,002</b> | <b>-3,286,440</b> | <b>-37,756,063</b> | <b>-576,301</b>      | <b>21.26%</b> |
| Net operating result before capital grants & contributions, gains/losses on asset disposals, gains/losses on joint ventures and fair value adjustments | -2,434,433        | -3,710,681        | -4,096,316        | -3,755,786        | -3,493,843        | -3,472,003        | -3,588,297        | -3,317,000        | -3,244,902        | -3,047,508        | -2,950,356        | -34,676,781        | -515,923             | 21.19%        |
| <b>Increase in rates and annual charges</b>                                                                                                            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |               |
| \$ Increase in rates and annual charges                                                                                                                |                   | 353,095           | 344,888           | 360,171           | 313,517           | 327,307           | 341,619           | 354,804           | 371,513           | 385,042           | 399,498           | 3,551,452          |                      |               |
| % Increase in rates and annual charges                                                                                                                 |                   | 4.71%             | 4.40%             | 4.40%             | 3.67%             | 3.69%             | 3.72%             | 3.72%             | 3.76%             | 3.75%             | 3.75%             | 47.42%             |                      |               |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| Difference between Scenario 1 (with proposed SV income and expenditure) and Scenario 2 (base case - no SV income or expenditure)                                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
|                                                                                                                                                                   | Year 0<br>2022-23 | Year 1<br>2023-24 | Year 2<br>2024-25 | Year 3<br>2025-26 | Year 4<br>2026-27 | Year 5<br>2027-28 | Year 6<br>2028-29 | Year 7<br>2029-30 | Year 8<br>2030-31 | Year 9<br>2031-32 | Year 10<br>2032-33 | Sum of 10 years   |
| <b>Income from continuing operations</b>                                                                                                                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
| <b>Revenue:</b>                                                                                                                                                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
| Rates & Annual Charges                                                                                                                                            | 0                 | 1,960,274         | 4,812,473         | 5,427,670         | 6,095,362         | 6,819,647         | 7,604,931         | 8,455,958         | 9,377,828         | 10,376,030        | 11,457,229         | 72,387,402        |
| User Charges & Fees                                                                                                                                               | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Interest & Investment Revenue                                                                                                                                     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Other Revenues                                                                                                                                                    | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Grants & Contributions Op Purposes                                                                                                                                | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Grants & Contributions Capital Purposes                                                                                                                           | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| <include additional items here>                                                                                                                                   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| <b>Other Income (items excluded from ratio analysis)</b>                                                                                                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
| Net share of profit on joint ventures                                                                                                                             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Fair value gains                                                                                                                                                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Net gains from disposal of assets                                                                                                                                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| <b>Total Income Continuing Operations</b>                                                                                                                         | <b>0</b>          | <b>1,960,274</b>  | <b>4,812,473</b>  | <b>5,427,670</b>  | <b>6,095,362</b>  | <b>6,819,647</b>  | <b>7,604,931</b>  | <b>8,455,958</b>  | <b>9,377,828</b>  | <b>10,376,030</b> | <b>11,457,229</b>  | <b>72,387,402</b> |
| <b>Income excluding capital grants and contributions</b>                                                                                                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
|                                                                                                                                                                   | 0                 | 1,960,274         | 4,812,473         | 5,427,670         | 6,095,362         | 6,819,647         | 7,604,931         | 8,455,958         | 9,377,828         | 10,376,030        | 11,457,229         | 72,387,402        |
| <b>Income excluding capital grants and contributions, net gains from asset disposals, profit on joint ventures and fair value gains</b>                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
|                                                                                                                                                                   | 0                 | 1,960,274         | 4,812,473         | 5,427,670         | 6,095,362         | 6,819,647         | 7,604,931         | 8,455,958         | 9,377,828         | 10,376,030        | 11,457,229         | 72,387,402        |
| <b>Expenses from continuing operations</b>                                                                                                                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
| Employee Benefits & On-costs                                                                                                                                      | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Borrowing Costs (i.e. interest costs)                                                                                                                             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Materials & Contracts                                                                                                                                             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Depreciation & Amortisation                                                                                                                                       | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Other Expenses                                                                                                                                                    | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| <include additional items here>                                                                                                                                   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| <b>Other Expenses (items excluded from ratio analysis)</b>                                                                                                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
| Net loss on joint ventures                                                                                                                                        | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Fair value losses                                                                                                                                                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| Net loss from disposal of assets                                                                                                                                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                 |
| <b>Total expenses continuing operations</b>                                                                                                                       | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>           | <b>0</b>          |
| <b>Operating results</b>                                                                                                                                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
| Operating result from continuing operations                                                                                                                       | 0                 | 1,960,274         | 4,812,473         | 5,427,670         | 6,095,362         | 6,819,647         | 7,604,931         | 8,455,958         | 9,377,828         | 10,376,030        | 11,457,229         | 72,387,402        |
| <b>Net operating result before capital grants &amp; contributions</b>                                                                                             | <b>0</b>          | <b>1,960,274</b>  | <b>4,812,473</b>  | <b>5,427,670</b>  | <b>6,095,362</b>  | <b>6,819,647</b>  | <b>7,604,931</b>  | <b>8,455,958</b>  | <b>9,377,828</b>  | <b>10,376,030</b> | <b>11,457,229</b>  | <b>72,387,402</b> |
| <b>Net operating result before capital grants &amp; contributions, gains/losses on asset disposals, gains/losses on joint ventures and fair value adjustments</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
|                                                                                                                                                                   | 0                 | 1,960,274         | 4,812,473         | 5,427,670         | 6,095,362         | 6,819,647         | 7,604,931         | 8,455,958         | 9,377,828         | 10,376,030        | 11,457,229         | 72,387,402        |
| <b>Increase in rates and annual charges</b>                                                                                                                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |                   |
| \$ Increase in rates and annual charges                                                                                                                           |                   | 1,960,274         | 2,852,199         | 615,197           | 667,692           | 724,285           | 785,284           | 851,027           | 921,870           | 998,202           | 1,081,199          | 11,457,229        |
| % Increase in rates and annual charges                                                                                                                            |                   | 26.18%            | 28.22%            | 3.10%             | 3.35%             | 3.34%             | 3.32%             | 3.31%             | 3.29%             | 3.29%             | 3.29%              | 152.99%           |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| <b>Key assumptions</b>                                     |      | <small>(please enter assumed % figure for each year)</small> |         |         |         |         |         |         |         |         |         |
|------------------------------------------------------------|------|--------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                                            |      | Year 1                                                       | Year 2  | Year 3  | Year 4  | Year 5  | Year 6  | Year 7  | Year 8  | Year 9  | Year 10 |
|                                                            |      | 2023-24                                                      | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 |
| <b>Growth in labour costs</b>                              |      |                                                              |         |         |         |         |         |         |         |         |         |
| Scenario 1: Proposed (with SV)                             | % pa | 3.71%                                                        | 2.51%   | 2.51%   | 2.45%   | 2.46%   | 2.46%   | 2.46%   | 2.46%   | 2.46%   | 2.46%   |
| Scenario 2 - Base case (no SV)                             | % pa | 3.71%                                                        | 2.51%   | 2.51%   | 2.45%   | 2.46%   | 2.46%   | 2.46%   | 2.46%   | 2.46%   | 2.46%   |
| <b>Growth in employee numbers</b>                          |      |                                                              |         |         |         |         |         |         |         |         |         |
| Scenario 1: Proposed (with SV)                             | % pa | 0.00%                                                        | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| Scenario 2 - Base case (no SV)                             | % pa | 0.00%                                                        | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| <b>Growth in assessment numbers</b>                        |      |                                                              |         |         |         |         |         |         |         |         |         |
| Scenario 1: Proposed (with SV)                             | % pa | 0.00%                                                        | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| Scenario 2 - Base case (no SV)                             | % pa | 0.00%                                                        | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| <b>Inflation rate applied to Materials &amp; Contracts</b> |      |                                                              |         |         |         |         |         |         |         |         |         |
| Scenario 1: Proposed (with SV)                             | % pa | 2.50%                                                        | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   |
| Scenario 2 - Base case (no SV)                             | % pa | 2.50%                                                        | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   |
| <b>Planned operating cost savings</b>                      |      |                                                              |         |         |         |         |         |         |         |         |         |
| Scenario 1: Proposed (with SV)                             | % pa | 0.00%                                                        | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| Scenario 2 - Base case (no SV)                             | % pa | 0.00%                                                        | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

Tenterfield Shire Council

**WORKSHEET 9**  
**FINANCIAL RATIOS**

This worksheet captures financial ratios for five historical years as well as the current and forecast years (0 to 10). The historical ratios are calculated from information provided in Worksheet 7 and two of the forecast ratios are calculated from information entered in Worksheet 8. Please enter the forecast financial ratios in the blue bold cells.  
 Enter the two compulsory ratios (Infrastructure Renewals Ratio and Infrastructure Backlog Ratio).  
 Enter the two optional ratios (Asset Maintenance Ratio and Debt Service Ratio) only if they are relevant to your Council's application, otherwise leave blank.

| Criteria and measure                                      | Definition                                                                                                                                                           | Scenario                             | Historical ratios |         |         |         |         | Forecast ratios                                                                                                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------|---------|---------|---------|---------|----------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
|                                                           |                                                                                                                                                                      |                                      | 2017-18           | 2018-19 | 2019-20 | 2020-21 | 2021-22 | Year 0<br>2022-23                                                                                              | Year 1<br>2023-24 | Year 2<br>2024-25 | Year 3<br>2025-26 | Year 4<br>2026-27 | Year 5<br>2027-28 | Year 6<br>2028-29 | Year 7<br>2029-30 | Year 8<br>2030-31 | Year 9<br>2031-32 | Year 10<br>2032-33 |
| <b>1. Sustainability</b>                                  |                                                                                                                                                                      |                                      |                   |         |         |         |         |                                                                                                                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| Operating Performance Ratio                               | Net continuing operating result<br>(excl. capital grants and contributions)                                                                                          | Scenario 1: Proposed (with SV)       | 5.3%              | 2.7%    | -0.6%   | -4.6%   | 10.9%   | -13.7%                                                                                                         | -8.7%             | 3.1%              | 6.8%              | 10.2%             | 12.5%             | 14.3%             | 17.5%             | 19.9%             | 22.7%             | 25.1%              |
|                                                           |                                                                                                                                                                      | Scenario 2 - Base case (no SV)       | 5.3%              | 2.7%    | -0.6%   | -4.6%   | 10.9%   | -13.7%                                                                                                         | -20.4%            | -22.0%            | -19.7%            | -17.9%            | -17.4%            | -17.6%            | -15.9%            | -15.2%            | -13.9%            | -13.2%             |
|                                                           |                                                                                                                                                                      | Scenario 3: Hybrid case <sup>1</sup> | 5.3%              | 2.7%    | -0.6%   | -4.6%   | 10.9%   | -13.7%                                                                                                         | -20.4%            | -22.0%            | -19.7%            | -17.9%            | -17.4%            | -17.6%            | -15.9%            | -15.2%            | -13.9%            | -13.2%             |
| Own Source Revenue Ratio                                  | Total continuing operating revenue<br>(excl. all grants and contributions)                                                                                           | Scenario 1: Proposed (with SV)       | 46.7%             | 30.3%   | 35.1%   | 24.6%   | 25.8%   | 51.1%                                                                                                          | 56.7%             | 62.5%             | 63.8%             | 65.1%             | 66.3%             | 67.6%             | 68.8%             | 69.9%             | 71.1%             | 72.2%              |
|                                                           |                                                                                                                                                                      | Scenario 2 - Base case (no SV)       | 46.7%             | 30.3%   | 35.1%   | 24.6%   | 25.8%   | 51.1%                                                                                                          | 52.1%             | 52.9%             | 53.7%             | 54.4%             | 55.0%             | 55.7%             | 56.3%             | 57.0%             | 57.6%             | 58.2%              |
| Infrastructure Renewals Ratio                             | Asset renewals (building and infrastructure)<br>Depreciation, amortisation and impairment<br>(building and infrastructure)                                           | Scenario 1: Proposed (with SV)       | 94.6%             | 281.5%  | 118.0%  | 172.2%  | 162.2%  | Please enter forecast ratios                                                                                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
|                                                           |                                                                                                                                                                      | Scenario 2 - Base case (no SV)       | 94.6%             | 281.5%  | 118.0%  | 172.2%  | 162.2%  | 104.7%                                                                                                         | 107.7%            | 96.4%             | 90.4%             | 82.5%             | 86.1%             | 96.2%             | 86.2%             | 76.0%             | 75.3%             | 75.3%              |
| <b>2. Effective infrastructure and service management</b> |                                                                                                                                                                      |                                      |                   |         |         |         |         |                                                                                                                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| Infrastructure Backlog Ratio                              | Estimated cost to bring assets to satisfactory condition<br>Total (W/DV) of infrastructure, buildings, other<br>structures, depreciable land, and improvement assets | Scenario 1: Proposed (with SV)       | 8.3%              | 3.7%    | 4.4%    | 5.5%    | 4.4%    | Please enter forecast ratios                                                                                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
|                                                           |                                                                                                                                                                      | Scenario 2 - Base case (no SV)       | 8.3%              | 3.7%    | 4.4%    | 5.5%    | 4.4%    | 6.8%                                                                                                           | 7.1%              | 7.4%              | 7.8%              | 8.2%              | 8.6%              | 8.9%              | 9.3%              | 9.6%              | 10.1%             | 10.1%              |
| Asset Maintenance Ratio                                   | Actual asset maintenance<br>Required asset maintenance                                                                                                               | Scenario 1: Proposed (with SV)       | 100.0%            | 100.0%  | 100.0%  | 100.0%  | 100.0%  | Optional: Enter forecast ratios only if they are relevant to your council's application. Otherwise leave blank |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
|                                                           |                                                                                                                                                                      | Scenario 2 - Base case (no SV)       | 100.0%            | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 39.5%                                                                                                          | 41.1%             | 42.8%             | 46.1%             | 49.0%             | 45.6%             | 41.7%             | 38.6%             | 40.2%             | 42.9%             | 42.9%              |
| Debt Service Ratio                                        | Cost of debt service<br>(interest expense and principal repayments)<br>Total continuing operating revenue<br>(excl. capital grants and contributions)                | Scenario 1: Proposed (with SV)       | 3.0%              | 2.7%    | 2.4%    | 2.0%    | 2.7%    | Optional: Enter forecast ratios only if they are relevant to your council's application. Otherwise leave blank |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
|                                                           |                                                                                                                                                                      | Scenario 2 - Base case (no SV)       | 3.0%              | 2.7%    | 2.4%    | 2.0%    | 2.7%    | 4.2%                                                                                                           | 4.4%              | 6.5%              | 8.0%              | 8.8%              | 9.4%              | 9.9%              | 10.8%             | 11.6%             | 12.6%             | 12.6%              |

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE**  
**GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 1**  
**Part A - Application For SRV to**  
**General Income Worksheets**

| 3. Financial data underlying the ratios                                                                        |                                | \$'000 nominal    |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
|----------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
|                                                                                                                |                                | Year 0<br>2022-23 | Year 1<br>2023-24 | Year 2<br>2024-25 | Year 3<br>2025-26 | Year 4<br>2026-27 | Year 5<br>2027-28 | Year 6<br>2028-29 | Year 7<br>2029-30 | Year 8<br>2030-31 | Year 9<br>2031-32 | Year 10<br>2032-33 |
| <b>Infrastructure Renewals Ratio</b>                                                                           |                                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| Asset renewals (building and infrastructure)                                                                   | Scenario 1: Proposed (with SV) | 7474272.57        | 7,760,621.30      | 7,042,624.92      | 5,695,125.93      | 6,177,350.62      | 6,519,315.10      | 7,365,924.26      | 6,668,114.77      | 5,947,975.15      | 5,946,816.89      | 5,244,157.73       |
| Depreciation, amortisation and impairment (building and infrastructure)                                        | Scenario 1: Proposed (with SV) | 7141450.54        | 7,206,739.87      | 7,307,583.04      | 7,406,694.08      | 7,487,928.71      | 7,570,786.46      | 7,654,766.38      | 7,738,327.88      | 7,823,212.10      | 7,899,720.10      | 8,290,506.11       |
| Asset renewals (building and infrastructure)                                                                   | Scenario 2 - Base case (no SV) | 7474272.57        | 7,760,621.30      | 7,042,624.92      | 5,695,125.93      | 6,177,350.62      | 6,519,315.10      | 7,365,924.26      | 6,668,114.77      | 5,947,975.15      | 5,946,816.89      | 5,244,157.73       |
| Depreciation, amortisation and impairment (building and infrastructure)                                        | Scenario 2 - Base case (no SV) | 7141450.54        | 7,206,739.87      | 7,307,583.04      | 7,406,694.08      | 7,487,928.71      | 7,570,786.46      | 7,654,766.38      | 7,738,327.88      | 7,823,212.10      | 7,899,720.10      | 8,290,506.11       |
| <b>Infrastructure Backlog Ratio</b>                                                                            |                                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| Estimated cost to bring assets to satisfactory condition                                                       | Scenario 1: Proposed (with SV) | 28,560,000.00     | 29,938,000.00     | 31,384,900.00     | 32,904,145.00     | 34,499,352.25     | 36,174,319.86     | 36,933,035.86     | 38,729,687.65     | 39,616,172.03     | 41,546,980.63     | 43,624,329.66      |
| Total WDV <sup>a</sup> of infrastructure, buildings, other structures, depreciable land, and improvement asset | Scenario 1: Proposed (with SV) | 421,567,455.54    | 421,671,247.74    | 421,310,000.78    | 420,614,343.78    | 419,508,977.14    | 418,433,716.76    | 417,173,085.46    | 415,977,083.86    | 413,726,059.64    | 411,122,202.61    | 431,678,312.74     |
| Estimated cost to bring assets to satisfactory condition                                                       | Scenario 2 - Base case (no SV) | 28,560,000.00     | 29,938,000.00     | 31,384,900.00     | 32,904,145.00     | 34,499,352.25     | 36,174,319.86     | 36,933,035.86     | 38,729,687.65     | 39,616,172.03     | 41,546,980.63     | 43,624,329.66      |
| Total WDV <sup>a</sup> of infrastructure, buildings, other structures, depreciable land, and improvement asset | Scenario 2 - Base case (no SV) | 421,567,455.54    | 421,671,247.74    | 421,310,000.78    | 420,614,343.78    | 419,508,977.14    | 418,433,716.76    | 417,173,085.46    | 415,977,083.86    | 413,726,059.64    | 411,122,202.61    | 431,678,312.74     |
| <b>Asset Maintenance Ratio</b>                                                                                 |                                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| Actual asset maintenance                                                                                       | Scenario 1: Proposed (with SV) | 3,044,000.00      | 3,270,800.00      | 3,514,553.75      | 3,776,529.97      | 4,058,692.39      | 3,861,206.87      | 3,644,059.07      | 3,421,300.14      | 3,676,257.17      | 3,949,836.82      | 4,147,318.16       |
| Required asset maintenance                                                                                     | Scenario 1: Proposed (with SV) | 7,712,000.00      | 7,961,000.00      | 8,216,000.00      | 8,191,000.00      | 8,282,000.00      | 8,473,000.00      | 8,736,000.00      | 8,870,000.00      | 9,154,000.00      | 9,214,000.00      | 9,674,700.00       |
| Actual asset maintenance                                                                                       | Scenario 2 - Base case (no SV) | 3,044,000.00      | 3,270,800.00      | 3,514,553.75      | 3,776,529.97      | 4,058,692.39      | 3,861,206.87      | 3,644,059.07      | 3,421,300.14      | 3,676,257.17      | 3,949,836.82      | 4,147,318.16       |
| Required asset maintenance                                                                                     | Scenario 2 - Base case (no SV) | 7,712,000.00      | 7,961,000.00      | 8,216,000.00      | 8,191,000.00      | 8,282,000.00      | 8,473,000.00      | 8,736,000.00      | 8,870,000.00      | 9,154,000.00      | 9,214,000.00      | 9,674,700.00       |

Notes:  
a SCENARIO 3: Hybrid case - SV expenditure but no SV income  
b WDV = written down value





---

Enquiries regarding this document should be directed to a staff member:  
Edward Jenkins (02) 9113 7774  
Sheridan Rapmund (02) 9290 8430

**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.

DRAFT

---

## Contents

|                                                                                                                                                |            |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Council information                                                                                                                            | 4          |
| <b>1 About this application form</b>                                                                                                           | <b>5</b>   |
| <b>Preparing your application</b>                                                                                                              | <b>6</b>   |
| How much information should a council provide?                                                                                                 | 6          |
| Attaching supporting material                                                                                                                  | 6          |
| Confidential content in supporting material                                                                                                    | 6          |
| Submitting the application online                                                                                                              | 6          |
| Publishing the council's application                                                                                                           | 7          |
| <b>Description and Context</b>                                                                                                                 | <b>8</b>   |
| <b>Criterion 1 – Need for the Special Variation</b>                                                                                            | <b>18</b>  |
| Case for special variation – How did the council establish the need for the special variation?                                                 | 20         |
| Financial sustainability of the council – What will be the impact of the proposed special variation?                                           | 24         |
| Financial indicators – What will be the impact of the proposed special variation on key financial indicators over the 10-year planning period? | 29         |
| <b>Criterion 2 – Community awareness and engagement</b>                                                                                        | <b>31</b>  |
| How did the council engage with the community about the proposed special variation?                                                            | 33         |
| <b>Criterion 3 – Impact on ratepayers</b>                                                                                                      | <b>41</b>  |
| Is the impact on rates of the proposed special variation reasonable?                                                                           | 42         |
| How has the council considered affordability and the community's capacity and willingness to pay?                                              | 44         |
| <b>Criterion 4 – Exhibition of IP&amp;R documents</b>                                                                                          | <b>52</b>  |
| What IP&R processes did the council use in determining to apply for a special variation?                                                       | 52         |
| <b>Criterion 5 – Productivity improvements and cost containment strategies</b>                                                                 | <b>58</b>  |
| What is the council's strategic approach to improving productivity in its operations and asset management?                                     | 58         |
| What outcomes has the council achieved from productivity improvements and cost containment strategies in past years?                           | 61         |
| What productivity improvements and cost containment strategies are planned for future years?                                                   | 82         |
| How have the council's levels of productivity and efficiency changed over time, and compare with those of similar councils?                    | 83         |
| <b>Criterion 6 – Other relevant matters</b>                                                                                                    | <b>85</b>  |
| Reporting requirements SV compliance                                                                                                           | 100        |
| <b>Council certification and contact information</b>                                                                                           | <b>102</b> |
| Certification of application                                                                                                                   | 102        |
| Application for a Special Rate Variation                                                                                                       | 102        |
| Council contact information                                                                                                                    | 103        |
| <b>List of attachments</b>                                                                                                                     | <b>104</b> |

About this application form

### Council information

|                                |                                           |
|--------------------------------|-------------------------------------------|
| <b>Council name</b>            | Tenterfield Shire Council                 |
| <b>Date submitted to IPART</b> | <a href="#">Click here to enter text.</a> |

DRAFT

About this application form

## 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.

Preparing your application

---

## Publishing the council's application

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

DRAFT

## 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.

|                               |                                               |                                                  |
|-------------------------------|-----------------------------------------------|--------------------------------------------------|
| <b>Special variation type</b> | <input type="checkbox"/> Section 508(2)       | <input checked="" type="checkbox"/> Section 508A |
| <b>Permanent or Temporary</b> | <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)                                          | 43.0%   | 43.0%   | XX%     | X.X%    | X.X%    | XX%     | XX%     |
| Cumulative percentage increase over the SV period for s 508A (including the rate peg) | 104.49% |         |         |         |         |         |         |

**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 purpose of the SRV is to:

1. to improve Council's financial sustainability by addressing a significant operating deficit in the general fund, and
2. create a platform that will lead to Council's long term financial sustainability that will:
  - a. enable maintenance related to general fund activities to be completed as required by Council's asset management plans,
  - b. provide capacity to respond to the demands from the community for improved maintenance,
  - c. reduce a heavy reliance upon grant funding for asset renewals, and
  - d. provide capacity to manage the impacts of new assets generated from grant funded assets and natural disasters

No Council wants to place additional financial burden on its residents and ratepayers and the Tenterfield Shire Council (TSC) is no different, however, Council also has a responsibility to manage its assets and financial position appropriately.

In considering making an application for a Special Variation (SV), Council has reviewed its recent actual operating results, the current year forecasted operating loss and the revised forecasted operating losses into the future as outlined in Council's adopted Long-Term Financial Plan (LTFP).

Council also considered the feedback from the community and in particular the ability to deliver decent roads and reasonable services based on Council's income

In recent years Council's general fund had a 'Net operating result for the year before grants and contributions provided for capital purposes' of:

- \$750,000 deficit for the 2019/2020 financial year, and
- \$3.75m deficit for the 2020/2021 financial year.

Whilst Council had a result of a surplus of \$887,000 for the 2021/22 financial year, this included an additional 25% Financial Assistance Grants (FAGS) of approximately \$1.4m and an advance payment of Disaster Recovery Funding Agreement (DRFA) of \$1.8m. Without the additional FAGS and DRFA funding, the result would have been a deficit of approximately \$11m.



To emphasise Council's cash position, it is also important to note that Council also used \$2.6m in borrowed funds for the 2021/22 capital program which was a result of underfunding in Council's general fund (Council-funded Capital Projects) and has approved borrowings of \$3.1m for the 2022-23 unfunded general fund Capital Projects. Continued borrowings at this level are not sustainable for the future.

Council on 25 May 2022 adopted its ten year Long-Term Financial Plan (LTFP) as part of the Integrated Planning and Reporting Framework (Resolution 98/22). The plan forecasts a 'Net Operating Result before Grants and Contributions provided for Capital purposes' deficit range between \$3.5M and \$5.7M in the general fund for the next ten years without a special rate variation.

As at 30 June 2022 Council's Own Source Operating Revenue was 32.79% which is significantly below the Office of Local Government benchmark of greater than 60%. This indicates that Tenterfield Shire Council is highly dependent on external grants and contributions for operational purposes.

With this in mind, and noting Council's current financial position, Council has little option but to increase its revenue or significantly reduce costs through service reductions to close the financial gap of continuing forecasted operational deficits.

The community engagement undertaken through Council's Community Strategic Plan (CSP) process has shown strong opposition to service reductions and a preference to see either no increase or a decreased percentage increase in rates.

In combination, these views result in a financially unsustainable Council. Even with additional income proposed, the current inflationary environment may make it difficult to achieve current service levels used to forecast the increase in income for this application.

This significant challenge is forecasted as a result of:

1. Upgraded core infrastructure assets for Council as a result of grant funded works (e.g. replacing timber bridges with concrete bridges, and widening and sealing of Mount Lindesay Road);
2. New and upgraded community assets (e.g. public toilets, playgrounds and community halls);
3. The increased cost of asset replacement;
4. Increasing cost of managing grants applications and acquittals; and
5. Increased costs due to meeting regulated requirements (e.g. audit costs, emergency services levy, and ongoing disaster recovery management).

For Council to address this type of operating result it has four options available to it. These are:

1. Reducing service levels;
2. Sell and/or dispose of assets that will reduce the associated on-going expenses;
3. Increase income raised through rates, user fees and charges;
4. A combination of the above options.

Councils are under constant pressure to deliver the same services for less which is an unsustainable model. This includes mandatory requirements and costs associated with it to function as a Local Government entity. Tenterfield Shire Council has very limited opportunity to materially increase own source revenue and as a result an increase in rates, combined with further operational efficiencies, is the most viable solution for a financially sustainable Council.

Council's solution is to address the operating deficits through a combination of the options, however, even with seeking to maintain service levels (as the community have told us they want)

and reviewing assets, this application seeks to address the third component of Council's solution which is to increase income via an increase in rates.

**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? No

Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time? Choose an item.

Description and Context

Which rates will the increases apply to? The increase will apply to all categories

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

Does the council propose to increase the minimum amount of its ordinary rate(s)? if so, by what percentage? Special Variation percentage  
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? No

**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? Choose an item.

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.

Description and Context

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.

Description and Context

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 |
|----------------------------------------------------------------------------------------|----|

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.

Not applicable

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.

Not applicable

**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.

|                                                                                                                                                        |                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Is a capital expenditure review required for a project to be funded by the proposed SV in accordance with OLG's Capital Expenditure Guidelines?</p> | <p>No, Council does not aim to construct any new capital projects from the determination of the Special Variation. However, will match significant proportion to Capital Renewal and Maintenance of assets particularly in Roads and Bridges Infrastructure.</p> |
| <p>If Yes, has a review been done and submitted to OLG?</p>                                                                                            | <p>Choose an item.</p>                                                                                                                                                                                                                                           |
| <p>If yes, has the review been included as an attachment to this application?</p>                                                                      | <p>Choose an item.</p>                                                                                                                                                                                                                                           |

**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.

Description and Context

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.

Not applicable

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.

Not applicable

c. How does this deferred income impact on the council's need for the SV and its cumulative impact on ratepayers' capacity to pay?

Not applicable



---

## 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                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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>The leadership section of Council's Community Strategic Plan clearly set the goal of "5.1 Council is a transparent, financially-sustainable and high-performing organisation, delivering valued services to the Community."</p> <p>It also sets the strategies:</p> <ul style="list-style-type: none"> <li>• "5.1.2 Ensure Council operates in an effective and financially sustainability manner to deliver affordable service; and</li> <li>• 5.1.3 Management of Council's assets will be long-term."</li> </ul> <p>The associated measures for this are:</p> <p>a. Net operating results (excluding Capital grants &amp; contributions) in the audited financial statements is &gt;\$0, and</p> <p>b. Unrestricted current ratio &gt;2.1</p> <p>Council's Delivery Program and Operational Plan 2022-2026 takes this further and specifically notes the action to "5.1.2.5 Apply for a Special Rate Variation"</p>                                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>• Attachment 4, Council CSP, Leadership section, Page15</li> <li>• Attachment 5, Council Delivery Program and Operational Plan 2022-2026, section 5.1, p37</li> </ul>                 |
| In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.                                                                                | <p>Councils Delivery Program and Operational Plan 2022-2026 outlines three key actions to reduce the impact of a potential rate rise. These are:</p> <p>5.1.1.10 Advocate to hand back Bruxner Way and Mt Lindesay Road to State Government;</p> <p>5.1.2.6 Report to Council identifying efficiency savings of 10-15% across the budget, for the 2022/23 financial year; and</p> <p>5.2.1.1 Deliver independent bi-annual Customer Satisfaction survey.</p> <p>The first two actions would have an impact on Council's operating result, and the survey is critical to obtaining an independent view of the community's opinions.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>• Attachment 5, Council Delivery Program and Operational Plan 2022-2026, <ul style="list-style-type: none"> <li>o section 5.1, p37</li> <li>o section 5.2, p38</li> </ul> </li> </ul> |
| In demonstrating this need councils must indicate the financial impact in their LTFP                                                                                                      | <p>Council's Long term Financial Plan clearly shows the impact of continuing as is (scenario 1) compared to moving forward with the Special Rate Variation as proposed in this application (scenario two). <b>The LTFP notes that under the current model, The projected result (before capital grants) accumulated across the 10-year period for General Fund is a deficit of approximately \$50 million and demonstrates that Council will need to take immediate action to ensure long term financial sustainability.</b></p> <p>The aim of scenario two (the scenario this application is based on), is to present Council's current financial position and demonstrate Council's long term financial sustainability based on current service levels including an SRV to address the yearly \$5m forecast operating deficit. This scenario has been developed to deliver on the community's vision as detailed in the new Community Strategic Plan and is integrated with and informed by Council's Asset Management Strategy and Workforce Management Strategy.</p> <p>Initial discussions with the community have shown that they do not want to see service levels reduced and, in some cases, want to see service levels increased. This</p> | <ul style="list-style-type: none"> <li>• Attachment 9, Council's LTFP, pages 9-10 on scenarios</li> </ul>                                                                                                                    |

|                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                | <p>scenario was used to drive community consultation to ensure the community fully understand the impacts of SRV values and service level impacts.</p> <p>Council's program of works for 2021/22 included \$2.6m of loan funds. Council has approved loans of \$3.1 million to cover the 2022/23 program of works and Council will have to take further loans for the 2023/24 financial year if service levels are not reduced. Should the proposed scenario be approved, loans would only be required for the 2022/23 and 2023/24 financial years and would provide the best outcome for Council by decreasing the future interest payable on these loans. Any additional loan funds borrowed or having to borrow over a longer period, would increase the interest payable.</p> <p>Council's unrestricted cash position is of high concern. In Financial Year 2020/21 Council had a negative unrestricted cash and was in breach of the Local Government Act for using externally restricted funds without prior approval by the Minister. Though this was a timing issue due to reimbursement of disaster funding it does reflect a strong concern moving forward as Council has exhausted all its internal reserve.</p> <p>The current LTFP as part of the IPR documents have a 7.5% SRV from the year 2025/26 onwards. This is due to the fact that Council recognises that even after 104.49% over two years Council's financial sustainability will be viable with expected expenditure and cash position. The application seeks to address the current forecast operating deficit and as such the application is based on a 2.5% increase from year three rather than the 7.5% in Council's LTFP.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p>The IP&amp;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.</p> | <p>Council's Delivery Program and Operational Plan 2022-2026 outlines "5.2.1.1 Deliver independent bi-annual Customer Satisfaction survey."<br/>                 The survey is critical to obtaining an independent view of the community's opinions. The survey, which was undertaken in September 2022 to ensure it is a valid representation for the current climate, noted a number of outcomes, including:</p> <ul style="list-style-type: none"> <li>• Overall satisfaction declined from mean scores above 3.0 achieved in previous surveys to 2.7 out of 5 in 2022.</li> <li>• High levels of dissatisfaction in relation to Council's local sealed and unsealed road networks.</li> <li>• Specific questions asked with regards to the Special Rate Variation.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Attachment 5, Council Delivery Program and Operational Plan 2022-2026, section 5.2, p38 and Attachment 17, Tenterfield Community Satisfaction Survey 2022</p> <ul style="list-style-type: none"> <li>• Council's Community Satisfaction survey, section 3, page 11</li> <li>• Council's Community Satisfaction survey, section 3, page 21</li> <li>• Council's Community Satisfaction survey, section 3, page 41</li> </ul> |
| <p>Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies</p>                                                                                                                     | <p>Council was previously subject to a performance improvement order. This occurred in the early 2010's and resulted in significant service level reductions and a special rate application in 2013/14 that was partially approved.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Attachment 49, A840083 - OLG - Tenterfield Council Financial Analysis - Review - letter, pages 1-3</p>                                                                                                                                                                                                                                                                                                                      |

The 2013/14 SRV process also included the deferral of \$47m+ worth of works.

Council proactively contacted the OLG in 2022 during this SRV process to be as open and transparent as possible and requested assistance in a review of Council's financials.

The report from the OLG was provided on Friday 18 November 2022. A full copy of the letter and associated report is attached to this application. The findings included:

- Council's net operating result before capital has declined since FY17 and turned negative in FY21. This is similar to the trend of the peer councils analysed.
- There seems to be a high reliance on grant income, shown by Council's inability to meet the Own Source Revenue KPI for the five years analysed. The majority of other councils in the group analysed perform poorly on this KPI.
- Council's overall cash balance has declined since FY18. Other councils analysed have improved their overall cash balance over the period analysed.
- Council had a negative unrestricted cash balance in FY21. This has since been restored in FY22.
- Council has struggled to meet asset management KPIs. The infrastructure backlog KPI has not been met during the five year period.
- Council's governance and administration costs have increased significantly in FY20 and FY21. OLG understands from Council that this is due to a re-allocation of income recoveries out of governance and administration costs calculations into transport and communication.
- Council's average population is below average for the group and has experienced the second largest population decline.
- Unemployment is highest in the group and Council ranks lowest on the Socio-Economic Index Rating (SEIR).
- Council has the second largest land area and second lowest population in the group.
- Council's full time equivalent staff (FTE) is the lowest in the group and ranks third highest in terms of the number of people to service per staff member.
- Council is the third largest in the group for:
  - network of roads
  - road length per capita and
  - road spending as a percentage of total expenditure (32%).

Attachment 50, A840083 - OLG - Tenterfield Council Financial Analysis - Review - Report, pages 1-9

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.

Council has in recent years, fully applied the available percentage increases.

Criterion 1 – Need for the Special Variation

In March 2022, IPART allowed Council to conduct an Additional Special Variation for 2022/2023 of 1.8%. However, Council on 27 April 2022 resolved not to proceed with the additional special rate variation of 1.8% for 2022/23 financial year (Resolution 81/22) allowed under IPART, considering that the community engagement had commenced through the IPR Process and flagged the need for the SRV for FY2023/2024 onwards. This decision was also based on a cost benefit approach undertaken by Council staff.

**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 | <p><b>Summary</b></p> <p><b>Council's current understanding of its financial position and outlined as part of the 2022/23 IP&amp;R Operational Plan, LTFP and Budget process is that Council's General Fund baseline scenario generated ongoing operating deficits before capital grants for all 10 years, with an estimated accumulated operating deficit of \$50 million and demonstrates that Council will need to take immediate action to ensure long term financial sustainability.</b></p> | Attachment 9, Long term Financial Plan, Current Financial Position, Page 4 |

Council's Long Term Financial Plan outlines that the audited Financial Statements at the 30<sup>th</sup> June 2021 showed cash and investments of \$13.383 million, being made up of Externally Restricted cash reserves (such as Water, Sewer, Domestic Waste, Developer Contributions and unexpended grants) totalling \$14.6 million, and Unrestricted cash reserves of negative \$1.2 million. The cause of this negative unrestricted cash position was due to timing issues between grant and disaster recovery works being paid for by Council and being reimbursed by the State Government. However, it does show Council's lack of reserves is having a serious impact of Council's ability to operate sustainably.

Assumptions informing the SRV scenario for the General Fund were developed with the primary goal of achieving a balanced operating result in the long-term based on current service levels and aim to maintain sufficient cash to manage its debtors and maintain its debt within acceptable limits.

Council's 2021/22 program of works included loans of \$2.6m. For the 2022/23 Council has approved loans of \$3.1 million to cover its program of works and will have to take further loans for the 2023/24 FY if service levels are not reduced. Any additional loan funds borrowed or having to borrow over a longer period, would increase the interest payable.

For the 2022/23 IP&R process the following three scenarios were developed in the LFTP for Council consideration and community engagement:

- a baseline scenario (scenario one)
- a SRV scenario implemented over two years to address the operating deficit (scenario two),
- a SRV scenario implemented over three years to address the operating deficit (scenario three),

Option One would see a continuation of Council's current position and most likely result in an unsustainable financial position.

Options two and three would see Council address the operating loss and move to a balanced position over ten years. They would not address any backlog of works. Option two provides a better solution as it reduces the borrowing costs associated with option three.

#### **DETAIL**



No Council wants to place additional financial burden on its residents and ratepayers and the Tenterfield Shire Council is no different, however, Council also has a responsibility to manage its assets and financial position appropriately.

In considering making an application for a Special Rate Variation (SRV), Council has reviewed its recent actual operating results, the current year forecasted operating loss, the revised forecasted operating losses into the future and Council's cash position.

Council's Long Term Financial Plan outlines that the audited Financial Statements at the 30<sup>th</sup> June 2021 showed cash and investments of \$13.383 million, being made up of Externally Restricted cash reserves (such as Water, Sewer, Domestic Waste, Developer Contributions and unexpended grants) totalling \$14.6 million, and Unrestricted cash reserves of negative \$1.2 million. The cause of this negative unrestricted cash position was due to timing issues between grant and disaster recovery works being paid for by Council and being reimbursed by the State Government. However, it does show Council's lack of reserves is having a serious impact of Councils ability to operate sustainably.

Council, as part of the 2022/23 IP&R Operational Plan, LTFP and Budget process identified that Council's General Fund baseline scenario generated ongoing operating deficits before capital grants for all 10 years, with an estimated accumulated operating deficit of \$50 million **and demonstrates that Council will need to take immediate action to ensure long term financial sustainability.**

Attachment 9, Long term Financial Plan, Current Financial Position, Page 4

For the 2022/23 IP&R process the following three scenarios were developed in the LTFP for Council consideration and community engagement:

- a baseline scenario (scenario one)
- a SRV scenario implemented over two years to address the operating deficit (scenario two).
- a SRV scenario implemented over three years to address the operating deficit (scenario three).

Assumptions informing the SRV scenario for the General Fund were developed with the primary goal of achieving a balanced operating result in the long-term based on current service levels and aim to maintain sufficient cash to manage its debtors and maintain its debt within acceptable limits

Council's LTFP considered three scenarios.

Scenario One in the LTFP presents Council's current financial position and demonstrates Council's long term financial sustainability based on current service levels. This scenario has been developed to deliver on the community's vision as detailed in the new Community Strategic Plan and is integrated with and informed by Council's Asset Management Strategy and Workforce Management Strategy.

Attachment 9, Long term Financial Plan, Scenarios, Page 9

**The projected result (before capital grants) accumulated across the 10-year period for General Fund is a deficit of approximately \$50 million and demonstrates that Council will need to take immediate action to ensure long term financial sustainability.**

Scenario Two outlines the current model plus the SRV implemented over two years. The aim of this financial plan scenario is to present Council's current financial position and demonstrate Council's long term financial sustainability based on current service levels including an SRV to address the yearly \$5m forecast operating deficit. This scenario has been developed to deliver on the community's vision as detailed in the new Community Strategic Plan and is integrated with and informed by Council's Asset Management Strategy and Workforce Management Strategy.

Attachment 9, Long term Financial Plan, Scenarios, Page 9

Initial discussions with the community have shown that they do not want to see service levels reduced and, in some cases, want to see service levels increased. This scenario was used to drive community consultation to ensure the community fully understand the impacts of SRV values and service level impacts.

For the 2022/23 Council has approved loans of \$3.1 million to cover the program of works and will have to take further loans for the 2023/24 FY if service levels are not reduced. Should this scenario be approved, loans would only be required for the 2022/23 and 2023/24 financial years and would provide the best outcome for Council by decreasing the future interest payable on these loans. Any additional loan funds borrowed or having to borrow over a longer period, would increase the interest payable.

**The projected result (before capital grants) accumulated across the 10-year period for General Fund is essentially a balanced budget.**

**It is very important to note that this scenario does not allow for any capacity to deal with any asset backlog or future cost shifting, it purely addresses the current forecast operating deficit.**

Scenario Three outlines the current model plus the SRV implemented over three years.

Criterion 1 – Need for the Special Variation

The basis of scenario three is similar to scenario two implemented over a longer period. Should this scenario be approved, loans would be required for the 2022/23, 2023/24 and 2024/25 financial years. Whilst this would lead to higher costs of borrowing compared to scenario 2, it does provide for smaller increases for the community over three years which allows the community longer to prepare for the impacts of these increases.

Attachment 9, Long term Financial Plan, Scenarios, Page 10

Given the difficult times in recent years through droughts, floods, and the impacts of COVID-19, it is likely that this is the scenario the community will be most receptive to.

**The projected result (before capital grants) accumulated across the 10-year period for General Fund is essentially a balanced budget but achieved over a longer period of time due to the additional borrowing costs compared to scenario two.**

It is very important to note that this scenario does not allow for any capacity to deal with any asset backlog or future cost shifting, it purely addresses the current forecast operating deficit.

It is Council's view, that the impact of the proposed SRV, if approved, would:

1. improve Council's financial sustainability by addressing the current and significant operating deficit in the general fund (address the key measures for the CSP is to achieve a "Net operating results (excluding Capital grants & contributions" >\$0) and Unrestricted current ratio >2.1, and
2. create a platform that will lead to Council's long term financial sustainability that will:
  - a. enable maintenance related to general fund activities to be completed as required by Council's asset management plans,
  - b. provide capacity to respond to the demands from the community for improved maintenance,
  - c. reduce a heavy reliance upon grant funding for asset renewals, and
  - d. provide capacity to manage the impacts of new assets generated from grant funded assets and natural disasters.

Attachment 4, Council CSP, Leadership section, Page15

Attachment 5, Council Delivery Program and Operational Plan 2022-2026, section 5.12.4, p37

**And / Or**

Fund specific programs of expenditure

This additional income will be spent on the maintenance of Council assets. Based on the current information at hand the distribution of this additional income will be as follows:

- 75% of additional income – Roads, Transport, Stormwater and Drainage.

Attachment 32, Council Business Paper 26 October 2022, Page 12 of 16.

Criterion 1 – Need for the Special Variation

- 15% of additional income – Buildings Renewal and Maintenance
- 10% of additional income – Other assets (e.g. swimming pool, parks and open spaces)

*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 LTFFP, 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):

The below table shows the impact of the special variation on the key financial indicators between the 22/23 and 2031/32 financial years:

| Ratio                                               | 2021-22 | Scenario One<br>(base) 2031/32 | Scenario Two<br>2031/32 |
|-----------------------------------------------------|---------|--------------------------------|-------------------------|
| Operating performance ratio excluding capital items | 10.9%   | -13.92%                        | 22.71%                  |
| Own source revenue ratio                            | 25.8%   | 57.59%                         | 71.08%                  |
| Building and asset renewal ratio                    | 162.2%  | 75.32%                         | 75.32%                  |
| Infrastructure backlog ratio                        | 4.4%    | 10.11%                         | 10.11%                  |
| Asset maintenance ratio                             | 100%    | 42.87%                         | 42.87%                  |
| Debt service ratio                                  | 12.26%  | 3.9                            | 12.56                   |
| Unrestricted current ratio                          | 1.95    | -0.57                          | 4.35                    |
| Rates and annual charges ratio                      | 17.66%  | 47.87%                         | 64.46%                  |

Criterion 1 – Need for the Special Variation

The operating performance ratio improves significantly as a result of the SRV and transforms this ratio from a negative to a positive that will place Council in a strong position for the future. The additional funds allocated to much-needed asset renewal, particularly roads, buildings and property, Council's own source revenue (General Fund) improves dramatically from this year's value of 25.8% and from the 31/32 forecast value of 57.59% to a new forecast value of 71.08%

This SRV would also lead to improved forecast for Council's debt service ratios, unrestricted current ratio and the Rates and annual charges ratio

It needs to be clearly noted that these General Fund values include Council's waste and stormwater services.

In Table 5 please provide the councils key financial indicators.

Table 5 Council financial indicators

| 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 | 10.9%   | -13.72% | -8.70%  | 3.06%   | 6.82%   | 10.16%  | 12.50%  | 14.34%  | 17.51%  |
| Own source revenue ratio                            | 25.8%   | 51.12%  | 56.70%  | 62.48%  | 63.84%  | 65.11%  | 66.33%  | 67.56%  | 68.75%  |
| Building and asset renewal ratio                    | 162.2%  | 104.66% | 107.69% | 96.37%  | 90.41%  | 82.50%  | 86.11%  | 96.23%  | 86.17%  |
| Infrastructure backlog ratio                        | 4.4%    | 6.77%   | 7.10%   | 7.45%   | 7.82%   | 8.22%   | 8.65%   | 8.85%   | 9.31%   |
| Asset maintenance ratio                             | 100%    | 39.47%  | 41.09%  | 42.78%  | 46.11%  | 49.01%  | 45.57%  | 41.71%  | 38.57%  |
| Debt service ratio                                  | 12.26%  | 6.83%   | 6.65%   | 5.71%   | 4.87%   | 4.66%   | 4.46%   | 4.26%   | 4.07%   |
| Unrestricted current ratio                          | 1.95    | 1.8     | 1.29    | 1.35    | 1.58    | 2.27    | 2.25    | 2.47    | 2.78    |
| Rates and annual charges ratio                      | 17.66%  | 41.42%  | 47.90%  | 54.72%  | 56.23%  | 57.66%  | 59.05%  | 60.45%  | 61.79%  |

## 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.

---

Criterion 2 – Community awareness and engagement

---

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.

Criterion 2 – Community awareness and engagement

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>Council recognises the significance of the increase this application seeks. Due to the significance of this increase Council's community consultation has been undertaken during two formal processes, the first in April 2022 and the second in September and October 2022.</p> <p>The current Council was elected in December 2021 and inducted in mid – January 2022 and initially conducted a community consultation process as part of the Community Strategic Plan in late January 2022, to understand community needs and expectations of Council. Due to the compelling nature of Council's financial position, a report was put to an extraordinary meeting of Council on 7 February 2022. The printed recommendation of this paper was:</p> <p><b>OFFICER'S RECOMMENDATION:</b><br/> <b>That Council:</b></p> <ol style="list-style-type: none"> <li><b>(1) Receive the report on Application for Special Rate Variation 2022/23 and 2023/24.</b></li> <li><b>(2) Proceed with a permanent Special Rate Variation application for the purpose of maintaining existing services, enhancing financial sustainability, and funding infrastructure maintenance and renewal.</b></li> <li><b>(3) Make an application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government Act 1993 for increases to the ordinary rate income of 34% in 2022/23 (including the rate peg) and 34% in 2023/24 (including the rate peg), representing a total cumulative increase of 79.56% over the two-year period, to be a permanent increase retained within the rate base.</b></li> <li><b>(4) Note the additional community consultation to be undertaken in February 2022 outlined in the body of the report and request the Chief Executive respond to the submissions made.</b></li> </ol> | <p>Attachment 25, Council Business Papers, extraordinary meeting 7 February 2022</p> |



(5) The Chief Executive present a further report to Council prior to the 7th March 2022 that will include:

- a. A report on the additional community consultation,
- b. A copy of the final submission to IPART consisting of application form Part A Special Variation and application form Part B Special Variation,
- c. Clearly demonstrate any changes from the initial submission

(6) Authorise the Chief Executive to undertake any necessary minor administrative or editorial changes to the submission to IPART, and

(7) Consider the implementation of the Special Rate Variation (if successful) during the deliberations of Council's Community Strategic Plan, Delivery Program, Operational Plan and budget commencing for the 2022/23 financial year.

With the new Council and noting the new Council had not had the opportunity to undertake further community consultation, Council resolved at that meeting:

**THAT COUNCIL:**

- 1. Receive the report on Application for Special Rate Variation 2022/23 and 2023/24.**
- 2. Determine not to proceed with a permanent Special Rate Variation application for the 2022/23 financial year for the purpose of maintaining existing services, enhancing financial sustainability, and funding infrastructure maintenance and renewal.**
- 3. Request the Chief Executive Officer advise IPART of Councils decision not to proceed with a permanent Special Rate Variation application for the 2022/23 financial year.**
- 4. Request the Chief Executive Officer bring back a report outlining the process to consider an SRV application for the 2023/24 financial year detailing further options and an operational efficiency review, and**
- 5. Acknowledge that without an SRV in the 2022/23 financial year, service levels to the community will be impacted until the budget deficits are resolved.**

Attachment 26, Minutes of the Council Business Papers, extraordinary meeting 7 February 2022, page 3

Following this meeting, a second round of community consultation was held in April 2022 across the Shire, with attendance at these events higher than at previous consultations due to the inclusion of the Special Rate Variation scenario in the LTFP to address community expectations.

Council resolved on 27 July 2022 to commence community engagement to support an application to IPART for a proposed Special Rate Variation comprising of a permanent increase of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49% using the current rating structure to determine yield. The report from the 27 July meeting outlines:

- The background, including the two SRV scenarios considered and outlined in Councils LTFP
- The reasons for the need and a number of the financial burdens facing Council
- The options Council has to address the situation,
- How much Council needs to address the average forecast operating deficit over the next ten years, where the money would be spent.
- Tabular information showing the impacts to ratepayers, broken down by rating categories for base scenario and scenario two outlined in Council's LTFP.

Attachment 39, Council business  
Paper 27 July 2022, page 201

Attachment 39, Council business  
Paper 27 July 2022, page 208-210

Community consultations and information sessions were held in September and October 2022 where Council requested community feedback and provided face-to-face meetings with executive staff to go through concerns and/or comments regarding the Special Rate Variation.

Additionally, several Councilor Workshops have been held between January 2022 and September 2022 discussing community feedback and the impact of Special Rate Variation on Council's financial sustainability and the impact on the community.

The engagement focused on Council's current financial position, the operating deficits that need to be addressed, where the money would be spent and the impact it would have on ratepayers.

Attachment 45, YLN Special Edition  
– proposed rate rise, 29 August  
2022, pages 1-4

A special edition newsletter with FAQ's was sent to over 4,000 households. The newsletter was titled "Special Edition – Proposed Rate Rise". The newsletter included:

- A mayoral message
- Where to find more information
- An image of the components on a rates notice impacted by the rise
- Notice of public information session
- Frequently asked questions including:
  - Why council is concerned about its financial position

Criterion 2 – Community awareness and engagement

- o What has Council done so far to save money
- o What does it mean to reduce services
- o What is a rate cap and rate peg
- o What is a Special Rate Variation
- o How do our rates compare with other Councils
- o Have other Councils applied for a rate variation
- o How did Council work out what the proposed rate increase should be
- o Why are costs so high
- o What will happen to our rates
- o What will the increased rate income be used for
- o How can I trust my rates are going to where you said they would
- o I do not pay rates but live in Tenterfield Shire – will this affect me
- o What happens when the rate variation finishes
- o Why can't we just get more grant funding
- o Why are we hearing about this now
- The proposed rating structure with a SRV 43% x 2 years including weekly increase data

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.

Council's Delivery program and revenue policy outline the current rating structure. Council's LTFP scenario one outlines the impact for the additional income if the SRV was to be approved. The impact of the rise to ratepayers on average for ratepayers broken down by rating category was provided in the Council report date 27 July 2022 and was used in the community consultation processes undertaken in April 2022 and across September and October 2022.

Attachment 9, Council Long Term Financial Plan, Page 29/36

Attachment 39, Council business Paper 27 July 2022, page 208-210

Attachment 22, April Community Consultation presentation, pages 11-12

Attachment 46, PowerPoint Community Information Session Questions, page 2

Attachment 45, YLN Special Edition – proposed rate rise, 29 August 2022, pages 1-3

A special edition newsletter with FAQ's was sent to over 4,000 households. The newsletter was titled "Special Edition – Proposed Rate Rise". The newsletter clearly outlined the impact by rate category

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.

Council communicated this value in multiple ways, most recently in the 26 October 2022 Council report where it was outlined in the body of the report that:

- average residential rates will increase by \$5 per week over what they would under normal rate increase in 2023/2024. There will be a further average rise of \$8 per week in 2024/2025 compared to the normal rate increase.
- Farmland rates are estimated to increase by an average of \$12 in the first SRV year, and a further \$18 per week in the second year.

Attachment 32, Council business paper 26 October 2022, page 12

Attachment 39, 27 July Council meeting attachment 1, page paper 27 October 2022, pages 1-3

Attachment 39, Council business paper 26 October 2022, page 1.2

Criterion 2 – Community awareness and engagement

- Business rates are estimated to increase by an average of \$7 per week in the first SRV year, with the second year expected to see a further average increase of further \$10 per week

Attachment 22, April Community Consultation presentation, pages 11-12

Attachment 1 to the Council meeting held 27 July 2022 and the Council business paper from 26 October 2022 also provide this information in tabular information showing the impacts to ratepayers, broken down by rating categories for base scenario and scenario one outlined in Council's LTFP

Attachment 45, YLN Special Edition – proposed rate rise, 29 August 2022, pages 1-4

A special edition newsletter with FAQ's was sent to over 4,000 households. The newsletter was titled "Special Edition – Proposed Rate Rise". The newsletter clearly outlined the impact by rate category

**Proposed Rating Structure SRV 43% x 2 years with weekly increase data**

| Rate Category                   | % Yield per Category 2022/2023 | Average Rates per Assessment 2022/2023 | Average increase weekly from 2022/2023 to 2023/2024 | Average increase weekly from 2023/2024 to 2024/2025 | Total average increase of Rates over the 2 years | Cumulative increase weekly 2023/2024 & 2024/2025 |
|---------------------------------|--------------------------------|----------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Residential Tenterfield         | 21.91%                         | \$ 664.75                              | \$ 5.41                                             | \$ 7.84                                             | \$ 689.38                                        | \$ 13.26                                         |
| Residential Tenterfield (Urban) | 0.23%                          | \$ 1,388.48                            | \$ 11.38                                            | \$ 16.39                                            | \$ 1,444.05                                      | \$ 27.77                                         |
| Residential Other               | 17.98%                         | \$ 599.52                              | \$ 4.88                                             | \$ 7.08                                             | \$ 622.36                                        | \$ 11.97                                         |
| Residential Urbenville          | 1.62%                          | \$ 603.57                              | \$ 4.93                                             | \$ 7.10                                             | \$ 625.47                                        | \$ 12.03                                         |
| Residential Jennings            | 1.31%                          | \$ 597.51                              | \$ 4.93                                             | \$ 7.05                                             | \$ 623.10                                        | \$ 11.98                                         |
| Residential Drake               | 0.99%                          | \$ 598.28                              | \$ 4.82                                             | \$ 7.02                                             | \$ 615.70                                        | \$ 11.84                                         |
| Farmland General                | 48.89%                         | \$ 1,616.40                            | \$ 13.33                                            | \$ 19.04                                            | \$ 1,683.68                                      | \$ 32.38                                         |
| Business Tenterfield            | 6.21%                          | \$ 1,556.65                            | \$ 12.71                                            | \$ 18.38                                            | \$ 1,616.90                                      | \$ 31.09                                         |
| Business Other                  | 0.37%                          | \$ 1,131.02                            | \$ 9.30                                             | \$ 13.37                                            | \$ 1,178.87                                      | \$ 22.67                                         |
| Business Urbenville             | 0.16%                          | \$ 564.58                              | \$ 4.59                                             | \$ 6.68                                             | \$ 585.80                                        | \$ 11.27                                         |
| Business Jennings               | 0.02%                          | \$ 580.38                              | \$ 4.72                                             | \$ 6.86                                             | \$ 602.32                                        | \$ 11.58                                         |
| Business Drake                  | 0.09%                          | \$ 555.40                              | \$ 4.51                                             | \$ 6.57                                             | \$ 576.21                                        | \$ 11.08                                         |
| Mining                          | 0.21%                          | \$ 1,018.20                            | \$ 8.34                                             | \$ 12.02                                            | \$ 1,058.30                                      | \$ 20.35                                         |

The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.

Council used an extensive range of methods to ensure the community were able to communicate with council. Council's program to ensure that the consultation process was open, transparent, and effective included:

- Face-to-face community engagement sessions in April 2022
- Face-to-face community engagement sessions in September and October 2022
- Media releases and Media

Attachment 18, Community engagement report – Final presented to Council 26 October 2022, entire document with overview of pages 1-5

4. Dedicated space on Council's website <https://www.tenterfield.nsw.gov.au/tenterfield-shire-council-proposed-rate-rise-information>

The website includes:

- Details of the application
- Frequently Asked Questions
- An online calculator to allow ratepayers to calculate the proposed rate rise - <https://www.tenterfield.nsw.gov.au/calculate-your-proposed-rate-rise>
- Explanation by the Mayor of Council's current financial position - <https://www.tenterfield.nsw.gov.au/mayoral-message-councils-loans-cash-and-investments>
- A timeline for the process - <https://www.tenterfield.nsw.gov.au/content/uploads/2022/08/SRV-Timeline-for-Website-1.png>
- Rates comparison table - <https://www.tenterfield.nsw.gov.au/content/uploads/2022/08/Rate-Rise-Website-Tiles-1.png>
- Invitation to attend community forum - <https://www.tenterfield.nsw.gov.au/content/uploads/2022/08/Leaflet.pdf>

5. Council's bi-annual customer satisfaction survey with dedicated SRV related question  
6. One on one appointments with community members  
7. Response to questions raised for the community forum  
8. Acceptance of submissions made through the process

There was extensive response to the consultation process, which was expected given the sensitive nature of the discussion.

A full community consultation report was attached to the Council business paper for 26 October 2022 and some of the key points included:

- There were two rounds of consultation undertaken
- During the April 2022 engagements, 198 people signed into the face-to-face sessions
- During the September and October 2022 engagements, 163 people signed into the face-to-face sessions
- Council's website had the following views
  - 486 to the SRV and FAQ page
  - 607 to the rates calculator
  - 189 views of the mayoral videos
- 2,859 views of the SRV posts on Facebook
- Information and FAQ's distributed to 4,000 households throughout the shire
- 17 Appointments with the Mayor, Councillors and/or senior staff
- 300 people surveyed via the customer satisfaction survey

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

Council has listened to the feedback provided and is actively seeking to address concerns and lessen the potential impact on ratepayers

**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.

Criterion 2 – Community awareness and engagement

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

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.

As was outlined in the "September Community Engagement Report – Final" presented to Council at its ordinary meeting on 26 October 2022, it is also worthy of mention that an organised group of residents and ratepayers incorporated under the name Our Shire Our Council Initiative (OSOCI). Since formation this group led a number of community meetings with ratepayers, were outspoken on social media such as Facebook and also participated with the local radio station to gather momentum to dismiss the rate rise and doubt Council's credibility towards financial management transparency.

OSOCI delivered systematic and targeted statistics seeking to support their view, without context and not evidenced based in many cases, via public forums, radio and newspaper interviews and their own social media platforms.

This prolonged and sustained campaign forced Council to spend much of its focus on countering this narrative which diluted and distracted the broader issues under discussion. On the other hand, Council does acknowledge the sentiments associated with a rate rise of this value and this leading towards a unification of ratepayers across the Local Government Area with the help of the OSOCI group.

Their website and Facebook pages can be seen at the below addresses:  
<https://www.facebook.com/OSOCITenterfield/>  
<http://osoci.org/>

While Council resources were impacted by the effort taken to address the issues raised by this group (and noting all residents are well within their rights to raise any issues they believe need to be addressed), the level of engagement created by group also added to the breadth of the community who were involved in the discussions and the engagement process. This occurred through the advertising, meetings and messaging released by the group.

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 <sup>a</sup>                                                                  |
|-------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| 17                | Tenterfield Shire Council Customer Services Satisfaction 2022 | Page 11 – overall satisfaction levels<br>Page 21 – satisfaction regarding roads and transport |

Criterion 2 – Community awareness and engagement

|    |                                                                                                                                   | Page 41 - Responses to Special Rates Variation |
|----|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 46 | PowerPoint Community Information Session Questions                                                                                | Entire document                                |
| 19 | Redacted April - May Community Engagement                                                                                         | Entire document                                |
| 20 | Community-Strategic-Plan-Community-Engagement-Report-March-2022                                                                   | Entire document                                |
| 21 | Redacted August - September Community Information Sessions                                                                        | Entire document                                |
| 22 | TSC-Community-Strategic-Plan-Financial-Sustainability-Presentation-to-Community-Consultation-Sessions-April-2022                  | Pages 11-12                                    |
| 23 | Community Consultation 3rd Round - Confidential IPART only                                                                        | Entire document                                |
| 35 | 26 October 2022 TSC-Proposed-Special-Rate-Variation-Community-Information-Sessions-1-August-to-30-September-2022-Attachments-1-22 | Entire document                                |

a. If document is only relevant in part.

DRAFT

## 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 council's response in the text box below.

Council intends to apply the proposed SRV percentage equally across all rating categories and subcategories.

The below tables show:

- Table 1: Ordinary Rating Structure 2023-2024 - 4.2% RATE PEG
- Table 2: SRV Ordinary Rating Structure 2023-2024 - 43.0% INCREASE INCLUDING RATE PEG
- Table 3: SRV Ordinary Rating Structure 2024-2025 - 43.0% INCREASE INCLUDING RATE PEG

Additional information for reference include:

- Table one data is based on valuations as of 30 June 2022
- Tables two and three are based on valuations as of 4 September 2022

Excel versions can be seen in the attachments to the submissions titled

- 40. Rating Structure Model 43% 2023-2025 as at 30/06/2022 Valuations
- 41. Rating Structure Model 4.2% 2023-2024 as at 04/09/2022 Valuations

**Extraordinary Council Meeting - 7 December 2022**  
**APPLICATION TO IPART FOR A SPECIAL RATE VARIATION TO INCREASE GENERAL INCOME - ORDINARY RATE INCOME.**

**Attachment 2**  
**Part B - Application Form - Special Variation Application to IPART**

Criterion 3 – Impact on ratepayers

These spreadsheets show how the 2021/22 year was used as a base and updated for change in valuations as the information became known. At the time of the implementation of any SRV percent provided by IPART, Council will be using 1 July 2022 as the base rate which will come into effect on 1 July 2023 valuations of land as deemed by the Valuer General.

**Ordinary Rating Structure 2023-2024 - 4.2% RATE PEG**

| TENTERFIELD SHIRE COUNCIL                           |                                  |                    |                     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                 |                                        |
|-----------------------------------------------------|----------------------------------|--------------------|---------------------|--------------------------------|-------------|-----------------------|------------------------------|-----------------------|---------------------|-----------------------------|---------------------------|-----------------------------|---------------------------------|----------------------------------------|
| Ordinary Rating Structure 2023-2024 - 4.2% RATE PEG |                                  |                    |                     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                 |                                        |
| Rate Code                                           | Rate Category                    | Total No of Assess | Land Value          | Percentage of Total Land Value | Base Rate   | Total Base Amount     | Total Ad Valorem Dollar Rate | Total Ad Valorem      | Total Rate Levy     | Average Rate Per Assessment | % of Income from the base | Actual % Yield per Category | Average Increase from 2022/2023 | Average increase weekly from 2023/2024 |
| 1                                                   | Residential Tenterfield          | 1810               | \$9,398,330         | 9.35%                          | \$5,210.00  | \$9,473,840.00        | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$601.98                    | 49.43%                    | 21.98%                      | \$27.11                         | 0.82%                                  |
| 4                                                   | Residential Tenterfield (Urban)  | 8                  | \$175,900.00        | 0.18%                          | \$34,200.00 | \$273,600.00          | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$141,689                   | 23.72%                    | 0.21%                       | \$32.21                         | 1.02%                                  |
| 5                                                   | Residential Other                | 1474               | \$42,929,633.00     | 42.85%                         | \$29,100.00 | \$43,088,100.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$70,595                    | 25.94%                    | 15.20%                      | \$21.07                         | 0.45%                                  |
| 6                                                   | Residential Urbenville           | 130                | \$15,220,000.00     | 15.01%                         | \$30,100.00 | \$39,630,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$71,815                    | 48.68%                    | 1.07%                       | \$23.21                         | 0.45%                                  |
| 7                                                   | Residential Jennings             | 100                | \$10,620,000.00     | 10.47%                         | \$30,100.00 | \$30,220,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$62,544                    | 48.99%                    | 1.30%                       | \$26.10                         | 0.48%                                  |
| 8                                                   | Residential Drake                | 85                 | \$2,920,000.00      | 2.89%                          | \$35,000.00 | \$29,750,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$32,121                    | 48.98%                    | 1.01%                       | \$23.48                         | 0.48%                                  |
| 9                                                   | Farmland General                 | 1467               | \$9,851,077.00      | 9.73%                          | \$44,100.00 | \$64,567,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$1,187.24                  | 26.30%                    | 48.98%                      | \$6.93                          | 1.00%                                  |
| 10                                                  | Business Tenterfield             | 102                | \$8,656,000.00      | 8.46%                          | \$9,900.00  | \$10,128,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$1,617.48                  | 36.48%                    | 6.16%                       | \$8.00                          | 1.17%                                  |
| 11                                                  | Business Other                   | 16                 | \$2,890,000.00      | 2.85%                          | \$29,100.00 | \$47,580.00           | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$18,784.98                 | 1.174%                    | 25.47%                      | \$43.04                         | 0.93%                                  |
| 12                                                  | Business Urbenville              | 14                 | \$9,340,000.00      | 9.17%                          | \$28,100.00 | \$39,340,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$86,143                    | 47.77%                    | 16.95%                      | \$21.97                         | 0.41%                                  |
| 13                                                  | Business Jennings                | 2                  | \$2,420,000.00      | 2.37%                          | \$32,000.00 | \$64,000.00           | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$46,381                    | 0.024%                    | 21.70%                      | \$1.92                          | 0.42%                                  |
| 14                                                  | Business Drake                   | 8                  | \$7,200,000.00      | 7.05%                          | \$28,000.00 | \$224,000.00          | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$2,378.84                  | 36.64%                    | 57.67%                      | \$41.93                         | 0.41%                                  |
| 15                                                  | Mining                           | 10                 | \$7,964,000.00      | 7.80%                          | \$47,100.00 | \$471,000.00          | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$8,221.23                  | 109.91%                   | 1.09%                       | \$21.51                         | 0.79%                                  |
|                                                     | <b>TOTALS</b>                    | <b>8154</b>        | <b>\$99,032,933</b> | <b>100%</b>                    |             | <b>\$1,681,620.00</b> |                              | <b>\$3,387,473.10</b> | <b>\$595,035.10</b> |                             | <b>100.00%</b>            |                             |                                 |                                        |
|                                                     | Permissible income for 2022/2023 |                    | \$ 4,852,132.92     | Level                          |             |                       |                              |                       |                     | \$ 0.29                     |                           |                             |                                 |                                        |
|                                                     | catch-up/over                    |                    | \$ (12,312.00)      | Updated from return            |             |                       |                              |                       |                     |                             |                           |                             |                                 |                                        |
|                                                     |                                  |                    | \$ 4,839,820.92     | x 4.2% =                       |             | \$5,643,934.40        |                              |                       |                     |                             |                           |                             |                                 |                                        |
|                                                     | 2023-2024                        | 4.2%               | \$ 5,043,093.40     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                 |                                        |

**SRV Ordinary Rating Structure 2023-2024 - 43.0% INCREASE INCLUDING RATE PEG**

| TENTERFIELD SHIRE COUNCIL                                                   |                                  |                    |                     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                 |                                        |
|-----------------------------------------------------------------------------|----------------------------------|--------------------|---------------------|--------------------------------|-------------|-----------------------|------------------------------|-----------------------|---------------------|-----------------------------|---------------------------|-----------------------------|---------------------------------|----------------------------------------|
| SRV Ordinary Rating Structure 2023-2024 - 43.0% INCREASE INCLUDING RATE PEG |                                  |                    |                     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                 |                                        |
| Rate Code                                                                   | Rate Category                    | Total No of Assess | Land Value          | Percentage of Total Land Value | Base Rate   | Total Base Amount     | Total Ad Valorem Dollar Rate | Total Ad Valorem      | Total Rate Levy     | Average Rate Per Assessment | % of Income from the base | Actual % Yield per Category | Average Increase from 2022/2023 | Average increase weekly from 2023/2024 |
| 1                                                                           | Residential Tenterfield          | 1810               | \$9,398,330         | 9.35%                          | \$9,900.00  | \$18,108,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$601.98                    | 49.14%                    | 21.98%                      | \$28.14                         | 0.82%                                  |
| 4                                                                           | Residential Tenterfield (Urban)  | 8                  | \$175,900.00        | 0.18%                          | \$34,200.00 | \$273,600.00          | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$141,689                   | 23.72%                    | 0.21%                       | \$32.21                         | 1.02%                                  |
| 5                                                                           | Residential Other                | 1474               | \$42,929,633.00     | 42.85%                         | \$29,100.00 | \$43,088,100.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$70,595                    | 25.94%                    | 15.20%                      | \$21.07                         | 0.45%                                  |
| 6                                                                           | Residential Urbenville           | 130                | \$15,220,000.00     | 15.01%                         | \$30,100.00 | \$39,630,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$71,815                    | 48.68%                    | 1.07%                       | \$23.21                         | 0.45%                                  |
| 7                                                                           | Residential Jennings             | 100                | \$10,620,000.00     | 10.47%                         | \$30,100.00 | \$30,220,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$62,544                    | 48.99%                    | 1.30%                       | \$26.10                         | 0.48%                                  |
| 8                                                                           | Residential Drake                | 85                 | \$2,920,000.00      | 2.89%                          | \$35,000.00 | \$29,750,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$32,121                    | 48.98%                    | 1.01%                       | \$23.48                         | 0.48%                                  |
| 9                                                                           | Farmland General                 | 1467               | \$9,851,077.00      | 9.73%                          | \$44,100.00 | \$64,567,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$1,187.24                  | 26.30%                    | 48.98%                      | \$6.93                          | 1.00%                                  |
| 10                                                                          | Business Tenterfield             | 102                | \$8,656,000.00      | 8.46%                          | \$9,900.00  | \$10,128,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$1,617.48                  | 36.48%                    | 6.16%                       | \$8.00                          | 1.17%                                  |
| 11                                                                          | Business Other                   | 16                 | \$2,890,000.00      | 2.85%                          | \$29,100.00 | \$47,580.00           | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$18,784.98                 | 1.174%                    | 25.47%                      | \$43.04                         | 0.93%                                  |
| 12                                                                          | Business Urbenville              | 14                 | \$9,340,000.00      | 9.17%                          | \$28,100.00 | \$39,340,000.00       | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$86,143                    | 47.77%                    | 16.95%                      | \$21.97                         | 0.41%                                  |
| 13                                                                          | Business Jennings                | 2                  | \$2,420,000.00      | 2.37%                          | \$32,000.00 | \$64,000.00           | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$46,381                    | 0.024%                    | 21.70%                      | \$1.92                          | 0.42%                                  |
| 14                                                                          | Business Drake                   | 8                  | \$7,200,000.00      | 7.05%                          | \$28,000.00 | \$224,000.00          | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$2,378.84                  | 36.64%                    | 57.67%                      | \$41.93                         | 0.41%                                  |
| 15                                                                          | Mining                           | 10                 | \$7,964,000.00      | 7.80%                          | \$47,100.00 | \$471,000.00          | \$9,039,227.99               | \$9,039,227.99        | \$1,083,936.23      | \$8,221.23                  | 109.91%                   | 1.09%                       | \$21.51                         | 0.79%                                  |
|                                                                             | <b>TOTALS</b>                    | <b>8102</b>        | <b>\$98,155,293</b> | <b>100%</b>                    |             | <b>\$2,260,980.00</b> |                              | <b>\$4,660,488.28</b> | <b>\$592,147.28</b> |                             | <b>100.00%</b>            |                             |                                 |                                        |
|                                                                             | Permissible income for 2022/2023 |                    | \$ 4,852,132.92     | Level                          |             |                       |                              |                       |                     | \$ 4.26                     |                           |                             |                                 |                                        |
|                                                                             | catch-up/over                    |                    | \$ (11,950.02)      |                                |             |                       |                              |                       |                     |                             |                           |                             |                                 |                                        |
|                                                                             |                                  |                    | \$ 4,840,182.90     | x 43.0% =                      |             | \$6,921,461.55        |                              |                       |                     |                             |                           |                             |                                 |                                        |
|                                                                             | 2023-2024                        | 43%                | \$ 6,921,461.55     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                 |                                        |

**SRV Ordinary Rating Structure 2024-2025 - 43.0% INCREASE INCLUDING RATE PEG**

| TENTERFIELD SHIRE COUNCIL                                                   |                                  |                    |                     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                                 |                                   |
|-----------------------------------------------------------------------------|----------------------------------|--------------------|---------------------|--------------------------------|-------------|-----------------------|------------------------------|-----------------------|---------------------|-----------------------------|---------------------------|-----------------------------|-------------------------------------------------|-----------------------------------|
| SRV Ordinary Rating Structure 2024-2025 - 43.0% INCREASE INCLUDING RATE PEG |                                  |                    |                     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                                 |                                   |
| Rate Code                                                                   | Rate Category                    | Total No of Assess | Land Value          | Percentage of Total Land Value | Base Rate   | Total Base Amount     | Total Ad Valorem Dollar Rate | Total Ad Valorem      | Total Rate Levy     | Average Rate Per Assessment | % of Income from the base | Actual % Yield per Category | Total average increase of rate over the 2 years | Average increase weekly 2024/2025 |
| 1                                                                           | Residential Tenterfield          | 1810               | \$9,398,330         | 9.35%                          | \$9,900.00  | \$18,108,000.00       | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$720.96                    | 49.19%                    | 21.98%                      | \$41.92                                         | \$89.39                           |
| 4                                                                           | Residential Tenterfield (Urban)  | 8                  | \$175,900.00        | 0.18%                          | \$34,200.00 | \$273,600.00          | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$171,219                   | 23.51%                    | 0.21%                       | \$32.21                                         | \$64.05                           |
| 5                                                                           | Residential Other                | 1474               | \$42,929,633.00     | 42.85%                         | \$29,100.00 | \$43,088,100.00       | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$70,595                    | 25.94%                    | 15.20%                      | \$21.07                                         | \$42.38                           |
| 6                                                                           | Residential Urbenville           | 130                | \$15,220,000.00     | 15.01%                         | \$30,100.00 | \$39,630,000.00       | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$71,815                    | 48.68%                    | 1.07%                       | \$23.21                                         | \$46.47                           |
| 7                                                                           | Residential Jennings             | 100                | \$10,620,000.00     | 10.47%                         | \$30,100.00 | \$30,220,000.00       | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$62,544                    | 48.99%                    | 1.30%                       | \$26.10                                         | \$52.10                           |
| 8                                                                           | Residential Drake                | 85                 | \$2,920,000.00      | 2.89%                          | \$35,000.00 | \$29,750,000.00       | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$32,121                    | 48.98%                    | 1.01%                       | \$23.48                                         | \$47.10                           |
| 9                                                                           | Farmland General                 | 1467               | \$9,851,077.00      | 9.73%                          | \$44,100.00 | \$64,567,000.00       | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$1,187.24                  | 26.30%                    | 48.98%                      | \$6.93                                          | \$13.93                           |
| 10                                                                          | Business Tenterfield             | 102                | \$8,656,000.00      | 8.46%                          | \$9,900.00  | \$10,128,000.00       | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$1,617.48                  | 36.48%                    | 6.16%                       | \$8.00                                          | \$16.00                           |
| 11                                                                          | Business Other                   | 16                 | \$2,890,000.00      | 2.85%                          | \$29,100.00 | \$47,580.00           | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$18,784.98                 | 1.174%                    | 25.47%                      | \$43.04                                         | \$86.08                           |
| 12                                                                          | Business Urbenville              | 14                 | \$9,340,000.00      | 9.17%                          | \$28,100.00 | \$39,340,000.00       | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$86,143                    | 47.77%                    | 16.95%                      | \$21.97                                         | \$43.94                           |
| 13                                                                          | Business Jennings                | 2                  | \$2,420,000.00      | 2.37%                          | \$32,000.00 | \$64,000.00           | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$46,381                    | 0.024%                    | 21.70%                      | \$1.92                                          | \$3.84                            |
| 14                                                                          | Business Drake                   | 8                  | \$7,200,000.00      | 7.05%                          | \$28,000.00 | \$224,000.00          | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$2,378.84                  | 36.64%                    | 57.67%                      | \$41.93                                         | \$83.86                           |
| 15                                                                          | Mining                           | 10                 | \$7,964,000.00      | 7.80%                          | \$47,100.00 | \$471,000.00          | \$11,029,837.38              | \$11,029,837.38       | \$1,354.13          | \$8,221.23                  | 109.91%                   | 1.09%                       | \$21.51                                         | \$43.02                           |
|                                                                             | <b>TOTALS</b>                    | <b>8102</b>        | <b>\$98,155,293</b> | <b>100%</b>                    |             | <b>\$3,250,980.00</b> |                              | <b>\$6,680,488.28</b> | <b>\$840,740.24</b> |                             | <b>100.00%</b>            |                             |                                                 |                                   |
|                                                                             | Permissible income for 2023/2024 |                    | \$ 6,921,461.55     |                                |             |                       |                              |                       |                     | \$ 7.77                     |                           |                             |                                                 |                                   |
|                                                                             | catch-up/over                    |                    | \$ 6,921,461.55     | x 43.0% =                      |             | \$9,897,891.01        |                              |                       |                     |                             |                           |                             |                                                 |                                   |
|                                                                             | 2024-2025                        | 43%                | \$ 9,897,891.01     |                                |             |                       |                              |                       |                     |                             |                           |                             |                                                 |                                   |

---

## 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.

---

As has been mentioned through the report, Council understands that this application represents a significant increase in rates and that this will have an impact on the community, particularly those on a fixed income.

Council's intention, due to the scale of the increase, is to apply the increase equally across all ratepayer categories.

It is also Council's intention to apply the changes to the rating structure commencing in the 2023-24 rating year. The key background behind this is Council's current cash position and the need to cease borrowing funds for operational works.

Council engaged Morrison Low (ML) to undertake a "Capacity to Pay" report to provide further information to assist with the decision-making process related to this.

The report looked at:

- The SEIFA indexes (IRSD and IRSAD)
- Regions of social disadvantage
- Particularly vulnerable groups of individuals
- Patterns of household expenditure

The report also made a number of comparisons to other group 10 Councils. Council took this into consideration before resolving to advise IPART of its intent to make application for a special variation.

---

The report is provided in full as attachment thirty-four (34) in the list of attachments to this application. This report was presented to Council in October 2022.

A summary of the key points from the report include:

- Tenterfield Shire LGA has some of the lowest rates amongst NSW group 10 large rural councils. When comparing to six similar councils, Tenterfield Shire sits towards the bottom. Additionally, when analysing against these six similar councils, total rates revenue as a percentage of total operating expenditure, for the LGA is only 16%, well below most comparable councils.
- It was noted that Tenterfield Shire has a relatively low proportion of outstanding rates at 4.4% (2021), ranking 5th best amongst all group 10 large rural councils. In 2022, this dropped further to 4.0%, a strong indicator of both capacity and willingness to pay rates especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.
- It was observed that the LGA experiences significant levels of disadvantage. This is demonstrated most clearly through indicators such as equivalised household income (77% of the LGA within the lowest two quartiles) and SEIFA indexes, which rank the LGA in the 11th (IRSD) and 12th (IRSAD) percentiles when measuring socio-economic disadvantage and advantage. Countering this is the high proportion of fully owned homes (50%) relative to NSW regional averages, and relatively low values when it comes to monthly mortgage repayments.
- It is estimated that average residential rates will increase by \$5 per week over what they would under normal rate increases in 2023/24, and a further average rise of \$8 per week in 2024/25. At the end of the two years, average residential rates will be \$722 higher per property than if there was no SRV.
- Farmland rates are estimated to increase by an average of \$12 in the first SRV year, and a further \$18 per week in the second year (estimated average two year impact will be \$1,585 per property).
- Business rates are estimated to increase by an average of \$7 per week in the first SRV year, an average of a further \$10 per week (estimated average two year impact will be \$856 per property).
- Further, Council proposes increases to annual charges for water, sewer and waste (\$4 in the 2023/24 financial year, and a further \$3 per week in the 2024/25 financial year).
- In reviewing the IRSD index (2016), ML observe that the LGA has a greater level of disadvantage compared with both the RDA's Northern Inland Region, Regional NSW, NSW and the nation's averages. Tenterfield Shire Council's IRSD score of 910.0 is below Regional NSW (971.0), NSW (1,001.0) and the nation (1,001.9) and places the LGA into the 11th percentile. This means that 11% of Australia's suburbs have a SEIFA index lower than this area (more disadvantaged), while 89% are higher.
- IRSAD includes levels of both advantage and disadvantage. Tenterfield Shire Council's score of 902.0 is again below that of Regional NSW (959.0), NSW (1,011.0) and the nation (1,003.1) and places the LGA into the 12th percentile. This lower score means that there are proportionately lower incidences of advantage throughout the LGA relative to NSW and to Australia. A lower IRSAD score compared to IRSD score is indicative of less opportunities within the LGA, e.g. lower equivalised incomes, lower education levels, fewer employment opportunities within the area, or more unskilled jobs, and housing. It is noted that this data is from 2016, with the latest 2021 SEIFA rankings not expected to be released until 2023.
- Tenterfield Shire Council's overall unemployment rate as at the 2016 Census date was 7.6% (equating to 195 people), above the RDA Northern Inland average of 6.4%, Regional NSW average of 6.6% and NSW average of 6.3%. However, it was observed that the Rural North and Rural South have higher rates at 9.5% (equating to 43 people) and 9.1% (equating to 44 people) respectively.
- As expected, given the high proportion of retirees (with 44% of residents aged 60 and over), the area of Tenterfield has the largest proportion of its population (26%) and the highest absolute number of eligible pensioners (616 assessments). Drake-Rural South and Liston-Urbenville-Rural North have much lower proportions of their population being eligible pensioners, indicating less disadvantage. It is noted that eligible pensioners (those receiving Centrelink payments) within the LGA have access to mandatory rebates (up to a maximum of \$250 per year) on their rates. Council also has rates hardship policies in place.
- Households facing housing stress are highly likely to be under significant financial stress and vulnerable to sudden increases in council rates. As a substitute for housing stress data with respect to the Tenterfield Shire Council LGA ML reviewed the levels of household loan repayments. An analysis of housing loan repayment quartiles in conjunction with equivalised income quartiles can indicate potential stress.
- Overall, 83% of housing loan repayments within the LGA are within the lowest two monthly loan repayment quartiles, well above Regional NSW (67%). Tenterfield Shire LGA has 77% of its residents in the bottom two quartiles of equivalised income, which is above the Regional NSW (60%) levels from the 2016 Census data.
- Drilling down, we observe that Tenterfield area had the highest proportion at 21% of housing loan repayments in the highest two monthly loan repayment quartiles – this equated to 74 households. Comparing to equivalised income, this area had the second highest proportion of households in the highest two quartiles

(24%), however there was still a significant proportion (76%) in the bottom two equalised income quartiles. Therefore it is considered probable that there will be some mortgage stress.

- Liston-Urbenville-Rural North had 86% of households within the bottom two monthly loan repayment quartiles, greater than the Regional NSW average (68%). This meant only 14 households had monthly loan repayments in the top two quartiles. This area had the highest proportion of households in the highest two equalised income quartiles (26%). Therefore there is less likely to be significant mortgage stress.
- The Drake-Rural South area had 87% of households within the bottom two monthly loan repayment quartiles, greater Regional NSW average (68%). This meant only 14 households had monthly loan repayments in the top two quartiles. Therefore there is unlikely to be significant mortgage stress.
- The Median house property prices within the Tenterfield LGA has increased by 33% over the 12 months ending 30 September 2022. This period saw 109 houses sold for a median price of \$391,000. The 5 year median price trend is significant, with the median price in October 2017 being \$239,000 (based on 109 sales). This growth represents a significant increase in household wealth.
- It is important to note, that there is a disparity between the most advantaged and disadvantaged areas within Council's LGA. With respect to IRSAD rankings (i.e. both disadvantage and advantage), the regions of Tenterfield Shire Council LGA sit within the 12% most disadvantaged areas of Australia. With respect to IRSD (i.e. only disadvantage), the LGA sits within this 11% level of disadvantage. This means that these areas do not have pockets of advantage to offset the levels of disadvantage.
- Analysis of the special rate variation impacts has been prepared based upon a combination of Council rates book data, which uses 2019 land valuations by the NSW Valuer General. The NSW Valuer General is expected to release updated land valuations before the end of 2022, which may have an impact upon the distribution of rates across Tenterfield Shire. Council may reassess the impact on ratepayers once new land valuations have been received.

**Table 14 Estimated 2023/24 average rates by category**

| LGA 2023/24 est.                                                | Est. Average Residential 2023/24 | Est. Average Farmland 2023/24 | Est. Average Business 2023/24 | Est. Average Mining 2023/24 |
|-----------------------------------------------------------------|----------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Glen Innes Severn                                               | 939                              | 3,312                         | 1,847                         | 0                           |
| Gwydir                                                          | 810                              | 5,969                         | 1,765                         | 0                           |
| Kyogle                                                          | 1,220                            | 2,055                         | 1,490                         | 0                           |
| Oberon                                                          | 1,025                            | 2,082                         | 1,144                         | 0                           |
| Upper Lachlan                                                   | 604                              | 1,986                         | 1,154                         | 2,124                       |
| Uralla                                                          | 755                              | 4,103                         | 704                           | 0                           |
| Tenterfield Shire (4.2% 2023/24 IPART rate peg increase)        | 771                              | 1,673                         | 911                           | 1,059                       |
| Tenterfield Shire (4.3% SRV year 1, including rate peg of 4.2%) | 1,057                            | 2,310                         | 1,250                         | 1,452                       |
| Year 1 SRV increase                                             | 286                              | 637                           | 339                           | 393                         |

**Table 15 Estimated 2024/25 average rates by category**

| LGA 2024/25 est.                                                | Est. Average Residential 2024/25 | Est. Average Farmland 2024/25 | Est. Average Business 2024/25 | Est. Average Mining 2024/25 |
|-----------------------------------------------------------------|----------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Glen Innes Severn                                               | 962                              | 3,394                         | 1,893                         | 0                           |
| Gwydir                                                          | 830                              | 6,118                         | 1,809                         | 0                           |
| Kyogle                                                          | 1,250                            | 2,106                         | 1,527                         | 0                           |
| Oberon                                                          | 1,050                            | 2,134                         | 1,172                         | 0                           |
| Upper Lachlan                                                   | 619                              | 2,036                         | 1,183                         | 2,177                       |
| Uralla                                                          | 774                              | 4,206                         | 722                           | 0                           |
| Tenterfield Shire (2.5% 2024/25 increase)                       | 790                              | 1,715                         | 934                           | 1,085                       |
| Tenterfield Shire (4.3% SRV year 2, including rate peg of 2.5%) | 1,512                            | 3,300                         | 1,790                         | 2,077                       |
| Total SRV increase (including impact of year 1)                 | 722                              | 1,585                         | 826                           | 992                         |

- Table 14 above outlines estimated average rates by rating category for the 2023/24 financial year for a selection of comparable group 10 large rural NSW councils. Should Council continue the current rates path, Tenterfield Shire average residential rates would rank as the third lowest within this grouping.
- In this grouping, Kyogle has the highest estimated 2023/24 average residential rates, at \$1,220 per property, well above Tenterfield Shire's estimated (normal rate increases only, no SRV) estimated 2024/25 average residential rates of \$790. Kyogle has similar socio-economic scores and reasonable levels of outstanding rates, so it is a good comparison.
- Should Council be successful in implementing the first year of its SRV, then average residential rates are estimated to be \$1,057 per property in, placing them at second highest within this grouping of seven councils. Table 15 then extends this into the second year of the proposed SRV. Should Council be successful with its SRV, it is estimated that average residential rates will be highest amongst this group of councils. This would be an increase of \$722 over where average rates would be under normal rates increases. These increases equate to an average of \$5.48 per week in year one, and a further \$8.36 per week in year two.
- With only normal rate increases as approved by IPART, in 2023/24 Tenterfield Shire is estimated to levy the lowest average Farmland rate per property compared with comparable LGA's as identified in Table 14. After the implementation of year one of the SRV, this would move Tenterfield Shire up to the fourth highest in this grouping. In year two of the proposed SRV (2024/25), Table 15 shows estimated average farmland rates which would still rank as fourth highest within this grouping of councils. Compared to where rates would be under normal increases, average farmland rates are estimated to increase by \$12.22 per week in year one, and a further \$18.18 per week in year two. It is observed that those councils with higher rates all have higher levels of output per farmland assessments compared to Tenterfield (refer Appendix A).
- Considering normal rate increases, average Business rates in 2023/24 are estimated to rank sixth compared with comparable LGA's as identified in Table 14. After implementation of year one of the SRV, Tenterfield Shire moved to fourth highest in this grouping. In year two of the SRV, Table 15 demonstrates that Tenterfield Shire's estimated business rates will rank third highest amongst this grouping. Compared to where rates would be under normal increases, average business rates are estimated to increase by \$6.50 per week in year one, and a further \$9.92 per week in year two.
- Average mining rates are lowest within this grouping. The proposed SRV increases would still mean that mining rates remain at the lowest level within this grouping.
- These rates increase should be read in conjunction with the proposed increases to annual charges. Tenterfield Shire proposes to increase annual charges (for water, sewer and waste) by \$183 in 2023/24, and a further \$162 in 2024/25. This equates to a weekly increase of \$3.51 in the 2023/24 financial year, and a further \$3.12 per week in the 2024/25 financial year.

#### **Conclusion**

- Tenterfield Shire LGA has some of the lowest rates amongst NSW group 10 large rural councils. When comparing to six similar councils, Tenterfield Shire sits towards the bottom. Additionally, when analysing against these six similar councils, total rates revenue as a percentage of total operating expenditure, for the LGA is only 16%, well below most comparable councils.
- During the review, we also noted that Tenterfield Shire has a relatively low proportion of outstanding rates at 4.4% (2021), ranking 5th best amongst all group 10 large rural councils. In 2022, this dropped further to 4.0%, a strong indicator of both capacity and willingness to pay rates especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.
- However, it was observed that the LGA experiences significant levels of disadvantage. This is demonstrated most clearly through indicators such as equivalised household income (77% of the LGA within the lowest two quartiles) and SEIFA indexes, which rank the LGA in the 11th (IRSD) and 12th (IRSAD) percentiles when measuring socio-economic disadvantage and advantage. Countering this is the high proportion of fully owned homes (50%) relative to NSW regional averages, and relatively low values when it comes to monthly mortgage repayments.
- Overall, it is estimated that average residential rates will increase by \$5 per week over what they would under normal rate increases in 2023/24. There will be a further average rise of \$8 per week in 2024/25 compared to the normal rate increases.
- Farmland rates are estimated to increase by an average of \$12 in the first SRV year, and a further \$18 per week in the second year. Business rates are estimated to increase by an average of \$7 per week in the first SRV year, with the second year expected to see a further average increase of a further \$10 per week.
- Further, Council proposes increases to annual charges (\$4 in the 2023/24 financial year, and a further \$3 per week in the 2024/25 financial year).
- Council will ensure that the SRV increases are supported by an appropriate hardship policy.

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, however the Manager, Finance & Technology has delegation for interest to be held or waived.

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.

Council has made significant effort over the past few years to avoid unnecessary legal costs for ratepayers by engaging with ratepayers who fall into arrears to arrange practical payment plans and conduct case by case analysis for a request or application for waiving of interest to avoid additional burden.

Council also seeks to make sure that all eligible pensioners receive the rebates open to them.

In addition to the above, Council also provides information to ratepayers on methods to manage their rates obligation including the ability to use BPay and E- Notices to spread out how the payments are made.

Council also applies empathy to deal with people who fall into arrears to ensure that people who are having difficulty are helped in a respectful manner.

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 revenue policy refers to financial hardship as per the following:

**Financial Hardship**

Ratepayers experiencing financial hardship in respect of payment of Council rates and charges can apply to Council for alternative payment options to assist the alleviation of such hardship.

Criterion 3 – Impact on ratepayers

Anyone in this situation should contact Council's finance team who will discuss options in confidence and advise what can be done to assist ratepayers with the payment of rates and charges.

This section is managed in line with Council's Hardship Policy.

Table 6 Criterion 3 attachments

| Council-<br>assigned number | Name of document                                                         | Page<br>references <sup>a</sup> |
|-----------------------------|--------------------------------------------------------------------------|---------------------------------|
| 6                           | Statement-of-Revenue-Policy-2022-2023-Updated-18-May-2022                | Page10-11                       |
| 33                          | 26 October 2022 Ordinary Meeting Attachment-1-Rating-Structure-and-Model | Entire document                 |
| 34                          | Tenterfield-SC-Capacity-to-Pay-Report-Final                              | Entire document                 |
| 8                           | Hardship Policy                                                          | Entire document                 |

a. If document only relevant in part.

DRAFT



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                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The Delivery program and LTFP should:</b>                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                          |
| Clearly show the impact of any rises upon the community                                      | <p>Council delivery program clearly outlines Council's intention to apply for a Special Rate Variation and specifically notes the action to "5.12.5 Apply for a Special Rate Variation"</p> <p>Council's Long Term Financial Plan clearly outlines the impacts of this SRV application in scenario two.</p> <p>In addition to the IP&amp;R documents, Council undertook a significant community consultation program that demonstrated the impact of this application on the community that is outlined previously in this application.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>Attachment 5, Council Delivery Program and Operational Plan 2022-2026, section 51, p37</p> <p>Attachment 9, Councils LTFP, pages 9-10 on scenarios page 28 – income statement page 29 –balance sheet page 30 – Cash Flow statement page 31 - KPIs</p> |
| Include the council's consideration of the community's capacity and willingness to pay rates | <p>Council's Long Term Financial Plan clearly outlines the basis on which each of the three scenarios were established. Scenario Two notes the following:<br/>                     The aim of this financial plan scenario is to present Council's current financial position and demonstrate Council's long term financial sustainability based on current service levels including an SRV to address the yearly \$5m forecast operating deficit.</p> <p>This scenario has been developed to deliver on the community's vision as detailed in the new Community Strategic Plan and is integrated with and informed by Council's Asset Management Strategy and Workforce Management Strategy.</p> <p>Initial discussions with the community have shown that they do not want to see service levels reduced and, in some cases, want to see service levels increased. This scenario will be used to drive community consultation to ensure the community fully understand the impacts of SRV values and service level impacts.</p> <p>For the 2022/23 Council has included loans of \$3.1 million to cover Unfunded General Fund Revenue for capital works and will have to take further loans for the 2023/24 FY if service levels are not reduced. Should this scenario be approved, loans would only be required for the 2022/23 and 2023/24 financial years and would provide the best outcome for Council by decreasing the future interest payable on these loans. Any</p> | <p>Attachment 9, Councils LTFP, pages 9-10 on scenarios</p>                                                                                                                                                                                              |

Criterion 3 – Impact on ratepayers

additional loan funds borrowed or having to borrow over a longer period, would increase the interest payable.

The projected result (before capital grants) accumulated across the 10-year period for General Fund is essentially a balanced budget. It is very important to note that this scenario does not allow for any capacity to deal with any asset backlog or future cost shifting, it purely addresses the current forecast operating deficit.

Council's IP&R documents do not reflect on the community's willingness to pay as that has been discussed through the engagement related to the SRV.

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

Council's IP&R documents do not reflect on the community's capacity as that work has been completed and discussed through the engagement related to the SRV which occurred after the creation and adoption of Council's IP&R documents.

The report to Council's Ordinary Meeting on 26 October 2022, including the dedicated Capacity to Pay attachment, demonstrates Council's commitment to understanding the community's capacity to pay and aligning it with the community service level expectations as outlined during the CSP engagement process.

**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.

DRAFT

## 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.

Council has made significant efforts to improve operations and deliver services to the community without increasing rates over a number of years. In the years since the 2014 SRV, Council has continued to make efficiency gains and absorb newly added costs to Council without seeking to raise rates. There have been multiple restructures, changes to functions, reduced management and in a number of scenarios reduced service levels driven by resource constraints.

Tenterfield Shire Council is now at a point where further cost reductions will no longer allow Council to meet the service levels expected under legislation and by the community.

Over the last several years, and as recently as March 2022 as part of the quarterly budget review process Council resolved:

*"(e) That a plan be developed to increase operational income and further reduce operational expenditure as per previous discussions and comments in Council Reports, may include a Special Rates Variation request with a view to returning Council's operating position to surplus." (resolution 103/22).*

The current Council was elected in December 2021 and inducted in mid – January 2022 and initially conducted a community consultation process as part of the Community Strategic Plan in late January 2022, to understand community needs and expectations of Council. Due to the compelling nature of Council's financial position, a report was put to an extraordinary meeting of Council on 7 February 2022. The printed recommendation of this paper was:

**OFFICER'S RECOMMENDATION:**

**That Council:**

- (1) Receive the report on Application for Special Rate Variation 2022/23 and 2023/24.
- (2) Proceed with a permanent Special Rate Variation application for the purpose of maintaining existing services, enhancing financial sustainability, and funding infrastructure maintenance and renewal.
- (3) Make an application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government Act 1993 for increases to the ordinary rate income of 34% in 2022/23 (including the rate peg) and 34% in 2023/24 (including the rate peg), representing a total cumulative increase of 79.56% over the two-year period, to be a permanent increase retained within the rate base.
- (4) Note the additional community consultation to be undertaken in February 2022 outlined in the body of the report and request the Chief Executive respond to the submissions made.
- (5) The Chief Executive present a further report to Council prior to the 7th March 2022 that will include:
  - a. A report on the additional community consultation,
  - b. A copy of the final submission to IPART consisting of application form Part A Special Variation and application form Part B Special Variation,
  - c. Clearly demonstrate any changes from the initial submission
- (6) Authorise the Chief Executive to undertake any necessary minor administrative or editorial changes to the submission to IPART, and
- (7) Consider the implementation of the Special Rate Variation (if successful) during the deliberations of Council's Community Strategic Plan, Delivery Program, Operational Plan and budget commencing for the 2022/23 financial year.

With the new Council and noting the new Council had not had the opportunity to undertake further community consultation, Council resolved at that meeting:

**THAT COUNCIL:**

1. Receive the report on Application for Special Rate Variation 2022/23 and 2023/24.
2. Determine not to proceed with a permanent Special Rate Variation application for the 2022/23 financial year for the purpose of maintaining existing services, enhancing financial sustainability, and funding infrastructure maintenance and renewal.
3. Request the Chief Executive Officer advise IPART of Council's decision not to proceed with a permanent Special Rate Variation application for the 2022/23 financial year,
4. Request the Chief Executive Officer bring back a report outlining the process to consider an SRV application for the 2023/24 financial year detailing further options and an operational efficiency review, and

**5. Acknowledge that without an SRV in the 2022/23 financial year, service levels to the community will be impacted until the budget deficits are resolved.**

*The community engagement undertaken through Councils CSP process has shown strong opposition to service reductions and a preference to see no increase or a decreased percentage increase in rates. In combination, these views result in a financially unsustainable Council.*

*Even with additional income proposed, the current inflationary environment will make it difficult to achieve current service levels used to forecast the increase in income for the application.*

Following this meeting, DRAFT IP&R documents were generated and placed on public exhibition. These draft documents included the following and with minor adjustments were adopted by Council:

- Draft Community Strategic Plan
- Draft Community Engagement Strategy 2022-2032,
- Draft Asset Management Strategy 2022-2032,
- Draft Workforce Management Strategy 2021-2025,
- Draft Long Term Financial Plan 2022-2032,
- Draft Delivery Program 2022-2026
- Draft Operational Plan 2022-2023,
- Draft Revenue Policy 2022-23,
- Draft Fees and Charges 2022-23,
- Draft Budget 2022-23.

A second round of community consultation was held in April 2022 across the Shire, with attendance at these events higher than at previous consultations due to the inclusion of the Special Rate Variation scenario in the LTFP to address community expectations.

Council resolved on 27 July 2022 to commence community engagement to support an application to IPART for a proposed Special Rate Variation comprising of a permanent increase of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49% using the current rating structure to determine yield.

Community consultations and information sessions were held in September and October 2022 where Council requested community feedback and provided face to face meetings with executive staff to go through concerns and/or comments regarding the Special Rate Variation.

Additionally, several Councillor Workshops have been held between January 2022 and September 2022 discussing community feedback and the impact of Special Rate Variation on Council's financial sustainability and the impact on community.

Council has continued to review, and where required, update its IP&R documents to reflect the goals of the community. Council has also sought though, not to make changes where not required so as not to create any additional confusion whilst dealing with such a sensitive topic as an SRV.

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            | 24 March 2022 - 2 May 2022 | 25 May 2022   | Draft Community Strategic Plan 2022-2032                        | Draft - <a href="https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment">https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment</a><br>Adopted<br><a href="https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting">https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting</a> |
| Delivery Program                    | 24 March 2022 - 2 May 2022 | 25 May 2022   | Draft Delivery Program 2022-2025 and Operational Plan 2022-2023 | Draft - <a href="https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment">https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment</a><br>Adopted<br><a href="https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting">https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting</a> |
| Long Term Financial Plan            | 24 March 2022 - 2 May 2022 | 25 May 2022   | Draft Long Term Financial Plan 2022-2032                        | Draft - <a href="https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment">https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment</a><br>Adopted<br><a href="https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting">https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting</a> |
| Asset Management Strategy / Plan(s) | 24 March 2022 - 2 May 2022 | 25 May 2022   | Draft Asset Management Strategy 2022-2032                       | Draft - <a href="https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment">https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment</a><br>Adopted<br><a href="https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting">https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting</a> |
| Operational Plan                    | 24 March 2022 - 2 May 2022 | 25 May 2022   | Draft Delivery Program 2022-2025 and Operational Plan 2022-2023 | Draft - <a href="https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment">https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment</a><br>Adopted<br><a href="https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting">https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting</a> |

Criterion 4 – Exhibition of IP&R documents

|                               |                            |             |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------|----------------------------|-------------|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue Policy                | 24 March 2022 - 2 May 2022 | 25 May 2022 | Draft Revenue Policy                | Draft - <a href="https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment">https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment</a><br>Adopted<br><a href="https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting">https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting</a> |
| Workforce Management Strategy | 24 March 2022 - 2 May 2022 | 25 May 2022 | Draft Workforce Management Strategy | Draft - <a href="https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment">https://www.tenterfield.nsw.gov.au/draft-plans-on-public-exhibition-for-community-comment</a><br>Adopted<br><a href="https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting">https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting</a> |
| Community Engagement Strategy | 24 March 2022 - 2 May 2022 | 25 May 2022 | Draft Community Engagement Strategy | Adopted<br><a href="https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting">https://www.tenterfield.nsw.gov.au/your-council/council-documents/plans-reports/community-plan-integrated-planning-reporting</a>                                                                                                                                                                                                              |
| Other                         |                            |             |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Other                         |                            |             |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

DRAFT

Criterion 4 – Exhibition of IP&R documents

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.

The main issues that arose through councils IP&R process and the SRV process were around the discussions created due to the scale of the SRV application.

The community engagement undertaken for the development of Council's CSP showed strong opposition to service reductions and a preference to see no increase or a decreased percentage increase in rates.

In combination, these views result in a financially unsustainable Council.

The feedback from the community satisfaction survey clearly shows a declining level of satisfaction with Council's services.

The feedback from the community consultation was also that overwhelming ratepayers did not want to see an increase in rates.

These outcomes place Council in a position where it has had to look at services compared to costs and revenue. With Council having already made significant efficiency gains in previous years and having to borrow funds to maintain current expenditure (which the community says is providing unsatisfactory services), Council has determined the most appropriate way forward to responsibly manage Council's current financial position is to make application for the SRV as outlined in 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

Criterion 5 – Productivity improvements and cost containment strategies

- 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.

Council has made significant efforts to improve operations and deliver services to the community without increasing rates over a number of years.

As far back as 2015, the following points were noted in the IPART Report – Assessment of Council Fit for the Future proposals October 2015:

- We find Armidale Dumaresq Council (Armidale), Tenterfield Shire Council (Tenterfield), Uralla Shire Council (Uralla) and Walcha Council (Walcha) are not fit for the future. Armidale does not meet the scale and capacity criterion nor the financial criteria overall. Uralla and Walcha do not meet the scale and capacity criterion but meet the financial criteria overall. Tenterfield meets the scale and capacity criterion but does not meet the financial criteria overall<sup>a</sup>.
- Tenterfield was presented with only one option - to remain a stand-alone council in a New England JO. The council would prefer to stand alone within the Northern Rivers JO. We assessed it as meeting the scale and capacity criterion as its proposal is consistent with the identified option. However, it did not meet the financial criteria overall because:
  - Its operating performance ratio is -7.2% in 2014-15. To achieve the benchmark by 2024-25 it proposes a cumulative SV from 2018 over seven years of 31.5% above the rate peg (50.4% including the rate peg). In addition to an SV approved in 2014 of 43% above the rate peg, this assumption represents combined increases over 11 years of 99% above the rate peg, which we consider is unreasonable.
  - Even with this additional revenue it would not meet the infrastructure backlog ratio which is forecast to be 3.8% in 2019-20 which is above the benchmark of less than 2%.
  - With a small, stagnant population and a Socio-Economic Indexes for Areas rating in the bottom decile of the state, it has limited scope to increase its revenue to improve its financial performance.
- The council meets the criterion for efficiency based on its forecast for real opex per capita to reduce over the period<sup>b</sup>.

Comparing TSC to other Councils:

- Council's FTE count is lower than the group average
- Council's own source revenue is a relatively small percentage of its overall spending
- Council's rates are lower than the group average

Other comparisons and evidence can be seen in the below table with the majority of this data sourced from the NSW YourCouncil site:

<sup>a</sup> Page 69 in the above mentioned IPART document

<sup>b</sup> Page 365 of 496 in the above mentioned IPART document

Criterion 5 – Productivity improvements and cost containment strategies

| Category                             | Tenterfield | Liverpool Plains | Kyogle      | Glenn Innes | Gwydir      | Group Average | TSC difference to Group Average |
|--------------------------------------|-------------|------------------|-------------|-------------|-------------|---------------|---------------------------------|
| Total Annual \$ Rates Income 2022/23 | \$4,840,182 | \$9,014,737      | \$7,727,500 | \$7,496,521 | \$8,485,498 |               |                                 |
| No of assessments                    | 5,078       | 4,259            | 5,256       | 5,214       | 3,120       |               |                                 |
| Average Ordinary Residential Rate    | \$62450     | \$736.50         | \$1,080     | \$824       | \$722.30    | \$781.80      | -\$157                          |
| Average Ordinary Business Rate       | \$1,280     | \$939.70         | \$1,368     | \$1,800     | \$1,346     | \$1,575.70    | -\$296                          |
| Average Ordinary Farmland Rate       | \$1,569.20  | \$4293.50        | \$1,897     | \$3,001     | \$5,565     | \$2,992.10    | \$1,423                         |
| Average Ordinary Mining Rate         | \$900       | \$93,000         | N/a         | N/a         | N/a         |               |                                 |
| Roads – total length                 | 1,689       | 1,394            | 1,211       | 1,171       | 2,059       | 1,734         | 45                              |
| Public Halls                         | 9           | 12               | 2           | 4           | 9           | 6             | -3                              |
| Public libraries                     | 2           | 3                | 1           | 1           | 2           | 2             | 0                               |
| Public swimming pools                | 1           | 2                | 3           | 2           | 2           | 2             | 1                               |
| Equivalent Full Time Staff (EFT)     | 112         | 117              | 117         | 129         | 153         | 115           | -3                              |
| Population                           | 6,593       | 7,903            | 8,796       | 8,871       | 5,353       |               |                                 |
| Area (km2)                           | 7,322.8     | 5,082.2          | 3,584.2     | 5,480       | 9,259.7     |               |                                 |

Criterion 5 – Productivity improvements and cost containment strategies

In the years since the 2014 SRV, Council has continued to make efficiency gains and absorb newly added costs to Council without seeking to raise rates. There have been:

- multiple restructures,
- changes to functions,
- reduced management,
- in a number of scenarios reduced service levels driven by resource constraints,
- the implementation of reviews driven by the audit, risk and improvement committee,
- monthly reporting of staff number to Council and regular comparisons to group 10 councils, and
- review of procurement processes
- undertaking organisational structural changes to align skills and qualifications of employees to better align with service delivery and organisational requirements.
- opportunities to redeploy and internally transfer employees in consultation with employee, which has also reduced services in some areas, and
- reviewing enhanced IT opportunities to realise efficiency gains
- review assets that can be sold or disposed of to reduce operational costs
- review avenues for increased revenue via operations

Further evidence of these strategies is contained in the response to minister regarding fit the for the future made in 2017. A full copy of this response is attached as attachment 47.

A summary of these at a high level include:

- Review strategies and business plans of Council's commercial business units
- Implement a Council efficiency program (innovation Fund) and expenditure reduction dividend
- Undertake a major review of all fees and charges
- Investigate further opportunities for economies of scope (shared services)
- Develop a rolling program in combination with adoption of an innovation and business excellence program
- Develop budget management, project management and business planning systems and skills

The basis of these concepts have been implemented and form part of how Council operates.

## 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.

Criterion 5 – Productivity improvements and cost containment strategies

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.

In the years since the 2014 SRV, Council has continued to make efficiency gains and absorb newly added costs to Council without seeking to raise rates. There have been:

- multiple restructures,
- changes to functions,
- reduced management,
- in a number of scenarios reduced service levels driven by resource constraints,
- the implementation of reviews driven by the audit, risk and improvement committee,
- monthly reporting of staff number to Council and regular comparisons to group 10 councils, and
- review of procurement processes
- undertaking organisational structural changes to align skills and qualifications of employees to better align with service delivery and organisational requirements.
- redeployed and internally transfer employees in consultation with employee,
- enhanced IT opportunities to realise efficiency gains,
- Councillors not taking superannuation during this term of Council,
- review possibility of combining services to maximise facilities and staff (e.g. Visitor Information Centre and Arts centre),
- undertaking expressions of interest for the leasing of facilities that may be open to commercial possibilities (e.g. Saleyards, Aerodrome),
- Council's treatment of Rural Fire Service assets in its financial statements

From the response to the Minister mentioned above, Council has undertaken the following actions to improve Council's position:

1. Review and updated the existing asset management plan and business plan for Waste Management

Criterion 5 – Productivity improvements and cost containment strategies

2. Decision taken to revise Boonoo Boonoo landfill cell construction and seek further demand assessment
3. Review of Water Fund undertaken on refining asset condition data and seek external funding
4. Saleyards strategic plan reviewed as per Council resolution 26 April 2016
5. Annual efficiency dividend applied to services
6. Successful application for innovation fund application used to streamline business processes, governance practices and support the continued review and implementation of the IP&R documents
7. IT improvements to enhance efficiency
8. Fees and charges reviewed and 10% increase where possible to move closer to cost recovery
9. Work with other Councils to secure funding to assist Council
10. Service reviews implemented
11. Identification of assets that should not be replaced as there is no efficient use for them
12. Upskilling of senior management to improve operations

More recently, council has continued to review how it can improve its operations. The below table also outlines the most recent body of works being undertaken by council to reduce costs and improve operations

| Service                                                                                                                                                                                                                                                                                                                                         | Outputs                                                                                                                                                                         | Review Description                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Adopted Res/No                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <p><b>1. Civic Office</b></p> <p>The provision of community leadership, advocacy and strategic decision making for the benefit of the broad community, including the adequate and effective allocation of Council resources, and engaging with the community in order to inform policy development, strategic planning and decision making.</p> | <p>Community Strategic Plan</p> <p>Community Engagement</p> <p>Representation to other tiers of Government</p> <p>Resolutions and Council Minutes</p> <p>Policies and Codes</p> | <p><b>National General Assembly of Local Government 201 – Motions for Debate</b></p> <p>Resolved that Council approve the submission of the following motions for the National General Assembly of Local Government 2021:</p> <p>(i) This National General Assembly again calls on the Australian Government to increase funding for local government Financial Assistance Grants to a level of at least 1% of Commonwealth taxation revenue by the 2022/23 Financial Year.</p> | <p><b>GOV18/21</b></p> <p><b>Res 62/21</b></p> <p><b>24 March 2021</b></p> |

Criterion 5 – Productivity improvements and cost containment strategies

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |
|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  |  | <p>(ii) This National General Assembly calls on the Australian Government to either cease the practice of expecting Council co-contributions when applying for Federal Government Grants or allow Council's in kind contributions to be eligible as the co-contribution from Councils.</p> <p>(iii) This National General Assembly calls on the Australian Government to allow Councils to use new Grant Funding opportunities for projects already contained within their operational plan that would have otherwise been funded from loans (currently they are excluded).</p> <p>(iv) This National General Assembly call on the Australian Government to provide grant funding in advance to Regional and Rural Councils and not in arrears so as to avoid impacting unfavorably on such Council's cash flow.</p> <p>(v) This National General Assembly calls on the Australian Government to provide grant funding to assist Councils deal with the costs incurred in correcting historical errors in mapping of actual roads so that ratepayers do not have to meet these costs.</p> |  |
|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

Criterion 5 – Productivity improvements and cost containment strategies

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                   |
|--|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p><b>Councillors – Provision of Superannuation 2022-2023</b></p> <p>Resolved that Council</p> <ol style="list-style-type: none"> <li>1) Notes the Report and Determination of the NSW Parliament; and</li> <li>2) Forgo the payment of superannuation for all current term Councillors until the next election of Council – September 2024.</li> </ol> <p><b>National General Assembly of Local Government</b></p> <p>Resolved that Council approve the attendance of the Chief Executive and Mayor Bronwyn Petrie at the National General Assembly of Local Government 2022 and Regional Forum 2022 to be held in Canberra, 19 to 22 June 2022.</p> <p>Tenterfield Shire Council proposed three recommendations for consideration by the Council's represented, all three recommendations were passed without dissent. The third recommendation was absorbed into another recommendation by other councils as it reflected a general consensus of several councils.</p> <p>The two individual resolutions are as follows:-</p> <ol style="list-style-type: none"> <li>1) This National General Assembly calls on the Australian Government to provide grant funding in advance to regional land rural councils and not in arrears so as to avoid impacting unfavourably on said council's cash flow – carried.</li> <li>2) This National General Assembly calls on the Australian Government to allow councils to use new grant funding opportunities for projects</li> </ol> | <p>GOV15/22</p> <p>Res No.<br/>30/22</p> <p>23<br/>February<br/>2022</p> <p>GOV17/22</p> <p>Res No.<br/>32/22</p> <p>23<br/>February<br/>2022</p> |
|--|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|



Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                               | already contained within their operational plan that would have otherwise been funded from loans (currently they are excluded) – carried.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                  |
| <p><b>2. Organisation Leadership</b></p> <p>Provide high level Governance through quality leadership, direction and services. The provision of advice and direction in governance to Elected Members and staff, enshrining better practice in relation to internal processes and regulatory requirements and assisting Council in delivering overall good governance through the development of policies, protocols and procedures, guidance documents and checklists.</p> | <p>Resourcing Strategy</p> <p>Code of Meeting Practice and Register of Committees</p> <p>Organisation Performance Framework</p> <p>Delegations Register</p> <p>Business Papers – Council, Committees and Public Documents</p> | <p><b>Application for Special Rate Variation 2022/23 and 2023/24</b></p> <p>Resolved that Council:</p> <ol style="list-style-type: none"> <li>1) Receive the report on Application for Special Rate Variation 2022/23 and 2023/24;</li> <li>2) Determine not to proceed with a permanent Special Rate Variation Application for the 2022/23 financial year for the purpose of maintaining existing services, enhancing financial sustainability, and funding infrastructure maintenance and renewal;</li> <li>3) Request the Chief Executive advise IPART of Council's decision not to proceed with a permanent Special Rate Variation Application for the 2022/23 financial year;</li> <li>4) Request the Chief Executive bring back a report outlining the process to consider an SRV Application for the 2023/24 financial year detailing further options and an operational efficiency review; including the community consultation program; and</li> <li>5) Acknowledge that without an SRV in 2022/23 financial year, service levels to the community will be impacted until the budget deficits are resolved.</li> </ol> | <p><b>GOV12/22</b></p> <p><b>Res No. 16/22</b></p> <p><b>7 February 2022</b></p> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                               | <p><b>Tenterfield Shire Council – Additional Special Rate Variation (ASV) for 2022-23</b></p> <p>Resolved that Council does not proceed with the additional special rate variation for the 2022/23 financial year, considering the cost/benefit to council operations and the current community consultation/engagements in place for the recommended special rate variation scenarios for the financial year 2023/24.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p><b>GOV37/22</b></p> <p><b>Res No. 81/22</b></p> <p><b>27 April 2022</b></p>   |

Criterion 5 – Productivity improvements and cost containment strategies

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                               |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p><b>Adoption of IP&amp;R Documents including the Community Strategic Plan, Asset Management Strategy, Workforce Management Strategy, Delivery Program, Community Engagement Strategy and Long Term Financial Plan</b></p> <p>Resolved that Council:</p> <ol style="list-style-type: none"> <li>1) Adopt the community Engagement Strategy 2022-2032, as attached;</li> <li>2) Adopt the community strategic Plan 2022-2032</li> <li>3) Adopt the Asset Management Strategy 2022-2032, as attached;</li> <li>4) Adopt the Workforce Management Strategy 2021-2025, as attached;</li> <li>5) Adopt the Long Term Financial Plan 2022-2032, as attached;</li> <li>6) Adopt the Delivery Program 2022-2026, as attached.</li> </ol> | <p><b>GOV43/22</b></p> <p><b>Res No.</b><br/><b>98/22</b></p> <p><b>25 May</b><br/><b>2022</b></p>                                                                                                                            |
|  |  | <p><b>Operational Plan 2022-2023 Including Statement of Revenue Policy 2022-2023</b></p> <p>Resolves that Council:</p> <ol style="list-style-type: none"> <li>1) Adopts the following documents as part of the Tenterfield Shire Council Operational Plan 2022/2023: <ol style="list-style-type: none"> <li>a) Tenterfield Shire council Budget for 2022/2023</li> <li>b) Tenterfield Shire Council Statement of Revenue Policy for 2022/2023, and</li> <li>c) Tenterfield Shire council Fees and Charges for 2022/2023.</li> </ol> </li> <li>2) <b>Resolved (20) That Council borrows up to \$3,100,000 in 2022/2023 for infrastructure projects.</b></li> </ol>                                                                 | <p><b>GOV44/22</b></p> <p><b>Res No.</b><br/><b>100/22</b></p> <p><b>25 May</b><br/><b>2022</b></p> <p><b>GOV 44/22</b><br/><b>(item 20)</b></p> <p><b>Res No.</b><br/><b>101/22</b></p> <p><b>25 May</b><br/><b>2022</b></p> |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                            | <p><b>Commencement of Further Community Consultation – Special Rate Variation 2023/24 and 2024/25</b></p> <p>Resolved that Council:</p> <ol style="list-style-type: none"> <li>1) Receive the report on Commencement of Further Community Consultation relating to an application for a Special Rate Variation 2023/2024 and 2024/2025.</li> <li>2) Commence community engagement to support an application to IPART for a proposed Special Rate Variation comprising of a permanent increase of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49% using the current rating structure to determine yield.</li> </ol> | <p>GOV61/22</p> <p>Res No. 156/22</p> <p>27 July 2022</p> |
| <p><b>3. Community Development</b></p> <p>Community development provides support to communities and community organisations across the Council area. Support is centred on local community planning with a wide range of support on governance, engagement, skill development, grants, developing local plans, projects and partnership involvement.</p> | <p>Disability Inclusion Action Plan</p> <p>Community Events</p> <p>Partnership Development</p> <p>Cultural Plan</p> <p>Grant Application Assistance</p> <p>Community Advisory Committees</p> <p>Interagency Management</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                           |
| <p><b>4. Economic Growth &amp; Tourism</b></p>                                                                                                                                                                                                                                                                                                           | <p>Regional Marketing Programs and Collateral</p> <p>Sale of Industrial Land</p>                                                                                                                                           | <p><b>Tenterfield Shire Council Economic Development Activation and Stimulus Package</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>ENV5/22</p> <p>Res No. 60/22</p> <p>23 March 2022</p>  |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                    |                                                                                                                                                                                     |                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <p>Promotion and support of the Tenterfield Region as a place to live, work and invest, capitalising on the region's tourism potential as an iconic Australian destination, through coordinated marketing activities, provision of information services and engagement with the business and industry.</p> | <p>Facilitate Investor Connections</p> <p>Biennial Business and Tourism Excellence Awards</p> <p>Support Existing and Attract New Business</p> <p>Visitor Information Centre</p> <p>Communications</p> <p>Community Engagement</p> | <p>Resolved that Council's Economic Development and Stimulus Package cease to operate on 30 June 2022.</p>                                                                          |                                                          |
| <p><b>5. Theatre &amp; Museum Complex</b></p> <p>To provide up to date high quality cultural, community activities, including cinematic, and theatre productions, and to maintain, develop and promote the Sir Henry Parkes Memorial School of Arts and Museum.</p>                                        | <p>Cinema</p> <p>Museum</p> <p>Functions and Events</p> <p>Theatre</p> <p>Cultural Development</p>                                                                                                                                 |                                                                                                                                                                                     |                                                          |
| <p><b>6. Library Services</b></p> <p>Tenterfield Public Library seeks to inspire life-long learning and provide recreational opportunities through the provision of equitable access to informational, educational and recreational resources.</p>                                                         | <p>Physical and Electronic Library Resources</p> <p>Tenterfield Home Library Service</p> <p>Library Programs and Events</p>                                                                                                        | <p><b>Tenterfield Public Library – Review of Saturday Morning Operations</b></p> <p>Resolved that Council temporarily cease operations of the Tenterfield Library on Saturdays.</p> | <p>COM3/22</p> <p>Res No. 55/22</p> <p>23 March 2022</p> |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                          | <p>Northern Tablelands Cooperative Library Service</p> <p>Inter-Library Loan Service</p> <p>Database Access</p>                                                | <p><b>Tenterfield Public Library Branch Services Update</b></p> <p>Resolved that Council:</p> <ol style="list-style-type: none"> <li>1) Implement a 12 month trial of a revised self-managed 'Library Resource Hub' model for both Urbenville and Drake locations as outlined in item (a) of this Report.</li> <li>2) Permanent closure of the Torrington Library Branch which includes the return of IT assets and cancellation of lease arrangements. Torrington to retain any existing Library furniture for internal use.</li> <li>3) Lateral transfer of the permanent part-time Library Officer position (Torrington) to Tenterfield Public Library as detailed in item (b) of this report.</li> <li>4) Priority allocation of deleted Tenterfield Public Collection items to the Drake, Torrington and Urbenville Progress Associations ongoing and as part of the current collection management review.</li> <li>5) Priority allocation to Drake, Torrington and Urbenville Progress Associations of de-commissioned library furniture being replaced by the Library refurbishment grant project.</li> <li>6) Council Staff investigate future funding opportunities to establish a mobile Library service to provide a range of services and programs to the broader Tenterfield Shire villages in the future.</li> </ol> | <p><b>COM16/22</b></p> <p><b>Res No.</b><br/><b>175/22</b></p> <p><b>24 August</b><br/><b>2022</b></p> |
| <p><b>7. Workforce Development</b></p> <p>The provision of systems and procedures to coordinate internal organisational services including recruitment and retention, workforce planning, employee development and training, corporate inductions, workplace safety and staff health and well-being.</p> | <p>Workforce Development</p> <p>Training and Development</p> <p>Enterprise Risk Management</p> <p>Human Resources Operations</p> <p>Work Health and Safety</p> | <p><b>Risk Management Policy – ensure compliance with the requirements of the Local Government Act 1993</b></p> <p>Resolved that Council adopts the revised Risk Management Policy and the associated Risk Appetite Statement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p><b>COM12/22</b></p> <p><b>Res No.</b><br/><b>147/22</b></p> <p><b>27 July</b><br/><b>2022</b></p>   |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <p><b>8. Emergency Services</b></p> <p>To provide Prevention, Preparation, Response and Recovery planning and support services for New South Wales State Emergency Services, including the RFS, and Community Stakeholders in Tenterfield.</p>                                                                                                                               | <p>Natural Disaster Management and Planning</p> <p>Rural Fire Service Operations and Emergency Response</p> <p>Development and review of the Tenterfield Shire Emergency Management Plan (EMPLAN)</p> <p>Tenterfield Shire Council Local Emergency Management Committee</p> <p>State Emergency Service Operations and Emergency Response</p> | <p><b>Acceptance of a Qualified Opinion from Audit Office of NSW for Financial Statements 30 June 2022 – Treatment of Rural Fire Service Assets</b></p> <p>Resolved that:</p> <ol style="list-style-type: none"> <li>1) That council receive and note the final Management Letter from the Audit Office of New South Wales for the Final Phase of the 2020/2021 Audit.</li> <li>2) That Council receive and note Council – Response to Management to Letter regarding treatment of Rural Fire Service Assets.</li> <li>3) That Council adopts a firm position on the issue of Rural Fire Service assets, being that the Rural Fire Service Act 1997 should be amended to make it clear that control of its assets rests with the Rural Fire Service, and it should therefore have all assets relating to its activities on its Balance Sheet.</li> <li>4) That Council adopts an Acceptance of a Qualified Opinion from the audit Office of New South Wales for Financial Statements 30 June 2022.</li> </ol> | <p>GOV62/22</p> <p>Res No. 157/22</p> <p>27 July 2022</p>   |
| <p><b>9. Finance &amp; Technology</b></p> <p>The provision of all financial and management accounting, taxation, borrowings, payroll, accounts payable, rating, water and sewerage services billing, accounts receivable and strategic financial management activities to support both internal and external customers while complying with all regulatory requirements.</p> | <p>Revenue Management</p> <p>Credit management (Staff and Suppliers)</p> <p>Financial accounting and Compliance</p> <p>Annual and Quarterly Budget Reviews</p> <p>Investment Management</p> <p>Business Support</p>                                                                                                                          | <p><b>Quarterly Budget Review Statement September 2021</b></p> <p>Resolved that Council adopts the September 2021 Quarterly Budget Review Statement and recommendations therein that:</p> <ol style="list-style-type: none"> <li>a) No additional operating or capital expenditure outside of the recommendations in this review be approved by Council unless they are offset by other savings (e.g. with road works such as re-sheeting, with a plan to reduce maintenance costs) or grant funded and even then only where there will be no additional operating costs as a result of the expenditure i.e. if capital related expenditure, it should be for the replacement of existing assets only, not new assets.</li> <li>b) As part of Council's new Asset Management System implementation and asset revaluation processes for 2021/22, a thorough review of depreciation be undertaken to ascertain if</li> </ol>                                                                                    | <p>GOV/21</p> <p>Res No. 218/21</p> <p>24 November 2021</p> |

Criterion 5 – Productivity improvements and cost containment strategies

|  |                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                  |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
|  | <p>Provision of Information Technology and Support Services</p> <p>Management Accounting</p> <p>Long Term Financial Statements</p> <p>Grant Acquittals</p> <p>Statistical Returns</p> | <p>depreciation expenditure can be reduced and that further discussions be held with the State Government regarding them re-acquiring some roads from Council;</p> <p>c) Acknowledge the ongoing governance and treasury management difficulties Council faces with the current structure of many grant and disaster funding payments, and advocate for changes to the timing of these cash payments from State and Federal governments;</p> <p>d) That the issue of rate pegging and cost shifting be raised again in appropriate forums; and</p> <p>e) That a plan be developed to increase operational income and further reduce operational expenditure as per previous discussions and comments in Council Reports, may include a Special Rates Variation request with a view to returning Council's operating position to surplus.</p> <p><b>Changes to Proposed Borrowings 2021-22 Financial Year</b></p> <p>Resolved that Council:</p> <ol style="list-style-type: none"> <li>1) Approves the establishment of a Corporate Markets Loan with NAB with a drawdown facility limit of \$5,000,000 for a rollover period 90 days, to function as a cash reserve to fund external restrictions when required.</li> <li>2) Notify the Office of Local Government of the loan arrangements.</li> <li>3) Through the Mayor and Chief Executive continue to lobby the State and Federal Government as a matter of urgency regarding the late payment of disaster grant funding.</li> </ol> <p><b>Quarterly Budget Review Statement – December 2021</b></p> <p>Resolved that Council:</p> <p>Adopts the December 2021 Quarterly Budget Review Statement and recommendations therein that:</p> <ol style="list-style-type: none"> <li>a) No additional operating or capital expenditure outside of the</li> </ol> | <p>GOV11/22</p> <p>14/22</p> <p>12 January 2022</p> <p>GOV20/22</p> <p>Res No. 35/22</p> <p>23 February 2022</p> |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|

Criterion 5 – Productivity improvements and cost containment strategies

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                  |
|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
|  |  | <p>recommendations in this review be approved by Council unless they are offset by other savings (e.g. with road works such as re-sheeting, with a plan to reduce maintenance costs) or grant funded and even then only where there will be no additional operating costs as a result of the expenditure i.e. if capital related expenditure, it should be for the replacement of existing assets only, not new assets;</p> <p>b) As part of Council's new Asset Management System implementation and asset revaluation processes for 2021/22, a thorough review of depreciation be undertaken to ascertain if depreciation expenditure can be reduced, and that further discussions be held with the State Government regarding the State re-acquiring some roads from Council;</p> <p>c) Acknowledge the ongoing governance and treasury management difficulties Council faces with the current structure of many grant and disaster funding payments, and advocate for changes to the timing of these cash payments from State and Federal governments/</p> <p>d) That the issue of rate pegging and cost shifting be raised again in appropriate forums; and</p> <p>e) That a plan be developed to increase operational income and further reduce operational expenditure as per previous discussions and comments in Council Reports. Such a plan may include a Special Rates Variation request with a view to returning Council's operating position to surplus.</p> <p><b>Quarterly Budget Review Statement – March 2022</b></p> <p>Resolved that Council:</p> <p>Adopts the March 2022 Quarterly Budget Review Statement and recommendations therein that:</p> <p>a) No additional operating or capital expenditure outside of the recommendations in this review be approved by Council unless they are offset by other savings (e.g. with road works such as re-sheeting, with a plan to reduce maintenance costs) or grant funded and even then only where there will be no additional operating costs as a</p> | <p>GOV45/22</p> <p>Res No.<br/>103/22</p> <p>25 May<br/>2022</p> |
|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|



Criterion 5 – Productivity improvements and cost containment strategies

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                        |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
|  |  | <p>result of the expenditure i.e. if capital related expenditure, it should be for the replacement of existing assets only, not new assets;</p> <p>b) As part of Council's new Asset Management System implementation and asset revaluation processes for 2021/22, a thorough review of depreciation be undertaken to ascertain if depreciation expenditure can be reduced, and that further discussions be held with the State Government regarding the State re-acquiring some roads from Council;</p> <p>c) Acknowledge the ongoing governance and treasury management difficulties Council faces with the current structure of many grant and disaster funding payments, and advocate for changes to the timing of these cash payments from State and Federal governments/</p> <p>d) That the issue of rate pegging and cost shifting be raised again in appropriate forums; and</p> <p>e) That a plan be developed to increase operational income and further reduce operational expenditure as per previous discussions and comments in Council Reports. Such a plan may include a Special Rates Variation request with a view to returning Council's operating position to surplus.</p> <p><b>Financial Statements to be referred for Audit</b></p> <p>Resolved that Council</p> <p>1) In relation to the Financial Statements and in accordance with Section 413(2)(c) of the Local Government Act 1993 (as amended):</p> <p>a) Council resolves that in its opinion the General Purpose Financial Statements and the Special Purpose Financial Statements for the year ended 30 June 2022 and Special Schedules are properly drawn up in accordance with the provisions of the Local Government Act 1993, (as amended) and the Regulations there under; and</p> | <p><b>GOV71/22</b></p> <p><b>Res No.</b><br/><b>182/22</b></p> <p><b>24 August</b><br/><b>2022</b></p> |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                      |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
|                                                                                                                                                                                                                      |                                                                                                                                                                                                                             | <p>b) That the Financial Statements be approved and signed by the Mayor, the Deputy Mayor, the Chief Executive and the Responsible Accounting Officer.</p> <p>2) That the Financial Statements be referred to Council's Auditor for audit; and</p> <p>3) That the audited Financial Statements be forwarded to the Office of Local Government by 31 October 2022; and</p> <p>4) That the Chief Executive Officer be delegated authority to place the Audited Financial Statements on public exhibition from Tuesday, 1 November 2022 if possible (or the soonest practicable alternative date if not) and that notice be given that Council will present its Audited Financial Statements at the Ordinary Council Meeting to be held on 23 November 2022 if possible (or the soonest practicable alternative date if not); and</p> <p>5) That the audited Financial Statements be presented at the meeting of Council to be held on 23 November 2022 if possible in accordance with Section 419(1) of the Local Government Act 1993 (as amended) or alternatively at the soonest practicable date as determined by the Chief Executive Officer.</p> |                                                                       |
| <p><b>10. Customer Service, Governance &amp; Records</b></p> <p>The provision of functions to internal and external customers of Council including Statutory Reporting, Customer Service and Records Management.</p> | <p>Annual Report</p> <p>Integrated Planning and Reporting</p> <p>Audit, Risk &amp; Improvement</p> <p>Statutory Reporting</p> <p>Customer Service</p> <p>Records Management</p> <p>Government Information Public Access</p> | <p><b>Tenterfield Shire Council Audit, Risk and Improvement Committee Charter &amp; Tenterfield Shire Council Internal Audit Charter</b></p> <p>Resolved that Council adopt the Tenterfield Shire Council Audit, Risk and Improvement committee charter and Tenterfield Shire Council Internal Audit Charter.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>GOV68 / 22</p> <p>Res</p> <p>No.179 / 22</p> <p>24 August 2022</p> |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                                             |                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                             | <p>Reviews and Investigations</p> <p>Governance Framework</p> <p>Annual Operational Plan</p>                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                             |
| <p><b>11. Environmental Management</b></p> <p>To protect the natural environment, agricultural activities, the economy and community from the impacts of noxious and invasive weeds within the Tenterfield Shire.</p>                                                       | <p>Parking compliance</p> <p>Weed Management and Control Service</p> <p>Ranger Operations</p> <p>Companion Animals</p> <p>Community Education</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                             |
| <p><b>12. Livestock Saleyards</b></p> <p>Provide an efficient and consistent livestock selling centre for the weighing and processing of livestock, associated data and a platform for selling and transportation of cattle throughout the New England area and beyond.</p> | <p>Management of Saleyards Assets</p> <p>Scanning and Weighing of Cattle</p>                                                                      | <p><b>Return Grant Funds Relating to Proposed Saleyard Truck Wash – Transport NSW Grant Funding</b></p> <p>Resolved that Council:</p> <ol style="list-style-type: none"> <li>1) Agree to no longer proceed with the proposed Truck Wash; and</li> <li>2) Agree to return the grant funds back to the funding body and provide the Treasurer and the Treasurer's Representative with one (1) months' notice to abandon the project.</li> </ol> | <p><b>ECO7/22</b></p> <p><b>Res No. 92/22</b></p> <p><b>25 May 2022</b></p> |
| <p><b>13. Planning &amp; Regulation</b></p>                                                                                                                                                                                                                                 | <p>Development Applications</p>                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                             |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| <p>The provision of efficient and consistent planning, building, environmental and public health regulation, inspection and certification services.</p>                                                                                                                                                                                 | <p>Construction Certificates</p> <p>Issuing of Orders, Notices, Infringements</p> <p>Land Use Planning</p> <p>Approvals</p> <p>Community and School Education</p>                      |                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <p><b>14. Building &amp; Amenities</b></p> <p>Provide a range of assets to support council operations and the community to pursue leisure, cultural and sporting interests and operational assets that allow Council, and other government agencies to provide a wide range of community services in a safe and sustainable manner.</p> | <p>Administration Buildings</p> <p>Council Property Management</p> <p>Community Buildings</p> <p>Commercial and Residential Properties</p> <p>Public Halls</p> <p>Public Amenities</p> | <p><b>Lot 26 DP 735029 Sugarbag Road</b></p> <p>Resolved that Council:</p> <p>3) Note the report and the removal of proposed sale proceeds of Lot 26 DP 735029 Sugarbag Road from the current year's budget 2022/2023; and</p> <p>4) Defer any further action on the matter (sale of Lot 26 DP 735029 Sugarbag Road) for another 12 months (Feb 2023) and contact RFS regarding suitability as a strategic/tactical fire trail grant.</p> | <p><b>ECO2/22</b></p> <p><b>Res No. 22/22</b></p> <p><b>23 February 2022</b></p> |
| <p><b>15. Parks, Gardens &amp; Open Spaces</b></p> <p>To provide quality and sustainable parks, gardens, cemeteries, sporting grounds and open spaces at a standard to be safe, functional and of appropriate appearance and that meet our community's needs.</p>                                                                       | <p>Parks and Gardens Management</p> <p>Open Space Management</p> <p>Cemeteries</p> <p>Sporting Grounds</p>                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                  |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                            |                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <p><b>16. Swimming Complex</b></p> <p>To provide the public with safe aquatic facilities located in the Tenterfield township.</p>                                                                                                                    | <p>Ensure Water Quality Standards</p> <p>33m Outdoor Pool</p> <p>Management of Swimming Pool Operations</p> <p>Toddler's Pool</p> <p>Kiosk Facility</p>                                                                                 |                                                                                                                                                                                                                                                                                                                                                            |                                                             |
| <p><b>17. Asset Management &amp; Resourcing</b></p> <p>The delivery of the Shire's assets with a focus on long-term sustainability with sufficient flexibility to facilitate the delivery of Council activities.</p>                                 | <p>Asset Planning, Policy and Management</p> <p>Design and Engineering</p> <p>Development of Maintenance Policies and Procedures</p> <p>Project Management</p> <p>Inspections and Condition Assessment</p> <p>Asset Risk Management</p> | <p><b>Airstrip – Lot 1 DP236737 – 127 Schroders Road, Tenterfield</b></p> <p>Resolved that Council:</p> <p>5) Receive and note the report; and</p> <p>6) Delegate the Chief Executive authority to arrange sale of Lot 1 DP236737 – 127 Schroders Road, Tenterfield by Tender, with a request for tenderers to provide their aspirations for the site.</p> | <p>ECO12/22</p> <p>Res No. 188/22</p> <p>24 August 2022</p> |
| <p><b>18. Commercial Works</b></p> <p>To provide professional, high quality, timely and cost effective private (commercial) works to the customers of Tenterfield Shire Council, which deliver a return on investment to Council's General Fund.</p> | <p>Commercial works in accordance with Private Works Policy</p>                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                            |                                                             |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                     |  |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| <p><b>19. Stormwater &amp; Drainage</b></p> <p>The provision of stormwater drainage infrastructure to manage rainfall and storm events and manage environmental impacts of urban runoff.</p>                                                                                      | <p>Stormwater Infrastructure</p> <p>Gross Pollutant Traps</p>                                                                                                                                                                                                                                                                                                                       |  |  |
| <p><b>20. Transport Network</b></p> <p>The provision of the road network (sealed and unsealed) in a serviceable, safe and sustainable condition to service Tenterfield Shire Council's towns and villages and facilitate the movement of people and goods through our region.</p> | <p>Sealed and Unsealed Roads</p> <p>Culvert and Causeways</p> <p>Street Sweeping</p> <p>Vegetation Control</p> <p>Street Lighting and Bus Shelters</p> <p>Regional and Rural Road Construction and Upgrade</p> <p>Car Parks</p> <p>Timber and Concrete Bridges</p> <p>Kerb and Gutter Repairs</p> <p>Signs, Guideposts and Guardrail</p> <p>Footpath, Cycleway and Kerb/Gutters</p> |  |  |
| <p><b>21. Plant, Fleet &amp; Equipment</b></p>                                                                                                                                                                                                                                    | <p>Plant and Fleet Management</p>                                                                                                                                                                                                                                                                                                                                                   |  |  |

Criterion 5 – Productivity improvements and cost containment strategies

|                                                                                                                                                                                                                                                      |                                                                                                                                                                                 |  |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| <p>The delivery of the Shire's fleet and depot operation, including stores, to effectively and efficiently deliver Council activities and maximise utilisation of Council assets.</p>                                                                | <p>Stores Management<br/><br/>Depot Management</p>                                                                                                                              |  |  |
| <p><b>22. Waste Management</b><br/><br/>To provide equitable access to sustainable waste management services across the Tenterfield Shire in an efficient and commercially responsible manner adhering to regulatory and licensing requirements.</p> | <p>Tenterfield Landfill<br/><br/>Commercial Waste Management<br/><br/>Recycling and Community Education<br/><br/>Domestic Waste Management<br/><br/>Waste Transfer Stations</p> |  |  |
| <p><b>23. Water Supply</b><br/><br/>Provision of potable water supply in urban areas that is sustainable and cost effective to meet the current and future need of our community that complies with Australian Drinking Water Guidelines.</p>        | <p>Water Supply – Tenterfield, Urbenville<br/><br/>Water Sales – Woodenbong and Muli Muli<br/><br/>Reticulation System - Jennings</p>                                           |  |  |
| <p><b>24. Sewerage Services</b><br/><br/>To provide sewerage services in urban areas that is environmentally sustainable and cost effective to meet the demand of our community complying with relevant legislative requirements.</p>                | <p>Sewerage Services – Tenterfield, Urbenville</p>                                                                                                                              |  |  |

Criterion 5 – Productivity improvements and cost containment strategies

|  |                                                                                                                                                                     |  |  |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
|  | <p>Asset maintenance, renewal and upgrade program (sewer mains, valves and hydrants)</p> <p>Compliance with EPA and DPI Water Licence conditions and guidelines</p> |  |  |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|

b. Outline the outcomes which have been achieved.

Some of the achievements made through the above processes include:

- Review and updated the existing asset management plan and business plan for Waste Management
- Decision taken to revise Boonoo Boonoo landfill cell construction and seek further demand assessment
- Review of water fund undertaken on refining asset condition data and seek external funding
- Saleyards strategic plan reviewed as per Council resolution 26 April 2016
- Annual efficiency dividend applied to services
- Successful application for innovation fund application used to streamline business processes, governance practices and support the continued review and implementation of the IP&R documents
- IT improvements to enhance efficiency
  - a. Budget system implemented
  - b. Moved to managed services provider
  - c. Additional training to improve operations
- Fees and charges reviewed and 10% increase where possible to move closer to cost recovery
- Work with other Councils to secure funding to assist Council
- Service reviews implemented
  - a. Minimum of two service reviews undertaken per year
- Identification of assets that should not be replaced as there is no efficient use for them
- Upskilling of senior management to improve operations

It is also very important to note that Council has also absorbed new costs into its operations without passing these costs onto the community. Much of these have been related to additional governance and reporting requirements placed on Councils with no additional funding provided

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

As many of the gains have been efficiency based and offset increased costs in other areas, quantifying all of these values is difficult.

An example of a recent gain includes pausing on recruitment to serve current service levels.

Further information with examples are presented in next section.



Criterion 5 – Productivity improvements and cost containment strategies

However due to exceeding inflation, recent gains have been fully consumed by market conditions and Council is working towards a balanced budget each year.

### 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.

1. Continuation of Council's service review program
2. Asset rationalisation
3. Regular review of the organisational structure
4. Advocating for increased grant funds that can be allocated towards operational works rather than special purpose funding
5. Continued discussions with the community regarding service levels
6. Management of the Rural Fire Service assets in Council's financial statements
7. No additional operating or capital expenditure unless approved by Council or offset by other savings (e.g. with road works such as re-sheeting, with a plan to reduce maintenance costs) or grant funded and even then only where there will be no additional operating costs as a result of the expenditure i.e. if capital related expenditure, it should be for the replacement of existing assets only, not new assets
8. Increased maturity of Council's asset management plans

b. Estimate their financial impact.

The impact of these works is very difficult to calculate as they all require significant effort to be realised.

With the previous improvements Council has made, these gains are more likely to assist Council in addressing future cost pressures rather than addressing the current operational deficits.

Criterion 5 – Productivity improvements and cost containment strategies

The critical discussions with the community will be regarding service levels, as this is the item that has the biggest impact of Council's operational costs.

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

No, because there is not a high level of confidence in the impact these items will have, they are not included in the current LTFP.

Once the initiatives are known and appropriately quantifiable, they will be incorporated into Council's LTFP.

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.

Council has made a significant reduction in employee numbers (Actual Full time Employees) over the past 3 years. A declining trend has been seen due to regular restructures, cost minimization and efficiency improvements.

Organisational structural and resource changes initiated in response to the poor financial climate.

Council has Mitigated potential Industrial Relation risks and provided positional status, role clarity and autonomy by way of internal advertisements, lateral transfers, and casual conversions to accommodate expectation of increasing cost and to fulfill statutory obligation.

Risk exposures and inefficiencies were due to the extensive use of long-term higher duties, secondments and casual employment created by the financial and recruitment restrictions. Risk inefficiencies have been exacerbated which may impact council obligation to fulfill statutory requirements.

Criterion 5 – Productivity improvements and cost containment strategies

There has been a reduced management tier from 12 to 9 Managers with include positions such as:

- Manager Property & Buildings
- Manager Fleet
- Manager Economic Development & Special Projects
- Tourism & Marketing Manager

Reduced staff level FTE from 112 in 2020 to 105 FTE in 2022.

Reduced salary costs and created efficiencies via natural attrition, internal staff positional transfers and reviews leading to greater internal support & direction.

Internal efficiency shifts,

- Technical Projects Engineer
- Community Development Advisor
- Store Person
- Parks & Gardens business unit
- Fleet business unit
- Corporate Administration Officer
- Engineering Administration Officer

The Financial Analysis conducted by Office of Local Government in letter dated 18<sup>th</sup> November highlights

"FTEs at Tenterfield are the lowest in the group and ranks third highest in terms of number of people to service per staff FTE". This analysis also compares Council to other Council in the group.

This analysis further demonstrates how challenging it is for Council to meet community expectation.

Table 9 Criterion 5 attachments

| Council-<br>assigned number | Name of document                                                                 | Page<br>references <sup>a</sup> |
|-----------------------------|----------------------------------------------------------------------------------|---------------------------------|
| 42                          | Service Review                                                                   | Entire document                 |
| 47                          | OCR20174634 - TSC response to Minister for Local Government - Fit for the Future | Entire document                 |
| 48                          | Innovation Fund - Final Report                                                   | Entire document                 |

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.

---

### Executive Summary

The purpose of the SRV is to:

- to address Council's significant operating deficits in the general fund, and
- create a platform that will lead to Council's long term financial sustainability.

Council's current adopted Long-Term Financial Plan (LTFP) forecasts a 'Net Operating Result before Grants and Contributions provided for Capital purposes' deficit range between \$3.5M and \$5.7M in the general fund for the next ten years without a special rate variation. Noting Council's current financial position, Council has little option but to increase its revenue or significantly reduce costs through service reductions to close the gap of the forecasted operational deficits.

This challenge is forecasted as a result of:

- Assets upgraded with higher future renewal costs (e.g. timber bridges replaced with concrete bridges);
- New and upgraded community assets (e.g. public toilets, playgrounds and community halls);
- The increased cost of asset replacement;
- Increasing cost of managing grants applications and acquittals; and
- Increased costs to meet regulatory requirements (e.g. audit costs and emergency services levy).

For Council to address this type of operating result it has four options available to it. These are:

- Reducing service levels,
- Sell and/or dispose of assets that will reduce the associated on-going expenses,
- Increase income raised through rates, user fees and charges,
- A combination of the above options.

Tenterfield Shire Council has very limited opportunity to materially increase own source revenue and, as a result, an increase in rates combined with further operational efficiencies, is the most viable path to financial sustainability.

**How much does Council need:**

Based on current service levels, known asset data and Council's current estimated forecast operating result, the gap in the General Fund between what Council should be spending on assets, compared to current budgets is currently approximately \$4.5m per annum. This deficit has the potential to be reduced by capital grant income that can be used to offset any operational works, but currently grant funds do not generally allow for undertaking operational works and council is not aware of any changes coming to change this.

The SRV timeframe proposed has been driven by the need to achieve an increase in revenue in a short period. This is to ensure that Council has sufficient cash to fund renewal and maintenance of its assets that have been under pressure due to natural disaster in recent years, and prolonged reduction in maintenance and renewal due to budget constraints.

**Comparison of rates to similar Councils**

In comparing to a handful of other group 10 Councils it was noted:

- Council's annual rates income are much lower than many comparable Councils
- Council's average residential, business and farmland rates are all below the group average
- Council's FTE is three less than the group average
- Council's has 1,689 km of roads (45km less than the group average)

**The Proposed Increase:**

**A Special Rate Variation (SRV) of 43% in FY 2023/2024 and a 43% Special Rate Variation in Financial Year 2024/2025, resulting in a compound (accumulative) impact of 104.49%.**

This will result in an additional income of approximately \$2.081M in the financial year 2023/24 and a further \$2.976M in financial year 2024/25 providing an additional income from rates of \$5.057M over two years. This will be in addition to Council's current rate income of approximately \$4.8M per year.

Overall, it is estimated that:

- Average residential rates will increase by \$5 per week over what they would under normal rate increase in 2023/2024. There will be a further average rise of \$8 per week in 2024/2025 compared to the normal rate increase.
- Farmland rates are estimated to increase by an average of \$12 in the first SRV year, and a further \$18 per week in the second year.
- Business rates are estimated to increase by an average of \$7 per week in the first SRV year, with the second year expected to see a further average increase of further \$10 per week.

This additional income will be spent on the maintenance of Council assets. Based on the current information at hand the distribution of this additional income will be as follows:

- 75% of additional income – Roads, Transport, Stormwater and Drainage.
- 15% of additional income – Buildings Renewal and Maintenance
- 10% of additional income – Other assets (e.g. swimming pool, parks and open spaces)

**What is Council doing to minimise the impact on ratepayers and residents**

In addition to the above discussion to raise income via a rate rise, Council has already commenced significant efficiency measures and reduction in operational expenses. This is reflected by Council currently undertaking organisational structural changes to align skills and qualifications of employees to better align with service delivery and organisational requirements. This includes redeployment and internal transfers of employees in consultation with employee, which has also reduced services in some areas.

Since the 2014/15 SRV and up to more recent times the changes, cost reductions and improvements to Council operations have included:

- multiple restructures,
- changes to functions,
- reduced management, and in a number of scenarios
- reduced service levels driven by resource constraints.
- Councillors not taking superannuation during this term of Council,
- review possibility of combining services to maximise facilities and staff (e.g., Visitor Information Centre and Arts centre),
- undertaking expressions of interest for the leasing of facilities that may be open to commercial possibilities (e.g. Saleyards, Aerodrome),
- Council's treatment of Rural Fire Service assets in its financial statements.

**How did Council engage with the Community**

In February 2022, discussions started with the community regarding an SRV. The first set of sessions were held in April 2022. Following the adoption of Council's IP&R documents, Council resolved on 27 July 2022 to commence community engagement to support an application to IPART for a proposed Special Rate Variation comprising of a permanent increase of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49% using the current rating structure to determine yield.

Community consultations and information sessions were held in September and October 2022 where Council requested community feedback and provide face to face meetings with executive staff to go through concerns and/or comments regarding the Special Rate Variation. Additionally, several Councillor Workshops have been held between January 2022 and September 2022 discussing community feedback and the impact of Special Rate Variation on Council's financial sustainability and the impact on community.

Council undertook the following engagement sessions in September and October 2022:

- Face to face engagement sessions
- Media releases and Media
- Dedicated space on Council's website
- Newsletter to 4,000 households
- Council's bi-annual customer satisfaction survey with dedicated SRV related question
- One on one appointments with community members

Overwhelmingly the people who engaged with Council through Community Engagement Information Sessions or through submissions were against a Special Rate Variation. The feedback related to how Council was in a position to consider a Special Rate Variation and concerns around the community's capacity to pay, particularly for ratepayers on fixed incomes.

The Special Rate Variation was opposed by 81% of residents surveyed, while 5% supported it. 26% of residents surveyed agreed that without the Special Rate Variation some Council services will need to be reduced or removed.

In the same survey, residents showed a clear dissatisfaction with the condition of Council's transport services

- only 17% of people satisfied with the sealed road network (increasing to 41% if you include neutral responses),
- only 10% of people satisfied with the unsealed road network (increasing to 30% if you include neutral responses), and
- only 11% of people satisfied with the maintaining of local roads (increasing to 27% if you include neutral responses).

The survey also showed that there has been a decline in the overall satisfaction levels with Council's services over the past few years depending on the service area.

The engagement was also very clear though, that people did not want a reduction in service levels. Many agreed that the road and infrastructure network require greater maintenance and renewal, however, as demonstrated in the Customer Satisfaction Survey the community regards 'soft services' such as Cinema, Museum, Library, Park, Playgrounds and Cemeteries very highly and do not want a reduction in these services.

**Tenterfield Shire Council Ratepayers Capacity to Pay**

Council engaged an independent firm, Morrison Low, to undertake a Capacity to Pay assessment to understand the potential impact on the community if the SRV was accepted, to ensure Council can maintain existing service levels into the future. The report provides an analysis and evaluation of relative wealth and financial capacity; and looks at the financial vulnerability and exposure of different community groups within the local government area.

Key points of note of the report include:

- Tenterfield Shire Local Government Area has some of the lowest rates amongst NSW large rural Councils. The average residential rate is in the bottom five of average residential rates for all NSW large rural Council's.
- Council's total rates revenue as a percentage of total operating expenditure, for the LGA is only 16%, well below most comparable Councils. This is a strong indication that Council's rates are below the level required to service the community.
- Tenterfield Shire Council has a relatively low proportion of outstanding rates at 4.4% (2021) and 4.0% (2022), ranking 5th amongst all large rural councils compared to Office of Local Government benchmark of 10%. This provides a strong indicator of both capacity and willingness to pay.
- High proportion of fully owned homes (50%) relative to NSW regional averages, and relative low values when it comes to monthly mortgage repayment.
- However, Tenterfield Shire Local Government Area experiences significant levels of disadvantage.

Council acknowledges the disadvantage within the community when bringing rates revenue up to levels required to fund our services similar to other large rural councils. Council proactively monitors its outstanding rates and will continue to proactively review its hardship policy to support the needs of the community.

**CONCLUSION:**

Council has an obligation to act in a financially responsible manner for the short, medium and long-term benefits of the Shire. Tenterfield Shire Council's current forecast operating deficits show significant losses over the next ten years.

Council has continued to improve operations and make efficiency gains, however, with increased costs it can no longer maintain service levels without an increase in income.

An SRV of 43% a year for two years would address Council's current forecasted operating deficits.

Council undertook a significant engagement process. The community engagement undertaken through Council's CSP process and the SRV process has shown strong opposition to an increase in rates however it also showed a strong opposition to service reductions. The survey also showed a level of dissatisfaction with current service levels related to roads and transport and a preference to see no increase or a decreased percentage increase in rates.

Council considered the community's capacity to pay and notes that the shire:

- has high proportion of fully owned homes (50%) relative to NSW regional averages,
- has relative low values when it comes to monthly mortgage repayment,
- has a relatively low proportion of outstanding rates at 4.4% (2021) and 4.0% (2022), ranking 5th amongst all large rural councils compared to Office of Local Government benchmark of 10%. This provides a strong indicator of both capacity and willingness to pay, and
- Council will seek to work with those who have less capacity to pay and will continue to monitor and update Council's hardship policy to be a policy that works for the Shire.

Council's application is designed to maintain current service levels into the future and ensure Council remains financially sustainable into the future.

**THE TSC STORY**

The purpose of the SRV is to:

- to improve Council's financial sustainability by addressing a significant operating deficit in the general fund, and

- create a platform that will lead to Council's long term financial sustainability that will:
  - e. enable maintenance related to general fund activities to be completed as required by Council's asset management plans,
  - f. provide capacity to respond to the demands from the community for improved maintenance,
  - g. reduce a heavy reliance upon grant funding for asset renewals, and
  - h. provide capacity to manage the impacts of new assets generated from grant funded assets and natural disasters

No Council wants to place additional financial burden on its residents and ratepayers and the Tenterfield Shire Council (TSC) is no different, however, Council also has a responsibility to manage its assets and financial position appropriately.

In considering making an application for a Special Rate Variation (SRV), Council has reviewed its recent actual operating results, the current year forecasted operating loss and the revised forecasted operating losses into the future as outlined in Council's adopted Long-Term Financial Plan (LTFP).

Council also considered the feedback from the community and in particular the ability to deliver decent roads and reasonable services based on Council's income

In recent years Council's general fund had a 'Net operating result for the year before grants and contributions provided for capital purposes' of:

- \$750,000 deficit for the 2019/2020 financial year, and
- \$3.75m deficit for the 2020/2021 financial year.

Whilst Council had a result of a surplus of \$887,000 for the 2021/22 financial year, this included an additional 25% Financial Assistance Grants (FAGS) of approximately \$1.4m and an advanced payment of Disaster Recovery Funding Agreement (DRFA) of \$18M. Without the additional FAGS and DRFA funding the result would have been a deficit of approximately \$11m.

Council on 25 May 2022 adopted its ten year Long-Term Financial Plan as part of the Integrated Planning and Reporting Framework (Resolution 98/22). The plan forecasts a 'Net Operating Result before Grants and Contributions provided for Capital purposes' deficit range between \$3.5M and \$5.7M in the general fund for the next ten years without a special rate variation.

With this in mind, and noting Council's current financial position, Council has little option but to increase its revenue or significantly reduce costs through service reductions to close the financial gap of continuing forecasted operational deficits. The community engagement undertaken through Council's CSP process has shown strong opposition to service reductions and a preference to see no increase or a decreased percentage increase in rates. In combination, these views result in a financially unsustainable Council. Even with additional income proposed, the current inflationary environment may make it difficult to achieve current service levels used to forecast the increase in income for the application.

This significant challenge is forecasted as a result of:

- Upgraded core infrastructure assets for Council as a result of grant funded works (e.g. replacing timber bridges with concrete bridges, and widening and sealing of Mount Lindesay Road);
- New and upgraded community assets (e.g. public toilets, playgrounds and community halls);
- The increased cost of asset replacement;
- Increasing cost of managing grants applications and acquittals; and
- Increased costs due to meeting regulated requirements (e.g. audit costs, emergency services levy, and ongoing disaster recovery management).



For Council to address this type of operating result it has four options available to it. These are:

- Reducing service levels,
- Sell and/or dispose of assets that will reduce the associated on-going expenses,
- Increase income raised through rates, user fees and charges,
- A combination of the above options.

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is responsible for setting the amount by which Council may increase its general income, which mainly comprises rate income. This increase is known as the rate peg.

Council's income base from rates is fixed. Any increase is limited to an annual 'rate peg' amount set by the State Government. The rate peg for 2022/23 is 0.7% which is much lower than obligated expense increases (e.g. award wage increases). The rate peg for 2023/2024 determined by IPART is 4.2% for Tenterfield Shire Council. In real terms, the cost to deliver services and maintain community assets to current service levels increases above the rate peg amount each year, compounding the impact on Council's financial position over a number of years leading to the need for additional income.

Councils are under constant pressure to deliver the same services for less which is an unsustainable model. This includes mandatory requirements and costs associated with it to function as a Local Government entity. Tenterfield Shire Council has very limited opportunity to materially increase own source revenue and as a result an increase in rates, combined with further operational efficiencies, is the most viable solution for a financially sustainable Council.

**How much does Council need:**

Based on current service levels, known asset data and Council's current estimated forecast operating result, the gap in the General Fund between what Council should be spending on assets, compared to current budgets is currently approximately \$4.5m per annum.

This deficit has the potential to be reduced by capital grant income that can be used to offset any operational works, but currently grant funds do not generally allow for undertaking operational works and council is not aware of any changes coming to change this.

It is also important to note that this value does not include any funds to address the backlog of works (approximately \$15 million, with the largest areas being roads and buildings).

Council applied for and received an SRV in 2013/14. This application made allowances for \$47 million+ of service level reductions and deferrals of renewals. As a result of this, adjusting service levels will adjust the value of increased income required, however based on current known data there is not enough capacity to cover the full amount through efficiency gains alone.

**Background**

Council has made significant efforts to improve operations and deliver services to the community without increasing rates over a number of years.

As far back as 2015, the following points were noted in the IPART Report – Assessment of Council Fit for the Future proposals October 2015<sup>c</sup>:

- We find Armidale Dumaresq Council (Armidale), Tenterfield Shire Council (Tenterfield), Uralla Shire Council (Uralla) and Walcha Council (Walcha) are not fit for the future. Armidale does not meet the scale and capacity criterion nor the financial criteria overall. Uralla and Walcha do not meet the scale and capacity criterion but meet the financial criteria overall. Tenterfield meets the scale and capacity criterion but does not meet the financial criteria overall<sup>d</sup>.
- Tenterfield was presented with only one option - to remain a stand-alone council in a New England JO. The council would prefer to stand alone within the Northern Rivers JO. We assessed it as meeting the scale and capacity criterion as its proposal is consistent with the identified option. However, it did not meet the financial criteria overall because:
  - Its operating performance ratio is -7.2% in 2014-15. To achieve the benchmark by 2024-25 it proposes a cumulative SV from 2018 over seven years of 31.5% above the rate peg (50.4% including the rate peg). In addition to an SV approved in 2014 of 43% above the rate peg, this assumption represents combined increases over 11 years of 99% above the rate peg, which we consider is unreasonable.
  - Even with this additional revenue it would not meet the infrastructure backlog ratio which is forecast to be 3.8% in 2019-20 which is above the benchmark of less than 2%.
  - With a small, stagnant population and a Socio-Economic Indexes for Areas rating in the bottom decile of the state, it has limited scope to increase its revenue to improve its financial performance.
- The council meets the criterion for efficiency based on its forecast for real opex per capita to reduce over the period<sup>e</sup>.

In the years since the 2014 SRV, Council has continued to make efficiency gains and absorb newly added costs to Council without seeking to raise rates. There have been multiple restructures, changes to functions, reduced management and in a number of scenarios reduced service levels driven by resource constraints.

Tenterfield Shire Council is now at a point where further cost reductions will no longer allow Council to meet the service levels expected under legislation and by the community.

Over the last several years, and as recently as March 2022 as part of the quarterly budget review process Council resolved:

*"(e) That a plan be developed to increase operational income and further reduce operational expenditure as per previous discussions and comments in Council Reports, may include a Special Rates Variation request with a view to returning Council's operating position to surplus." (resolution 103/22).*

As at 30 June 2022 Council's Own Source Operating Revenue was 32.79% which is significantly below the Office of Local Government benchmark of greater than 60%. This indicates that Tenterfield Shire Council is highly dependent on external grants and contributions for operational purposes.

<sup>c</sup> [https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Reviews/Fit-for-the-future/Review-of-Local-Council-Fit-For-The-Future-proposals/20-Oct-2015-Final-Report-excluding-Council-Assessments/Final-Report-excl-Council-Assessments-Assessment-of-Council-Fit-for-the-Futu-1?timeline\\_id=5888](https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Reviews/Fit-for-the-future/Review-of-Local-Council-Fit-For-The-Future-proposals/20-Oct-2015-Final-Report-excluding-Council-Assessments/Final-Report-excl-Council-Assessments-Assessment-of-Council-Fit-for-the-Futu-1?timeline_id=5888)

<sup>d</sup> Page 69 in the above mentioned IPART document

<sup>e</sup> Page 365 of 496 in the above mentioned IPART document

The current Council was elected in December 2021 and inducted in mid – January 2022 and initially conducted a community consultation process as part of the Community Strategic Plan in late January 2022, to understand community needs and expectations of Council. Due to the compelling nature of Council's financial position, a report was put to an extraordinary meeting of Council on 7 February 2022. The printed recommendation of this paper was:

**OFFICER'S RECOMMENDATION:**

**That Council:**

- (1) Receive the report on Application for Special Rate Variation 2022/23 and 2023/24.
- (2) Proceed with a permanent Special Rate Variation application for the purpose of maintaining existing services, enhancing financial sustainability, and funding infrastructure maintenance and renewal.
- (3) Make an application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government Act 1993 for increases to the ordinary rate income of 34% in 2022/23 (including the rate peg) and 34% in 2023/24 (including the rate peg), representing a total cumulative increase of 79.56% over the two-year period, to be a permanent increase retained within the rate base.
- (4) Note the additional community consultation to be undertaken in February 2022 outlined in the body of the report and request the Chief Executive respond to the submissions made.
- (5) The Chief Executive present a further report to Council prior to the 7th March 2022 that will include:
  - a. A report on the additional community consultation,
  - b. A copy of the final submission to IPART consisting of application form Part A Special Variation and application form Part B Special Variation,
  - c. Clearly demonstrate any changes from the initial submission
- (6) Authorise the Chief Executive to undertake any necessary minor administrative or editorial changes to the submission to IPART, and
- (7) Consider the implementation of the Special Rate Variation (if successful) during the deliberations of Council's Community Strategic Plan, Delivery Program, Operational Plan and budget commencing for the 2022/23 financial year.

With the new Council and noting the new Council had not had the opportunity to undertake further community consultation, Council resolved at that meeting:

**THAT COUNCIL:**

1. Receive the report on Application for Special Rate Variation 2022/23 and 2023/24.
2. Determine not to proceed with a permanent Special Rate Variation application for the 2022/23 financial year for the purpose of maintaining existing services, enhancing financial sustainability, and funding infrastructure maintenance and renewal.
3. Request the Chief Executive Officer advise IPART of Council's decision not to proceed with a permanent Special Rate Variation application for the 2022/23 financial year,
4. Request the Chief Executive Officer bring back a report outlining the process to consider an SRV application for the 2023/24 financial year detailing further options and an operational efficiency review, and
5. Acknowledge that without an SRV in the 2022/23 financial year, service levels to the community will be impacted until the budget deficits are resolved.

Following this meeting, a second round of community consultation was held in April 2022 across the Shire, with attendance at these events higher than at previous consultations due to the inclusion of the Special Rate Variation scenario in the LTFP to address community expectations.

Council resolved on 27 July 2022 to commence community engagement to support an application to IPART for a proposed Special Rate Variation comprising of a permanent increase of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49% using the current rating structure to determine yield.

Community consultations and information sessions were held in September 2022 where Council requested community feedback and provide face to face meetings with executive staff to go through concerns and/or comments regarding the Special Rate Variation.

Additionally, several Councillor Workshops have been held between January 2022 and September 2022 discussing community feedback and the impact of Special Rate Variation on Council's financial sustainability and the impact on community.

Whilst there is no denying that a rise of 104.49 % over two years is significant, when comparing how this would bring TSC's income in line with other comparable Councils the below tables show the end result for Council's income is reasonable compared to other similar Councils

**Comparison of rates to similar Councils**

The following table shows the general rates comparisons for Tenterfield Shire Council to other similar Councils from the 2019/20 financial year. Except for the first row this information comes from the NSW YourCouncil site (<https://www.yourcouncil.nsw.gov.au>).

The first row - Total Annual \$ Rates Income 2022/23 - rates incomes was sourced from the various Councils revenue policies.

| Category                             | Tenterfield | Liverpool Plains | Kyogle      | Glenn Innes | Gwydir      | Group Average | TSC difference to Group Average |
|--------------------------------------|-------------|------------------|-------------|-------------|-------------|---------------|---------------------------------|
| Total Annual \$ Rates Income 2022/23 | \$4,840,182 | \$9,014,737      | \$7,727,500 | \$7,496,521 | \$8,485,498 |               |                                 |
| No of assessments                    | 5,078       | 4,259            | 5,256       | 5,214       | 3,120       |               |                                 |
| Average Ordinary Residential Rate    | \$624.50    | \$736.50         | \$1,080     | \$824       | \$722.30    | \$781.80      | -\$157                          |
| Average Ordinary Business Rate       | \$1,280     | \$939.70         | \$1,368     | \$1,800     | \$1,346     | \$1,575.70    | -\$296                          |
| Average Ordinary Farmland Rate       | \$1,569.20  | \$4293.50        | \$1,897     | \$3,001     | \$5,565     | \$2,992.10    | \$1,423                         |

Criterion 6 – Other relevant matters

| Average Ordinary Mining Rate     | \$900   | \$93,000 | N/a     | N/a   | N/a     |       |    |
|----------------------------------|---------|----------|---------|-------|---------|-------|----|
| Roads – total length             | 1,689   | 1,394    | 1,211   | 1,171 | 2,059   | 1,734 | 45 |
| Public Halls                     | 9       | 12       | 2       | 4     | 9       | 6     | -3 |
| Public libraries                 | 2       | 3        | 1       | 1     | 2       | 2     | 0  |
| Public swimming pools            | 1       | 2        | 3       | 2     | 2       | 2     | 1  |
| Equivalent Full Time Staff (EFT) | 112     | 117      | 117     | 129   | 153     | 115   | -3 |
| Population                       | 6,593   | 7,903    | 8,796   | 8,871 | 5,353   |       |    |
| Area (km2)                       | 7,322.8 | 5,082.2  | 3,584.2 | 5,480 | 9,259.7 |       |    |

NB: This table does not outline the water, sewer and waste charges

The SRV proposed is focused on Council being able to fund asset maintenance and renewal.

The SRV timeframe proposed has been driven by the need to achieve an increase in revenue in a short period. This is to ensure that Council has sufficient cash to fund renewal and maintenance of its assets that have been under pressure due to natural disaster in recent years, and prolonged reduction in maintenance and renewal due to budget constraints.

The cash management difficulties are associated with grant expenses compared to the timing of the income and Council's lack of reserves. The extra financial burdens include, but are not limited to:

1. The rate peg for the 2023/24 financial year (4.2% for the FY 2023/24) which will not cover Council's exponential increase in operating expenditure due to high inflation primarily driven by economic conditions,
2. Additional audit and internal costs,
3. Rising emergency services levy costs,
4. Cost shifting proposed by State Government to Tenterfield Shire Council by transferring Rural Fire Service assets and associated depreciation to Council,
5. Increasing inflationary pressures, including but not limited to cost of materials, transport and contract cost, and
6. Real declining value of Financial Assistance Grants by the Commonwealth to Council.

With this in mind, and noting Council's current financial position, Council has little option but to increase its revenue or significantly reduce costs through service reductions to close the financial gap of continuing forecasted operational deficits.

***The community engagement undertaken through Councils CSP process has shown strong opposition to service reductions and a preference to see no increase or a decreased percentage increase in rates.***

***In combination, these views result in a financially unsustainable Council.***

---

***Even with additional income proposed, the current inflationary environment will make it difficult to achieve current service levels used to forecast the increase in income for the application.***

Councils are under constant pressure to deliver the same services for less which is an unsustainable model. This includes mandatory requirements and costs associated with it to function as a Local Government entity. Tenterfield Shire Council has very limited opportunity to materially increase own source revenue and as a result an increase in rates, combined with further operational efficiencies, is the most viable solution for a financially sustainable Council.

This significant challenge is forecasted as a result of:

1. Upgraded core infrastructure assets for Council as a result of grant funded works (e.g. replacing timber bridges with concrete bridges, and widening and sealing of Mount Lindesay Road),
2. New and upgraded community assets (e.g. public toilets, playgrounds and community halls),
3. The increased cost of asset replacement,
4. Increasing cost of managing grants applications and acquittals, and
5. Increased costs due to meeting regulated requirements (e.g. audit costs, emergency services levy, and ongoing disaster recovery management).

For Council to address this type of operating result it has four options available to it. These are:

1. Reducing service levels,
2. Sell and/or dispose of assets that will reduce the associated on-going expenses,
3. Increase income raised through rates, user fees and charges,
4. A combination of the above options.

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is responsible for setting the amount by which Council may increase its general income, which mainly comprises rate income. This increase is known as the rate peg.

Council's income base from rates is fixed. Any increase is limited to an annual 'rate peg' amount set by the State Government. The rate peg for 2022/23 is 0.7% which is much lower than obligated expense increases (e.g. award wage increases). The rate peg for 2023/2024 determined by IPART is 4.2% for Tenterfield Shire Council. In real terms, the cost to deliver services and maintain community assets to current service levels increases above the rate peg amount each year, compounding the impact on Council's financial position over a number of years leading to the need for additional income.

**How much does Council need:**

Based on current service levels, known asset data and Council's current estimated forecast operating result, the gap in the General Fund between what Council should be spending on assets, compared to current budgets is currently approximately \$4.5m per annum.

This deficit has the potential to be reduced by capital grant income that can be used to offset any operational works, but currently grant funds do not generally allow for undertaking operational works.

This value does not include any funds to address the backlog of works (approximately \$15 million, with the largest areas being roads and buildings).

Council applied for and received an SRV in 2013/14. This application made allowances for \$47 million+ of service level reductions and deferrals of renewals. As a result of this, adjusting service levels will adjust the value of increased income required, however based on current known data there is not enough capacity to cover the full amount through efficiency gains alone.

**The Proposed Increase:**

***A Special Rate Variation (SRV) of 43% in FY 2023/2024 and a 43% Special Rate Variation in Financial Year 2024/2025, resulting in a compound (accumulative) impact of 104.49%.***

This will result in an additional income of approximately \$2.081M in the financial year 2023/24 and a further \$2.976M in financial year 2024/25 providing an additional income from rates of \$5.057M over two years. This will be in addition to Council's current rate income of approximately \$4.8M per year.

Proposed rate model outlining Average Rates per assessment. Please note this model is calculated based on unimproved land values with the 2019 base year. Council is due to receive the new unimproved land value in November-December 2022 which may alter the average rate calculation per category.

Overall, it is estimated that:

- Average residential rates will increase by \$5 per week over what they would under normal rate increase in 2023/2024. There will be a further average rise of \$8 per week in 2024/2025 compared to the normal rate increase.
- Farmland rates are estimated to increase by an average of \$12 in the first SRV year, and a further \$18 per week in the second year.
- Business rates are estimated to increase by an average of \$7 per week in the first SRV year, with the second year expected to see a further average increase of further \$10 per week.

This additional income will be spent on the maintenance of Council assets. Based on the current information at hand the distribution of this additional income will be as follows:

- 75% of additional income – Roads, Transport, Stormwater and Drainage,
- 15% of additional income – Buildings Renewal and Maintenance
- 10% of additional income – Other assets (e.g. swimming pool, parks and open spaces)

With this, Council will ensure:

- Improved financial sustainability by reducing the General Fund operating deficit,
- Provide additional funding to meet asset renewal funding requirements,
- Improve Council current cash position (unrestricted cash), and
- Meet compliance obligations under the Local Government Act 1993 and other forms of legislation.

#### **What is Council doing to minimise the impact on ratepayers and residents**

In addition to the above discussion to raise income via a rate rise, Council has already commenced significant efficiency measures and reduction in operational expenses. This is reflected by Council currently undertaking organisational structural changes to align skills and qualifications of employees to better align with service delivery and organisational requirements. This includes redeployment and internal transfers of employees in consultation with employee, which has also reduced services in some areas.

Council has kept the concerns of ratepayers at the forefront of transparent decision making whilst balancing the challenging financial situation council currently faces and will face in the future.

In March 2022, IPART allowed Council to conduct an Additional Special Variation for 2022/2023 of 1.8%. However, Council on 27 April 2022 resolved not to proceed with the additional special rate variation of 1.8% for 2022/23 financial year (Resolution 81/22) allowed under IPART, considering that the community engagement had commenced through the IPR Process and flagged the need for the SRV for FY2023/2024 onwards.

Since the 2014/15 SRV and up to more recent times the changes, cost reductions and improvements to Council operations have included:

- Councillors not taking superannuation during this term of Council,
- Review possibility of combining services to maximise facilities and staff (e.g., Visitor Information Centre and Arts centre),
- Undertaking expressions of interest for the leasing of facilities that may be open to commercial possibilities (e.g. Saleyards, Aerodrome),
- Council's treatment of Rural Fire Service assets in its financial statements.

**Feedback from Community Engagement:**

Council undertook community engagement sessions in April 2022:

Following the sessions held in April and the finalisation of Councils IP&R documents for the 2022/23 financial year, a report was presented to Council on 27 July 2022 for the commencement of further community consultation – Special Rate Variation 2023/24 and 2024/25. At that meeting it was resolved:

*That Council:*

- (1) Receive the report on Commencement of Further Community Consultation relating to an application for a Special Rate Variation 2023/24 and 2024/25.
- (2) Commence community engagement to support an application to IPART for a proposed Special Rate Variation comprising of a permanent increase of 43% (including rate peg) in 2023/24 and 43% (including rate peg) in 2024/25, representing a cumulative increase of 104.49% using the current rating structure to determine yield.
- (3) Receive a further report in November 2022 that will include:
  - a. A report on the additional community consultation,
  - b. A draft application to the Independent Pricing and Regulatory Tribunal (IPART) under section 508A of the Local Government Act 1993 for an increase to the ordinary rate income, following the finalization of the community engagement process.

The report mentioned in (3)a above was presented to Council at its ordinary meeting held 26 October 2022.

Council undertook the following engagement sessions in September and October 2022:

| Date                  | Location                      | Attendance           |
|-----------------------|-------------------------------|----------------------|
| Saturday 3 September  | Tenterfield RSL memorial hall | 102 people signed in |
| Saturday 24 September | Urbenville Community Hall     | 13 people signed in  |
| Saturday 24 September | Legume Community Hall         | 3 people signed in   |
| Monday 26 September   | Mingoola Community Hall       | 19 people signed in  |
| Saturday 1 October    | Urbenville Community Hall     | 26 people signed in  |

During the August, September and October engagement Council undertook the following:

9. Media releases and Media
10. Dedicated space on Councils website <https://www.tenterfield.nsw.gov.au/tenterfield-shire-council-proposed-rate-rise-information>  
The website includes:
  - Details of the application
  - Frequently Asked Questions
  - An online calculator to allow ratepayers to calculate the proposed rate rise - <https://www.tenterfield.nsw.gov.au/calculate-your-proposed-rate-rise>
  - Explanation by the Mayor of Councils current financial position - <https://www.tenterfield.nsw.gov.au/mayoral-message-councils-loans-cash-and-investments>
  - A timeline for the process - <https://www.tenterfield.nsw.gov.au/content/uploads/2022/08/SRV-Timeline-for-Website-1.png>
  - Rates comparison table - <https://www.tenterfield.nsw.gov.au/content/uploads/2022/08/Rate-Rise-Website-Tiles-1.png>
  - Invitation to attend community forum - <https://www.tenterfield.nsw.gov.au/content/uploads/2022/08/Leaflet.pdf>
11. Councils bi-annual customer satisfaction survey with dedicated SRV related question
12. One on one appointments with community members
13. Response to questions raised for the community forum
14. Acceptance of submissions made through the process



---

Overwhelmingly the people who engaged with Council through Community Engagement Information Sessions or through submissions were against a Special Rate Variation.

The feedback related to how Council were in a position to consider a Special Rate Variation and concerns around the community's capacity to pay, particularly for ratepayers on fixed incomes.

Many agreed that the road and infrastructure network require greater maintenance and renewal, however, as demonstrated in the Customer Satisfaction Survey the community regards 'soft services' such as Cinema, Museum, Library, Park, Playgrounds and Cemeteries very highly and do not want a reduction in these services.

**Customer Satisfaction Survey:**

As part of Council's biennial Community Satisfaction Survey 2022 undertaken between 7 August 2022 and 19 August 2022, 300 residents were surveyed on the requirement for a Special Rate Variation. The following results indicated that the majority of those surveyed did not support a Special Rate Variation.

The Special Rate Variation was opposed by 81% of residents surveyed, while 5% supported it. 26% of residents surveyed agreed that without the Special Rate Variation, some Council services will need to be reduced or removed.

In the same survey, residents showed a clear dissatisfaction with the condition of Council's transport services as displayed in the below table with:

- only 17% of people satisfied with the sealed road network (increasing to 41% if you include neutral responses),
- only 10% of people satisfied with the unsealed road network (increasing to 30% if you include neutral responses), and
- only 11% of people satisfied with the maintaining of local roads (increasing to 27% if you include neutral responses).

The survey also showed that there has been a decline in the overall satisfaction levels with Council's services over the past few years depending on the service area.

As previously mentioned, the community engagement undertaken through Council's CSP process has shown strong opposition to service reductions and a preference to see no increase or a decreased percentage increase in rates with concerns around the community's capacity to pay, particularly for ratepayers on fixed incomes.

The engagement was also very clear though, that people did not want a reduction in service levels. Many agreed that the road and infrastructure network require greater maintenance and renewal, however, as demonstrated in the Customer Satisfaction Survey the community regards 'soft services' such as Cinema, Museum, Library, Park, Playgrounds and Cemeteries very highly and do not want a reduction in these services.

In combination, these views result in a financially unsustainable Council. Even with additional income proposed, the current inflationary environment will make it difficult to achieve current service levels used to forecast the increase in income for the application.

The full community engagement report, including the detailed submissions, including details of false claims made on social media regarding the special rate variation can be seen in the Council business paper and associated documents for the 26 Council 2022 Council meeting (<https://www.tenterfield.nsw.gov.au/your-council/council-committee-meetings/council-business-papers>).

#### **Tenterfield Shire Council Ratepayers Capacity to Pay**

Council understands that the community does not want to pay more for services, and Council does not want to charge more however it also has an obligation to act in a financially responsible manner for the short, medium and long-term benefits of the Shire.

Council engaged an independent firm Morrison Low to undertake a Capacity to Pay assessment to understand the potential impact on the community if the SRV was accepted, to ensure Council can maintain existing service levels into the future.

The report provides an analysis and evaluation of relative wealth and financial capacity; and looks at the financial vulnerability and exposure of different community groups within the local government area.

The report can be seen on Council's website at

<https://www.tenterfield.nsw.gov.au/content/uploads/2022/10/Attachment-3-Tenterfield-SC-Capacity-to-Pay-Report-Final.pdf>

Key points of note of the report include:

- Tenterfield Shire Local Government Area has some of the lowest rates amongst NSW large rural Councils. The average residential rate is in the bottom five of average residential rates for all NSW large rural Council's.
- Council's total rates revenue as a percentage of total operating expenditure, for the LGA is only 16%, well below most comparable Councils. This is a strong indication that Council's rates are below the level required to service the community.
- Tenterfield Shire Council has a relatively low proportion of outstanding rates at 4.4% (2021) and 4.0% (2022), ranking 5th amongst all large rural councils compared to Office of Local Government benchmark of 10%. This provides a strong indicator of both capacity and willingness to pay.
- High proportion of fully owned homes (50%) relative to NSW regional averages, and relative low values when it comes to monthly mortgage repayment.
- However, Tenterfield Shire Local Government Area experiences significant levels of disadvantage. This is demonstrated through indicators such as equivalised household income, which measures the economic resources available to a standardised household (77% of the LGA within the lowest two quartiles) and SEIFA (Socio-Economic Indexes for Areas) index, which rank the LGA in the 11<sup>th</sup> percentiles when measuring socio-economic disadvantages and advantage. This means that 11% of Australia's suburb have a SEIFA index lower than this are (more disadvantaged), while 89% are higher. Individuals in social housing are unlikely to be impacted by a change in rates.

Council acknowledges the disadvantage within the community when bringing rates revenue up to levels required to fund our services similar to other large rural councils. Council proactively monitors its outstanding rates and will continue to proactively review its hardship policy to support the needs of the community.

#### **CONCLUSION:**

Council understands that the community does not want to pay more for services, and Council does not want to charge more however it also has an obligation to act in a financially responsible manner for the short, medium and long-term benefits of the Shire. This has been demonstrated by the multiple rounds of community engagement and the degree to which Council operations have been reviewed.

The community engagement undertaken through Council's CSP process and the SRV process has shown strong opposition to service reductions, a level of dissatisfaction with current service levels related to roads and transport and a preference to see no increase or a decreased percentage increase in rates.

In Tenterfield Shire Council's current financial position and in the current operating environment with increasing inflationary pressures and significant challenges accessing staff, maintaining service levels without increasing income will result in a financially unsustainable Council.

Council has continued to improve operations and make efficiency gains, however, with increased costs it can no longer maintaining service levels without an increase in income.

Council rates make up a low proportion of Council's overall income base (total rates revenue as a percentage of total operating expenditure, for the LGA is only 16%, well below most comparable Councils) and Tenterfield Shire Local Government Area has some of the lowest rates amongst NSW large rural Councils. The average residential rate is in the bottom five of average residential rates for all NSW large rural Councils.

The shire has high proportion of fully owned homes (50%) relative to NSW regional averages, and relative low values when it comes to monthly mortgage repayment.

Tenterfield Shire Council has a relatively low proportion of outstanding rates at 4.4% (2021) and 4.0% (2022), ranking 5th amongst all large rural councils compared to Office of Local Government benchmark of 10%. This provides a strong indicator of both capacity and willingness to pay.

Council will seek to work with those who have less capacity to pay and will continue to monitor and update Council's hardship policy to be a policy that works for the Shire.

### 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).

Nil

Table 10 Criterion 6 attachments

| Council-assigned number | Name of document                                                                                             | Page references <sup>a</sup>         |
|-------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 44                      | Loan register – shows capital project loans undertaken                                                       | Attachment 44, Loan register, page 1 |
| 11                      | Asset-Management-Strategy-REVISED-MARCH-2022-Final                                                           |                                      |
| 27                      | Ordinary-Council-Meeting-Agenda-23-March-2022 IPR documents placed on exhibition                             | Pages 87-104                         |
| 28                      | Unadopted-Minutes-Ordinary-Council-Meeting-Wednesday-23-March-2022                                           | Pages 9-10                           |
| 29                      | Agenda-Ordinary-Council-Meeting-Wednesday-27-April-2022 - confirmation of minutes from 23 March 2022 meeting | Pages 8, 158-162                     |
| 30                      | Agenda-Ordinary-Council-Meeting-25-May-2022 IPR documents adopted                                            | Pages 283-288                        |
| 31                      | Adopted-Signed-Minutes-Ordinary-Council-Meeting-25-May-2022                                                  | Pages 6-7                            |

Criterion 6 – Other relevant matters

|    |                                                                                               |                               |
|----|-----------------------------------------------------------------------------------------------|-------------------------------|
| 32 | Addendum-Agenda-Wednesday-26-October-2022-No-Attachments                                      |                               |
| 36 | IPART_Final_Report_-_Assessment_of_Council_Fit_for_the_Future_Proposals_-_October_2015        | Pages 21, 69-70, 110, 355-356 |
| 37 | lg_determination_-_tenterfield_shire_councils_application_for_a_special_variation_for_2014-15 | Pages 7-15                    |
| 40 | Rating Structure Model 43% 2023-2025 as at 30062022 Valuations                                | Entire document               |
| 41 | Rating Structure Model 4.2% 2023-2024 as at 04092022 Valuations                               | Entire document               |

a. If document is only relevant in part.

DRAFT

Council certification and contact information

## 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

|                                                                                                                    |                                |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Name of council:</b>                                                                                            | Tenterfield Shire Council      |
| We certify that to the best of our knowledge the information provided in this application is correct and complete. |                                |
| <b>General Manager (name):</b>                                                                                     | Daryl Buckingham               |
| <b>Signature and Date:</b>                                                                                         | <input type="text" value="X"/> |
| <b>Responsible Accounting Officer (name):</b>                                                                      | Roy Jones                      |
| <b>Signature and Date:</b>                                                                                         | <input type="text" value="X"/> |

**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

|                                      |                                     |
|--------------------------------------|-------------------------------------|
| <b>General Manager contact phone</b> | 02 6736 6000                        |
| <b>General Manager contact email</b> | d.buckingham@tenterfield.nsw.gov.au |

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

### Primary council contact

|                                                             |                                |
|-------------------------------------------------------------|--------------------------------|
| <b>Council contact phone</b>                                | Roy Jones                      |
| <b>Council contact email</b>                                | r.jones@tenterfield.nsw.gov.au |
| <b>Council email for inquiries about the SV application</b> | r.jones@tenterfield.nsw.gov.au |

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

### Secondary council contact

|                                                             |                                |
|-------------------------------------------------------------|--------------------------------|
| <b>Council contact phone</b>                                | Kylie Smith                    |
| <b>Council contact email</b>                                | k.smith@tenterfield.nsw.gov.au |
| <b>Council email for inquiries about the SV application</b> | r.jones@tenterfield.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? |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>Mandatory forms/attachments</b>                                                    |                                                                                                                                                                                    |                                                           |
| 2                                                                                     | Application Form Part A (Excel spreadsheet)                                                                                                                                        | <input checked="" type="checkbox"/>                       |
| 3                                                                                     | Application Form Part B (this Word document)                                                                                                                                       | <input type="checkbox"/>                                  |
|                                                                                       | Council resolution to apply for the for the minimum rate increase variation                                                                                                        | <input type="checkbox"/>                                  |
|                                                                                       | Certification                                                                                                                                                                      | <input type="checkbox"/>                                  |
| <b>If applicable for Description and Context Question 4</b>                           |                                                                                                                                                                                    |                                                           |
| N/a                                                                                   | Instrument for expiring special variation                                                                                                                                          | <input type="checkbox"/>                                  |
| N/a                                                                                   | OLG advice confirming calculation of amount to be removed from the council's general income                                                                                        | <input type="checkbox"/>                                  |
| <b>If applicable for Description and Context Questions 5 and 6</b>                    |                                                                                                                                                                                    |                                                           |
| N/a                                                                                   | Declaration of compliance with conditions in past instruments (if applicable)                                                                                                      | <input type="checkbox"/>                                  |
| N/a                                                                                   | Relevant instrument(s) for past special variations (if applicable)                                                                                                                 | <input type="checkbox"/>                                  |
| N/a                                                                                   | Evidence of compliance with conditions in past instruments (if applicable)                                                                                                         | <input type="checkbox"/>                                  |
| <b>Mandatory public supporting material (i.e. to be published on IPART's website)</b> |                                                                                                                                                                                    |                                                           |
| 4                                                                                     | Community Strategic Plan – Relevant extracts                                                                                                                                       | <input type="checkbox"/>                                  |
| 5                                                                                     | Delivery Program – Relevant extracts                                                                                                                                               | <input type="checkbox"/>                                  |
| 9                                                                                     | Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format                                             | <input type="checkbox"/>                                  |
| 35, 45, 46                                                                            | 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 type="checkbox"/>                                  |
| 17, 18, 19, 20, 21, 22, 23, 35                                                        | Community feedback (including surveys and results if applicable).                                                                                                                  | <input type="checkbox"/>                                  |
| 34                                                                                    | Willingness to pay study (if applicable)                                                                                                                                           | <input type="checkbox"/>                                  |
| 8                                                                                     | Hardship Policy                                                                                                                                                                    | <input type="checkbox"/>                                  |
| <b>Other public supporting material</b>                                               |                                                                                                                                                                                    |                                                           |
| 11                                                                                    | Asset Management Strategy / Plan(s) (if applicable)                                                                                                                                | <input type="checkbox"/>                                  |
| 5                                                                                     | Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)                                                                                                                | <input type="checkbox"/>                                  |





## 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 CONFIDENTIAL.

### Publishing the council's application

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