



## Special Variation Application Form Part B

Name of Council

# Application Form

2023-2024

Local Government »

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## **The Independent Pricing and Regulatory Tribunal (IPART)**

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

### **Acknowledgment of Country**

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

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

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# 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>17</b>
Case for special variation – How did the council establish the need for the special variation?	19
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?	27
<b>Criterion 2 – Community awareness and engagement</b>	<b>28</b>
How did the council engage with the community about the proposed special variation?	30
<b>Criterion 3 – Impact on ratepayers</b>	<b>39</b>
Is the impact on rates of the proposed special variation reasonable?	40
How has the council considered affordability and the community's capacity and willingness to pay?	41
<b>Criterion 4 – Exhibition of IP&amp;R documents</b>	<b>48</b>
What IP&R processes did the council use in determining to apply for a special variation?	48
<b>Criterion 5 – Productivity improvements and cost containment strategies</b>	<b>53</b>
What is the council's strategic approach to improving productivity in its operations and asset management?	53
What outcomes has the council achieved from productivity improvements and cost containment strategies in past years?	55
What productivity improvements and cost containment strategies are planned for future years?	56
How have the council's levels of productivity and efficiency changed over time, and compare with those of similar councils?	58
<b>Criterion 6 – Other relevant matters</b>	<b>60</b>
Reporting requirements SV compliance	61
<b>Council certification and contact information</b>	<b>63</b>
Certification of application	63
Application for a Special Rate Variation	63
Council contact information	64
<b>List of attachments</b>	<b>65</b>

## Council information

<b>Council name</b>	Lithgow City Council
<b>Date submitted to IPART</b>	2 February 2023

## About this application form

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

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

The SV Application Form Part B consists of:

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

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

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

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

## Preparing your application

### How much information should a council provide?

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

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

### Attaching supporting material

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

### Confidential content in supporting material

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

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as **CONFIDENTIAL**. To protect confidential details in submissions from ratepayers, either redact or submit as a confidential attachment (see List of attachments).

### Submitting the application online

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

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

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

## Publishing the council's application

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

## Description and Context

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

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

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

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

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

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

#### Special variation type

#### Permanent or Temporary

☒

Section 508(2)

☐

Section 508A

☒

Permanent

☐

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	no	no	no	no	no	no
Percentage increase (including the rate peg)	45.7%						
Cumulative percentage increase over the SV period for s 508A (including the rate peg)	45.7%						

**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.

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Key purposes of the proposed SV:

1. improving financial sustainability and all OLG financial and asset management indicia,
2. maintaining existing services; and
3. reducing infrastructure backlogs for asset maintenance and renewals.

Outline of the key steps undertaken in reaching a decision to make an application:

- March 2022 – Review of Rating Report completed – recommendation that an application for a SRV be prepared, applying for a 42% increase (plus rate peg) in Council's Notional General Income from the 2023/2024 financial year.
  - March 2022 – Councillor Information Sessions on the Review of Rating Report.
  - June 2022 – Council adopt the 2022-2032 LTFP which notes that Council will shortly commence a process of engaging in a conversation with our community on future levels of service that are both affordable and acceptable.
  - July 2022 – Council's Audit Risk & Improvement Committee endorses the findings of the Our Place Our Future Rating Review in principle.
  - July 2022 – Council endorses the findings related to considering a special rate variation included in the Rating Review Technical Paper. Council also resolves to commence community engagement on the two options for a sustainable future.
  - August to October 2022 – community engagement period.
  - September 2022 – updated LTFP placed on public exhibition. Includes the SV scenario of a 44.5% overall increase in rates (including assumed rate peg).
  - Council authorises the General Manager to notify IPART of its intention to lodge an SV application.
  - November 2022 – post-consultation LTFP placed on public exhibition. SV scenario allows for a proposed Future Fund. Council resolves that, in the event that the future fund proposal is not finalised prior to any SRV application to IPART being completed in January 2023, Option 1 would return to Council's original proposal of a 42% SRV (plus 3.7%).
  - January 2023 – Council resolves to submit an SV application.
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### 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
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Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time?	No
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Which rates will the increases apply to?	Choose an item.
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If the increase will apply to only some subcategories, specify	Apply to all categories
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Does the council propose to increase the minimum amount of its ordinary rate(s)? If so, by what percentage?	Special variation percentage
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42%

What will the minimum amount of the ordinary rate(s) be after the proposed increase?	N/A
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Has the council submitted an application for a minimum rate increase?	No
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**If the increase applies to a special rate, complete this section.**

Does the council propose to increase the minimum amount of a special rate above the statutory limit?	No
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What will the minimum amount of the ordinary rate(s) be after the proposed increase?	N/A
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Has the council submitted an application for a minimum rate increase?	No
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The council must ensure that it has submitted MR Increase Application Form Parts A and Part B, if required.

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

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

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

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

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

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

Provide the information as requested in the question boxes.

Does the council have an SV which is due to expire on 30 June 2023?	No
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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
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If yes to either question:	N.A
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a. When does the SV expire?	
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b. What is the percentage to be removed from the council's general income?	N/A
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c. What is the dollar amount to be removed from the council's general income?	N/A
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Has OLG confirmed the calculation of the amount to be removed?	Choose an item.
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### Attachments required:

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

### Question 5: Does the council have an existing (ongoing) section 508A special variation which applies in 2023-24?

Complete this question if the council has an existing section 508A multi-year SV instrument which approves an increase to general income above the rate peg for 2023-24 and future years within the period covered by the council's SV application.

If the council has an ongoing section 508A SV and is seeking additional changes to general income during the term of that existing SV, IPART will need to vary the original instrument if the additional SV is approved, rather than issuing an additional SV instrument to apply for 2023-24 (or later years).

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

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

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

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

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

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

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

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

[Click here to enter text.](#)

#### 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?	Yes
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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.
- 
- Section 508(2) approval from the 2019/20 year.
  - The approved increase to general income was 9% (including rate peg).
  - The approved SV was partially to replace an expiring SV.
  - Council has been using the SV funds to improve its financial sustainability, maintain existing services, maintain and renew infrastructure and to reduce the infrastructure backlog.
  - Excluding the rate peg and continuing the expiring SV, the approved increase to general income was only 1.53% which has proven insufficient to achieve the purposes of the SV application in the three years since approval was granted.
  - The SV is used for the purposes of funding the proposed program of expenditure.
  - Council has been reporting on the program of expenditure in its Annual Report [\[Attachment D\]](#).
  - Council has attached a Declaration of Compliance [\[Attachment D\]](#) with the conditions set out in the Special Variation Instrument [\[Attachment D\]](#).
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#### Attachments required:

- A copy of the relevant instrument(s) approving SVs issued by IPART in the past five years [\[Attachment D\]](#).

- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s) [\[Attachment D\]](#).
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s) [\[Attachment D\]](#).

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

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

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

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

Is a capital expenditure review required for a project to be funded by the proposed SV in accordance with OLG's Capital Expenditure Guidelines?	No
If yes, has a review been done and submitted to OLG?	Choose an item.
If yes, has the review been included as an attachment to this application?	Choose an item.

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

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

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

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

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

In the text box explain:

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

[Click here to enter text.](#)

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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.

[Click here to enter text.](#)

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

[Click here to enter text.](#)

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## 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 criterion, 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>Actions taken and proposed to address Council's financial sustainability concerns are included in the adopted Long Term Financial Plan (LTFP) <a href="#">[Attachments I &amp; I2]</a> section "Addressing Council's Long-Term Financial Sustainability".</p> <p>The purpose and proposed SV allocation is included in the adopted LTFP section as "Scenario 3 – Service Levels Maintained". A discussion of the different revenue path options is set out in the LTFP as a consideration of the various scenario's options.</p>	<p>Attachment I – Long Term Financial Plan:</p> <ul style="list-style-type: none"> <li>Section "Addressing Council's Long-Term Financial Sustainability", pp. 27-28.</li> <li>Section "Scenario 3 – Service Levels Maintained" pp. 31-33.</li> </ul> <p>Attachment I2 – LTFP Projected (General Fund) Financial Statements</p> <p>Attachment G – Community Strategic Plan 2035, section "Options for ensuring a sustainable Lithgow pp. 36-37.</p> <p>Attachment H – Delivery Program, section "Options for ensuring a sustainable Lithgow pp. 44-46.</p>
In establishing need for the SV, the relevant IP&R documents should canvass alternatives to the rate rise.	<p>Alternatives to the rate rise (including LTFP Scenario 2) are discussed in Section 9 "Scenario Modelling" in the adopted LTFP <a href="#">[Attachments I &amp; I2]</a></p> <p>LTFP Scenario 2 enables Council to become financially sustainable over the 10-year term of the plan by redirecting revenue to asset maintenance and renewal whilst significantly reducing more discretionary services. The value of required service reductions grows in each future year.</p> <p>LTFP Scenario 3 include a further \$1.3M of productivities, cost containment and cost recovery initiatives to minimise the SV amount.</p> <p>Council does not rely on an SV as the only pathway to financial sustainability. Council's Financial Sustainability Plan <a href="#">[Attachment N]</a> sets out five Pillars for Financial Sustainability –</p> <p><b>1. Financial Assistance Grants:</b> increase the Financial Assistance Grants to more than 1% of national taxing (presently at an historical low of 0.55% down from an historical high of 2%).</p> <p><b>2. Mining royalties:</b> increase NSW Government funding for local economic transformation - funded from royalties paid to the NSW Government from local mining.</p> <p><b>3. Development contributions:</b> ensure that the infrastructure and service cost impact of major development is recovered through the NSW planning framework.</p> <p><b>4. Land rating strategy:</b> increase own source revenue through a contemporary and fair land rating structure.</p>	<p>Attachment I - LTFP Section 9 "Scenario Modelling" in the adopted LTFP, pp. 30-33</p> <p>Attachment I2 – LTFP Projected (General Fund) Financial Statements</p> <p>Attachment N -Financial Sustainability Plan – Productivity Improvements Program</p>

<p>In demonstrating this need councils must indicate the financial impact in their LTFP</p>	<p><b>5. Financial Sustainability Plan:</b> implement the actions in the Plan, including continuously identifying and implementing productivity, cost containment, and cost recovery initiatives.</p> <p>The financial impacts of the SV are set out in the adopted LTFP <a href="#">[Attachments I &amp; I2]</a> section "Scenario 3 – Service Levels Maintained". The detailed impacts on the LTFP forecasts for the General Fund are provided in Appendix 2 - General Fund Financial Statements Scenario 3.</p>	<p>Attachment I - Long Term Financial Plan:</p> <ul style="list-style-type: none"> <li>• Section "Scenario 3 – Service Levels Maintained" pp31-33.</li> <li>• Appendix 2 - General Fund Financial Statements Scenario 3, pp. 44-47.</li> </ul> <p>Attachment I2 – LTFP Projected (General Fund) Financial Statements</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>The adopted LTFP <a href="#">[Attachments I &amp; I2]</a> section "Addressing Council's Long-Term Financial Sustainability" includes reference to the comprehensive rating structure and revenue review conducted by Future Together Group (FTG) in 2021. The FTG report (FTG Report) was placed on Council's website during the consultation period. A copy of the FTG Report is <a href="#">attached [Attachment O]</a>. Recommendations and further summary references were included in the information packs <a href="#">[Attachment J]</a> for residents distributed during the consultation period.</p> <p>Based on 2021/22 figures, the FTG Report assessed a shortfall of \$4.718 million in Council's General Revenues available to meet existing agreed levels of service. Additionally, it recommended a further \$1.25 million of annual revenues be raised to meet additional levels of service relating to governance, strategy, capacity building, contingencies and transitions management.</p> <p>The FTG Report set out recommendations for achieving a further \$1.3M of annual productivities, savings and cost recovery income to offset some of the additional rating income required. These have been modelled <a href="#">in full</a> in the LTFP.</p> <p>The community has long prioritised improvements to road infrastructure, and this was again confirmed in the latest telephone survey. A copy of the Micromex Research 2022 Survey is <a href="#">attached [Attachment K]</a>. An extract of priorities from previous Council surveys is also <a href="#">attached [Attachment L]</a>. The majority of additional funding from the SV is, accordingly, directed to road infrastructure maintenance and renewal.</p>	<p>Attachment I – Long Term Financial Plan, Section "Addressing Council's Long-Term Financial Sustainability", pp. 27-28.</p> <p>Attachment I2 – LTFP Projected (General Fund) Financial Statements</p> <p>Attachment O - Future Together Group Report – Rating Review &amp; Technical Paper</p> <p>Attachment J – Ratepayer Information Pack</p> <p>Attachment K – Micromex Report (Telephone Survey)</p> <p>Attachment L – Micromex Research Survey Priorities</p>

The community has also prioritised economic issues – particularly transitions management, job creation and youth unemployment as the local economy structurally adjusts. This priority was also confirmed in the latest survey. A little more than 35% of the Lithgow economy (by value-add) is derived from thermal coal mining and thermal coal power generation. These industries are anticipated to decline sharply in the period to 2040. There is a risk that some closures could happen much earlier. Successive Council surveys have provided growing evidence of a greater community desire for Council to do more to attract economic investment and to help facilitate a more diversified local economy. The proposed SV is necessary to put Council in the strongest possible position to meet that desire and challenge.

The FTG Report also found that a lack of capacity and resourcing was likely to be contributing to higher levels of organisational risk and inhibiting the winning of productivities. It was noted, for example, that the investment in labour-saving capital (such as day-cover liners at Council's landfill cell) was being prioritised behind essential and emergency infrastructure repair or replacement. The ongoing impact is that Council is not in a position to prioritise projects which would give them more capacity in future periods to fund infrastructure. Another key example of this, is that to ensure the safety of the road network and reduce the infrastructure backlog, Council presently intervenes at sub-optimal points in the depreciable life of road assets. Council has met the benchmark for the Infrastructure Backlog Ratio for the past three years (and for future years in the LTFP Base Case) by focussing renewal spending on assets in very poor condition. This practice is not sustainable into the future. Council has also received grant funding which has been directed to asset renewal in the past 2 years. SV funding will allow Council to intervene earlier (typically by re-sealing interventions) which are considerably less costly and will vastly extend the life of road assets. This will generate additional capacity for asset management over the long-term.

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

Although very dated, Council received assessments under the Fit for the Future process. These assessments noted that Council is 'not fit' based on key performance indicator projections. This analysis is consistent with the findings of the FTG analysis and the rationale for the SV.

Following the results of the Fit for the Future Assessment, Council undertook a Financial Management Maturity Assessment [\[Attachment R1\]](#) which made 37 recommendations to improve Council's financial and asset management. All recommendations have been substantively implemented. Council has also implemented a multi-year Fit for the Future Action Plan.

The OLG's Time Series Data (2020/21) [\[Attachment R4\]](#) shows that Lithgow Council has the lowest residential rating revenue of all Group 4 Councils. The data also shows that Lithgow Council has relatively low farmland and mining rating revenue. Lithgow Council had a deficit operating performance ratio (continuing for at least 10 years) and was well below the benchmark for the Building & Infrastructure Renewal Ratio. The Time Series Data alludes to the fact that Lithgow Council is much less financially sustainable than its peers.

Attachment O – FTG – Rating Review and Technical Paper

Attachment R1 – Final Financial Management Maturity Report.

Attachment R2 – Fit for the Future Improvement Plan

Attachment R4 - Time Series 2020/21 Comparisons with Similar Councils – Population FTE & Perf. Measures

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 applied the full percentage increases available to it in all previous years under section 511 of the Local Government Act.
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**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>The SV places Council in a position which satisfies OLG's financial indicia (for local councils in NSW) for all future periods whilst:</p> <ol style="list-style-type: none"> <li>1. fully funding asset depreciation/renewal in each asset class and eliminating the infrastructure backlog.</li> <li>2. maintaining all existing levels of service,</li> <li>3. including \$1.25m in additional programs which will ensure strong on-going financial performance and productivity improvement so that Council does not end up in a similar position in future periods.</li> </ol> <p>The alternative option also places Council in a position which satisfies OLG's financial indicia but requires \$4.75m in structural level of service reductions in order to fully fund asset renewal.</p> <p>Council has recognised the need to address its structural financial issues. In 2017, it undertook a Financial Management Maturity Assessment which made 37 recommendations to improve Council's financial and asset management. All recommendations have been substantively implemented. Council has also implemented a multi-year Fit for the Future action plan.</p>	<p>Attachment I – Long Term Financial Plan:</p> <ul style="list-style-type: none"> <li>• Section "Addressing Council's Long-Term Financial Sustainability", pp. 27-28.</li> <li>• LTFP, Section "Scenario 3 – Service Levels Maintained" pp. 31-33.</li> </ul> <p>Attachment I2 – LTFP Projected (General Fund) Financial Statements</p> <p>Attachment G – Community Strategic Plan 2035, section "Options for ensuring a sustainable Lithgow pp. 36-37.</p> <p>Attachment H – Delivery Program, section "Options for ensuring a sustainable Lithgow pp. 44-46.</p>

In late 2021, Council engaged FTG to conduct a comprehensive rating structure and revenue review [\[Attachment O\]](#). This considered Council's financial sustainability issues, following at least 10 years of deficit operating results (before capital) and significantly lower rating revenue compared with statistically similar councils. It identified a structural annual shortfall in Council's General Revenues of \$6M at existing agreed levels of service before adopting available productivity, savings, and other measures.

Attachment N -Financial Sustainability Plan – Productivity Improvements Program.

Attachment O – FTG – Rating Review Technical Paper

In July 2022, Council endorsed the FTG recommendations relating to the consideration of an SV. Council also resolved to commence community engagement on the two financial sustainability options.

Before considering applying for an SV, Council's administration developed a Financial Sustainability Plan to identify the key actions Council will undertake to achieve its objective of delivering sustainable best value to the community. The broad suite of actions in the plan ensures that a cross-organisational commitment is made, and sustained, for continuous responsible financial management and improvement.

The FTG Report identified a target of \$1.3M in productivities and improvements be implemented with an SV. The planned productivity improvements have been modelled in full, in the LTFP Scenario 3 – Service Levels Maintained.

#### And / Or

##### *Fund Specific programs of expenditure*

While most of the SV is applied to asset maintenance and renewals (principally roads at existing – yet unfunded – agreed levels of service), the SV also proposes four additional programs. These arise from the findings of FTG in its 2021 report [\[Attachment O\]](#).

Attachment O - FTG Report – Rating Review and Technical Paper

##### Governance and Strategy Program -- \$250,000 each year

Council has no dedicated resource for governance and strategy. It is envisaged the funding will provide dedicated resources to oversee statutory compliance and best practice across the Council organisation. It is anticipated that this will contribute to productivity and process improvements in future periods. It was also noted by FTG that the resources will help Council better address and manage risk.

##### Capacity Building Program -- \$250,000 each year

At present, the shortage of available funding means that staff officers rely heavily on external grants to achieve significant productivities. Last year, for example, Council's waste team sought and obtained a grant of \$231,800 to innovate and deploy artificial day-cover at Council's waste facility which will remove the need to place 12,000 cubic metres of soil each year from Council's landfills. This will generate savings of many millions over the life of the cell. External grants are, however, finite and highly competitive. This allocation envisages a rolling program of internal grants to Council asset managers for projects with demonstrable budget savings in future periods.

##### Transitions Management -- \$1,092,000 each year

35% of the local economy by value add is created through the activities of thermal coal mining or power generation. Consistent with other resource-intensive councils in NSW, Council proposes an allocation to assist the local economy in its transition to a low carbon future. The evidence is that communities where the local council has taken a leading role in transitions management fair markedly better than those communities where councils take a more passive role. During the consultation period, this proposed allocation received strong support particularly from the mining and power station sectors. Council anticipates strong cross-industry support in the rolling-out of this program.

Contingency - \$250,000 each year

Consistent with the FTG Report and OLG guidance, Council proposes a modest surplus as a contingency over the operating budget. This will enable capacity to cover unforeseen events.

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

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

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

LTFP modelling indicates that the proposed SV would enable Council to meet all key financial indicators for the general fund, over the 10-year planning period. Part of the SV will be allocated to capital asset renewal which will assist Council to consistently achieve the Operating Performance Ratio benchmark. In 2021/22, Council exceeded the Operating Performance Ratio benchmark due to extraordinary grant income.

Additional funding for asset renewal will ensure that Council can meet the benchmarks for the Building and Asset Renewal Ratio, the Infrastructure Backlog Ratio and the Asset Maintenance Ratio.

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	11.04%	8.16%	0.51%	0.55%	0.56%	0.55%	0.54%	0.53%	0.52%
Own source revenue ratio	52.14%	50.11%	72.16%	72.12%	72.08%	72.05%	72.01%	71.98%	71.95%
Building and asset renewal ratio	63.14%	136.31%	124.32%	125.02%	125.71%	126.42%	126.36%	127.04%	127.71%
Infrastructure backlog ratio	0.83	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Asset maintenance ratio	59.52%	93%	95%	98%	100%	103%	105%	108%	110%
Debt service cover ratio	7.07	18.22	13.99	18.85	378.03	387.27	396.74	406.44	416.38
Unrestricted current ratio	2.47	1.17	1.33	1.58	1.82	1.47	1.53	1.59	1.66
Rates and annual charges ratio	6.51%	5.21%	5.28%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%

## Criterion 2 – Community awareness and engagement

Criterion 2 in the SV Guidelines is:

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

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

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

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

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

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

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

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

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

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

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

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
Evidence that the community is aware of the need for and extent of a rate rise.	<p>A statistically relevant survey (the Survey) was conducted between 5-11 October. 85% of the community were aware. [Attachment K – Slide 2]</p> <p>Prior to the survey being undertaken, residents were informed of the options, impact of the options, the total percentage being sought as well as the percentage impact by rating category (as required by the Guideline). This was more particularly set out in:</p> <ol style="list-style-type: none"> <li>1. the August 2022 LTFP [Attachment I1],</li> <li>2. the attached January 2023 amended LTFP [Attachment I] which incorporates the 2023 approved rate peg amount rather than the 2.5% amount required to be assumed in the Guideline,</li> <li>3. the attached [Attachment K1] introductory informational text of the survey,</li> <li>4. a letter distributed to all residents by Council's General Manager [Attachment M1],</li> <li>5. a media release issued to all local media and placed on Council's website and social media [Attachment M2],</li> <li>6. presentations made at the community forums, and</li> <li>7. at all stakeholder consultations.</li> </ol> <p>Additional care was taken by Council in consultations with key stakeholders who fell into categories proposed to pay more than a 27.7% increase. These stakeholders all received individualised letters, and all attended face-to-face meetings. A confidential summary minute of those meetings is attached.</p>	<p>Attachment K1 - Micromex Report – slides 2,41-43. Attachment L1 - Options for a Sustainable Future Community Engagement Strategy Feedback Report – Our Engagement pp. 4-23 Attachment M1- Ratepayer Information Pack Attachment M2 – Media Release – Our Place, Our Future – Options for a Sustainable Lithgow Attachment I – Long Term Financial Plan – January 2023 Attachment I1 – Long Term Financial Plan – August 2022</p>
The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category.	<p>Tables summarising the impact of the two options (SV and no SV) on average rates has been included in the Delivery Program and LTFP. The average rates tables were also included on the Our Place Our Future website.</p>	<p>Attachment H - Delivery Program p. 46 Attachment I – Long Term Financial Plan p. 36 – Section 11 - Consideration of the Community's Willingness to Pay a Special Rate Variation</p> <p><a href="https://ourplaceourfuture.lithgow.com/srv-rates-calculator/">https://ourplaceourfuture.lithgow.com/srv-rates-calculator/</a></p>

	<p>Additionally, a tool for calculating precise residential and business category rating by individual assessment was made available on the website and Council offered and provided telephone and face-to-face assistance to residents who found the tool difficult to use or did not have access to the internet.</p>	<p><a href="https://ourplaceourfuture.lithgow.com/ipr/documents/">https://ourplaceourfuture.lithgow.com/ipr/documents/</a> - Archived documents – Fact Sheets – Rates Calculator Lithgow, Wallerawang, Portland and Other</p>
<p>The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.</p>	<p>Prior to and during the consultation period, residents were informed of the options, impact of the options, the total percentage being sought as well as the percentage impact by rating category (as required by the Guideline). This was more particularly set out in:</p> <ol style="list-style-type: none"> <li>1. the August 2022 LTFP <a href="#">[Attachment I1]</a>,</li> <li>2. the <a href="#">attached</a> January 2023 amended LTFP <a href="#">[Attachment I]</a> which incorporates the 2023 approved rate peg amount rather than the 2.5% amount required to be assumed in the Guideline,</li> <li>3. the <a href="#">attached</a> <a href="#">[Attachment K1]</a> introductory informational text of the survey,</li> <li>4. a letter distributed to <a href="#">all residents</a> by Council's General Manager <a href="#">[Attachment M1]</a>,</li> <li>5. a media release issued to all local media and placed on <a href="#">Council's website</a> and social media <a href="#">[Attachment M2]</a>,</li> <li>6. presentations made at the community forums, and</li> <li>7. at all stakeholder consultations.</li> </ol> <p>.</p> <p>Additional care was taken by Council in consultations with key stakeholders who fell into categories proposed to pay more than a 27.7% increase. These stakeholders all received individualised letters, and all attended face-to-face meetings.</p> <p>On 29 September 2022, IPART announced the 2023-24 rate peg for NSW Council is set at 3.7%. Following the announcement, website communications were updated to reflect the 3.7% rate peg. Historic community engagement <a href="#">[Attachment K2]</a> materials produced during Council's engagement program referred to the assumed 2.5% rate peg amount and these documents are retained in the archive section of the website for reference and were used to inform the Community Survey conducted by Micromex Research <a href="#">[Attachment K1]</a> and the Community Engagement Strategy Feedback Report. <a href="#">[Attachment L1]</a></p> <p>Council will provide additional communications material in the lead up to the IPART exhibition period to ensure the community is aware of the implication of IPART'S 29 September 2022 determination on the amount being sought as well as the impact (still being assessed) of the general re-valuation.</p>	<p><a href="https://ourplaceourfuture.lithgow.com/srv/">https://ourplaceourfuture.lithgow.com/srv/</a></p> <p>Attachment L1 – Community Engagement Feedback Report Attachment K1 – Micromex Report – slides 41-43. Attachment K2 – Micromex Research Survey Priorities Attachment M1- Ratepayer Information Pack Attachment M2 – Media Release – Our Place, Our Future – Options for a Sustainable Lithgow Attachment I – Long Term Financial Plan – January 2023 Attachment I1 – Long Term Financial Plan – August 2022</p> <p><a href="https://ourplaceourfuture.lithgow.com/ipr/documents/">https://ourplaceourfuture.lithgow.com/ipr/documents/</a> - Archived documents</p>

<p>The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.</p>	<p>Council's engagement strategy was based on the principles set out in the IAP2 Spectrum of Public Engagement. For the community at large, "consultation" was chosen as the form of impact engagement (distribution of information to all residents, geographic town hall consultations, the offer of one-on-one meetings and a tool setting out the anticipated impact of rating changes). Council followed up written submissions with either telephone or email responses. Council carefully considered all feedback in arriving at its final determination. Council's final position differs from the position it initially took to the community as a consequence of that feedback. This is set out in detail below.</p> <p>Collaboration was chosen as the form of impact engagement for all quarry, mining and power generation operators which were assessed to be key stakeholders for the purpose of the consultation because of the proposed impact on those ratepayers. A confidential summary minute of those meetings is <u>attached</u>. Council continues to collaborate with these industry operations, this has been (and continues to be) a valuable exercise in optimising the proposed expenditure of the anticipated additional revenue particularly in the area of transitions management.</p>	<p>Attachment J1 - Our Place Our Future Communications Strategy Attachment J2 – Engagement Implementation Plan (Industrial Ratepayers) Attachment J3- Community Engagement Strategy (16092021) Attachment L1 - Community Engagement Strategy Feedback Report Attachment L2 – Community Engagement Strategy Feedback Report 25April – 28 May 2022</p>
<p>Explain the action, if any, the council took in response to feedback from the community</p>	<p>Council took into consideration the feedback provided by the community during the engagement period and updated the proposed expenditure model to reflect this: by:</p> <ul style="list-style-type: none"> <li>• re-enforcing Council's commitment to limit any increase in the residential, farming and business (general) rating categories to 27.7% (including the 3.7% rate peg),</li> <li>• committing to increase the pensioner rebate by 20% from \$250 to \$300,</li> <li>• continuing to collaborate with quarrying, mining and power generation industry operators, to optimise the proposed transitions management program, and</li> <li>• further clarity and assurance of the full funding of depreciation and asset renewals in all asset categories.</li> </ul> <p><b>Note:</b> 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.</p>	<p>Attachment C - Resolution to apply for Special Rate Variation</p>

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

Over the period 1 August – 10 October 2022, Council conducted comprehensive community engagement on the two options for a sustainable future to ensure the long-term financial sustainability of the Lithgow LGA. The engagement process undertaken was developed to ensure the community was well informed about the facts and had an opportunity to shape the pathway forward through their submissions.

Council's engagement strategy was based on the principles aligned to the IAP2 Spectrum of Public Engagement – involve and collaborate. Throughout the engagement period, Council involved the community by inviting them to "join the conversation" and "have your say". Council provided feedback to community comments online and engaged the community through public consultation visiting community halls across the local government area and holding robust discussions with ratepayers. One-on-one meetings and telephone conversations provided an opportunity to answer questions and have discussion about Council, its processes and gain feedback. Council responded to all written submissions.

Council also engaged in face-to-face discussions with representatives of all quarries, mining operations and utility energy generators who were being asked to pay higher overall percentage increases.

The specific details of how Council engaged with the community, approaches used, activities, timing of community meetings and community feedback are detailed in the Community Engagement Feedback Report – refer attachment L1 Options for a Sustainable Future Community Engagement Strategy Feedback Report and the table below. It should be noted that Council's engagement with the community for the period 1 August to 10 October, was based on an assumed rate peg of 2.5% in accordance with the Office of Local Government's Special Rate Variation Guideline. On 29 September 2022, IPART announced the 2023-24 rate peg for NSW Councils is set at 3.7%. Following the announcement, website communications were updated to reflect the 3.7% rate peg. Historic community engagement materials produced during Council's engagement program referred to the assumed 2.5% rate peg amount and these documents are retained in the [archive section of the website](#) for reference and were used to inform the Community Survey conducted by Micromex Research [Attachment K1] and the Community Engagement Strategy Feedback Report [Attachment L1].

Council will provide additional communications material in the lead up to the IPART exhibition period to ensure the community is aware of the implication of IPART'S 29 September 2022 determination on the amount being sought as well as the impact (still being assessed) of the general re-valuation of land in the LGA.

Engagement Type	Timing and details
Advertising and print runs	Full page advertisements, fact sheets & corflute signing were

	<ul style="list-style-type: none"> <li>placed at community meetings</li> <li>placed on the website and linked to social media and eNewsletters</li> <li>placed, to take home, on seats at community meetings</li> <li>provided as hardcopies to mail respondents prior to telephone survey.</li> </ul> <p>5 August – 30 September - 7 Full page advertisements were published in both local papers:</p> <ul style="list-style-type: none"> <li>The Village Voice</li> <li>The Lithgow Mercury</li> </ul> <p>4 x Mayoral Messages - Council columns in the Village Voice</p> <p>See Attachment L1 - Options for a Sustainable Future Community Engagement Feedback Strategy Report Appendix C &amp; D pp. 47-73</p>
Ratepayer mailout	<p>1-5 August 2022 - 10,027 Information packs were sent out to all ratepayers. The packs included letters from Mayor and General Manager and Resourcing our Future information pack – see:</p> <ul style="list-style-type: none"> <li>Attachment J1 - Our Place Our Future Communications Strategy – pp. 19-26</li> <li>Attachment L1 - Options for a Sustainable Future Community Engagement Feedback Strategy Report Appendix B pp. 35-41</li> </ul>
<p>Submissions received via</p> <ul style="list-style-type: none"> <li>Mail/over counter</li> <li>Email – <a href="mailto:svr@lithgow.nsw.gov.au">svr@lithgow.nsw.gov.au</a></li> <li>Website <a href="http://www.ourplaceourfuture.lithgow.com">www.ourplaceourfuture.lithgow.com</a></li> </ul>	<p>26 July – 10 October</p> <p>762 submissions received from the community.</p> <p>see Attachment L1 Options for a Sustainable Future Community Engagement Feedback Strategy Report</p> <ul style="list-style-type: none"> <li>Our Engagement – pp. 13-16</li> <li>Appendix A pp. 27-34</li> </ul>

Community meetings	<p>13 August – 24 September</p> <p>6 Community Information Sessions were held on Saturdays across the local government area with 172 members of the community in attendance.</p> <p>6 pop-up cafes were held for one-on-one meetings across the local government area on Wednesdays with 7 bookings.</p> <p>See Attachment L1 Options for a Sustainable Future Community Engagement Feedback Strategy Report Our engagement pp. 11-12</p>
Key Stakeholder meetings	<p>Refer to confidential attachment with dates and notes on key stakeholder meetings.</p> <p>1-3 meetings with each of seven quarry property owners.</p> <p>4 meetings with the key mining property owner to discuss the SV and options on optimising expenditure and continuing collaboration.</p> <p>3 meetings with the key power generation property owner to discuss the SV and options on optimising expenditure and continuing collaboration.</p>
Telephone Survey	<p>5-11 October</p> <p>Statistically relevant telephone survey of 405 residents and ratepayers undertaken by Micromex Research see</p> <ul style="list-style-type: none"> <li>• Attachment K1 - Micromex Report</li> <li>• Attachment L1 - Options for a Sustainable Future Community Engagement Feedback Strategy Report Our engagement pp. 17-22</li> </ul>
Website	26 July – 10 October

	<p>The Our Place, Our Future website was continually updated and maintained throughout the consultation period in response to community feedback. <a href="http://www.ourplaceourfuture.lithgow.com">www.ourplaceourfuture.lithgow.com</a></p> <p>See Website data – page views and document downloads – Attachment L1 – Options for a Sustainable Future Community Engagement Feedback Strategy Report Appendix C pp. 42-44</p> <p>A link to the Our Place, Our Future website was provided from <a href="http://www.council.lithgow.com">www.council.lithgow.com</a> and all media releases were posted to both websites.</p>
Social Media	<p>26 July – 10 October</p> <p>23 Facebook posts to @LithgowCityCouncil</p> <p>4 Instagram posts to @lithgow.council</p> <p>See Social Media data – page views and document downloads – Attachment L1 – Options for a Sustainable Future Community Engagement Feedback Strategy Report Appendix C pp. 46-47</p>
eNewsletters	<p>22 July – 28 September</p> <p>Media Releases and notifications disseminated to the community through Council's eNewsletters</p> <ul style="list-style-type: none"> <li>• Council Connections – Weekly eNewsletter to community</li> <li>• Lithgow Business &amp; Tourism Matters – monthly eNewsletter to Business &amp; Tourism Operators</li> </ul> <p>5 Options for a sustainable Future Community eNewsletters were sent to ratepayers who made a submission online.</p> <p>See Community Newsletter data – page views and document downloads – Attachment L1– Options for a Sustainable Future Community Engagement Feedback Strategy Report Appendix C p. 45</p>

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

At the end of the community consultation period, Council engaged Micromex Research to undertake an independent and statistically relevant survey of residents across the local government area.

The results of the survey (Attachment K1– Micromex Report) found that:

- 85% of residents were aware of the proposed Special Rate Variation.
- 80% of residents believe that improving/maintain roads and kerb & guttering is a key priority for Council in the local area.
- 42% of respondents supported Option 1 while 58% supported Option 2.
  - o Reasons for the preference of Option 2 centred on affordability/cost considerations (24%) and a lack of confidence in Council financial management (24%).
  - o Reasons for the preference of Option 1 centred on prevention of further service decline (16%) and a maintenance of existing service levels (14%).

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>
Attachment M3	Frequently Asked Questions Handout	
Attachment M4	Media issued November 2022 – January 2023	
Confidential Attachment	Key Stakeholder Meetings – Summary Minutes	

a. If document is only relevant in part.

## Criterion 3 – Impact on ratepayers

### Criterion 3 in the SV Guidelines is:

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

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

In assessing the impact, IPART may also consider:

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

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

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

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

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

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

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

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

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

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

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

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

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

The overall SV percentage for Option 1 – Service Levels Maintained is 45.7% (42% plus 3.7% rate peg) with the post consultation changes. Council has committed to ensuring that the SV percentage will be 27.7% for the residential, farmland and business rating categories as shown in the average rates table below:

Average Annual Rate	2022/23 Average Rate	SV Increase 2023/24 including 3.7% rate peg	2023/24 Average Rate Total	Percentage Change
Residential	\$869.26	\$240.78	\$1,110.04	27.7%
Farming	\$1705.50	\$472.42	\$2,177.92	27.7%
Business	\$4,214.67	\$1,167.46	\$5,382.13	27.7%

## 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.

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Council considered the community's capacity and willingness to pay as part of the development of the SV proposal. The analysis has been included in Council's adopted LTFP [\[Attachments I & I2\]](#).

Affordability and intergenerational equity were critical considerations in the external review of Council's rating policy. The review considered issues relating to the capacity to pay for various existing and potential rating categories and sub-categories. Comparative analysis was undertaken as a means of validating the findings (See FTG Report [\[Attachment O\]](#)).

Following inter-category analysis, the rating review recommended that a higher incidence of increased rating be placed on heavy industries (mining, quarrying, power generation). The particular methodology used by FTG in calculating an appropriate amount for each of these categories considered the consumption of Council resources by that category as well as intergenerational equity and affordability considerations. Council considered those recommendations and the methodology and evidence underpinning it in arriving at its position and the underlying material was published and referred to in the material provided during the consultation period.

It is noted that these heavy industries had typically lower rates than comparable Councils.

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A comparative larger yield in these industries enabled a lower incidence of increased rating in the residential, farmland and business rating categories which are most impacted by cost of living and other affordability pressures.

As part of the refinement of the SV scenario, it was determined that the pensioner concession would be increased by \$50 to \$300 p.a. to further reduce the incidence of increased rating on pensioners.

Council considered a range of indicators (including SEIFA and outstanding rates and charges comparisons) to assess whether the proposed rate increases would be affordable for the community. A discussion of these considerations is more fully set out in the LTFP.

Council also undertook intra-category analysis of the impact of the proposed SV on residential and business ratepayers by quartile and decile. Council adjusted the base amount of the proposed rating to ensure that the residential component became more progressive (a lower incidence in the lower two quartiles with lower land values). For example, the incidence in the first quartile in the residential category is 18.3% (excluding the further impact of the pensioner rebate which lowers that figure further). The incidence in the fourth quartile is 34%. The incidence in the first decile is 13.1% (which equates to an additional \$1.33 each week). The analysis also revealed that the proposed rating would not significantly impact incidence within the business category. This is largely because intra-category rating incidence within the business category is already very progressive with the top quartile of businesses in the business urban category paying 65% of the overall rating in that category. It is noted Lithgow has a disproportionate number of large employers compared with NSW more generally.

It is noted that successive studies of the correlation between property prices and capacity to pay confirms that property prices are a reasonable indication of capacity to pay (see, for example, South Australian Centre for Economic Studies (2004)), 'The Correlation Between Income and Home Values: Literature Review and Investigation of Data – Final'). It is for that reason that Council is confident that structuring the base rate to ensure a more progressive incidence of the proposed increases will ensure significant capacity to pay issues are avoided.

Finally, and for abundant caution, Council commissioned Morrison Low to conduct an assessment of the community's capacity to pay. A copy of the report is [attached](#) [Attachment PI](#). The Report was carefully considered by Council in arriving at its decision. The Morrison Low Report is consistent with Council's view that there is capacity to pay the proposed increased rating with the measures Council has adopted to reduce the impact on vulnerable cohorts.

The Morrison Low study concluded that there are significant levels of disadvantage within the LGA. Overall, the LGA scores low on SEIFA rankings of disadvantage, placing it the 14th percentile for IRSD (compared to Regional NSW which is in the 29th percentile) and within the 13th percentile for disadvantage and advantage (compared to regional NSW which is in the 32nd percentile). At an area level, it is apparent that there is inequity within the LGA, with some areas experiencing significant levels of advantage compared to other areas experiencing relatively low levels of disadvantage.

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Residential rates when compared with similar regional city councils (OLG group 4 classification), **Lithgow City currently has the lowest average residential rates** (\$811 per year as per corrected OLG Time Series Data). Should the SV be implemented across the LGA residential ratepayers are estimated to be an average of \$4.01 higher than they would be under normal rate increases (rate peg). This would still mean that average residential rates will still rank towards the lowest (22nd out of 25 reporting councils) amongst similar regional city councils (\$1,110 per year).

Rural South has the highest average residential land values, and as such, the impact here will be greatest for residential ratepayers. Rates here are estimated to be \$10.00 per week higher than they would be under normal rate increases. Mitigating this is that this area has the lowest levels of disadvantage and the highest levels of equivalised income within the LGA, therefore it is considered that there is capacity to absorb the proposed increases.

Wallerawang (which ranks in the 17th percentile IRSD), Lithgow (ranks 18th percentile) and Portland (ranks in the 11th percentile) will all see much lower impact, with rates estimated to range from \$3.41 to \$4.35 per week more than they would be under normal rate increases. Average rates are estimated to be \$806, \$977 and \$766 respectively, all well below the LGA average, and also the average for comparable group 4 regional city councils. Further, these areas have the highest level of renters (who will not bear the burden of rates rises). It is therefore considered that these areas have reasonable capacity to pay the increased value.

The area least impacted is Rural North, both in terms of level of increase (just \$2.65 per week compared to normal rate peg increase) and in terms of number of ratepayers impacted (the lowest number of residential ratepayers).

At an overall level, Lithgow's average **farmland rates currently also sit towards the lowest levels** (using 2021 OLG time series data) when compared against comparable group 4 councils, and **business rates are slightly above average** when compared to these councils. Under the proposed SV, average farmland rates may move into the top 15 amongst those comparable councils, and business rates may move into the top 6. Therefore, when compared to peers, it is likely that there is capacity to absorb these increases.

Further, compared to these councils, Lithgow has **low levels of rates income as a percentage of operating expenses** when compared to similar councils, indicating capacity of ratepayers to absorb rises. Council also has **low levels of outstanding rates** (in 2021, despite the impact of COVID-19, only climbing as high as 7%, and in 2022 it was 5%), and has been consistently below regional benchmarks (10%), indicating strong capacity and willingness to pay.

#### In Summary

Council is keenly aware that capacity to pay and affordability in the residential category in its LGA is a critical issue – even compared to other LGAs (see, for example, the SEIFA data). Council also has a higher proportion of people receiving pensionable benefits than almost all other LGAs in NSW.

Council engaged FTG to independently assess issues of capacity to pay, affordability and intergenerational equity and conduct inter-category analysis to fairly distribute the rating burden.

Action 1: Following inter-category analysis, those categories and sub-categories with greater capacity to pay have been asked to contribute a greater proportion of the overall rating burden. This analysis was 'built-up' from a robust methodological framework supported by comparative analysis.

Action 2: Council undertook intra-category analysis and adjusted the proposed base rate to ensure a more progressive rating policy and insulate as much as possible those with lower capacity to pay from the proposed increase.

Action 3: Council proposes an increase in the pensioner rebate from \$250 to \$300 to offset most of the impact for pensioners of the proposed increase (cumulatively with an adjustment to the base rate as above).

Finally, Council engaged Morrison Low to independently assess capacity to pay across the LGA.

## How does the council intend to address hardship?

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

- Following inter-category analysis, those categories and sub-categories with greater capacity to pay have been asked to contribute a greater proportion of the overall rating burden. This analysis was 'built-up' from a robust methodological framework supported by comparative analysis – see FTG Report [Attachment OI](#).
- Council undertook intra-category analysis and adjusted the proposed base rate to ensure a more progressive rating policy and insulate as much as possible those with lower capacity to pay from the proposed increase.

- Council proposes an increase in the pensioner rebate from \$250 to \$300 to offset most of the impact for pensioners of the proposed increase (cumulatively with an adjustment to the base rate as above).

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

Council's Hardship Policy is referenced in Council's adopted LTFP (page 36).

Table 6 Criterion 3 attachments

<b>Council- assigned number</b>	<b>Name of document</b>	<b>Page references<sup>a</sup></b>
Attachment O	FTG – Rating Review Technical Paper	PP22, 24
Attachment Q	Policy 8.6 - Hardship Policy	
Attachment P	Morrison Low – Capacity to Pay Report	
Attachment I	Long Term Financial Plan	P36
Attachment I2	LTFP Projected (General Fund) Financial Statements	

a. If document only relevant in part.

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

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

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

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<b>The Delivery program and LTFP should:</b>		
Clearly show the impact of any rises upon the community	<p>The impact of the SV and no SV options on average rates was included in Council's adopted LTFP – "Section 11 - Consideration of the Community's Willingness to Pay a Special Rate Variation."</p> <p>Council developed a <a href="#">web-based rates calculator</a> that ratepayers could use to compare their rates under Option 1 – Service Levels Maintained (with SV) and Option 2 – Service Levels Reduced (no SV) scenarios, based on their 2019 land valuation.</p> <p>The Options for a Sustainable Future are outlined in the 2022-26 Delivery Program, including the impact of options 1 and 2 on average rates.</p>	<p>Attachment I – Long Term Financial Plan Section 11 "Consideration of the Community's Willingness to Pay a Special Rate Variation." in the adopted LTFP, pp. 36-37.</p> <p>Attachment H – Delivery Program, section "Options for ensuring a sustainable Lithgow pp. 44-46.</p>
Include the council's consideration of the community's capacity and willingness to pay rates	<p>Council's adopted LTFP includes "Section 10 - Consideration of the Community's Capacity to Pay a Special Rate Variation" and "Section 11 - Consideration of the Community's Willingness to Pay a Special Rate Variation."</p> <p>In addition, Council engaged Morrison Low to assess the community's capacity to pay. This provided Council with an objective and independent assessment to assist with the SV determination.</p>	<p>Attachment I – Long Term Financial Plan:</p> <ul style="list-style-type: none"> <li>Section 10 "Consideration of the Community's Capacity to Pay a Special Rate Variation." in the adopted pp. 33-36.</li> <li>Section 11 "Consideration of the Community's Willingness to Pay a Special Rate Variation." in the adopted LTFP, pp. 36-37.</li> </ul> <p>Attachment P – Morrison Low – Capacity to Pay report</p>
Establish that the proposed rate increases are affordable, having regard to the community's capacity to pay	<p>Council's adopted LTFP includes "Section 10 - Consideration of the Community's Capacity to Pay a Special Rate Variation".</p> <p>Affordability and intergenerational equity were critical considerations in the external review of the rating burden. The review considered issues relating to the capacity to pay for various existing and potential rating categories and sub-categories. Comparative analysis was undertaken as a means of validating the outcomes rather than for the purpose of sourcing an answer.</p>	<p>Attachment 1 – Long Term Financial Plan Section 10 "Consideration of the Community's Capacity to Pay a Special Rate Variation.", pp. 33-36.</p> <p>Attachment O – FTG – Rating Review Technical Paper PP 22,24</p>

The rating review (Attachment O) recommended that a higher incidence of increased rating be placed on heavy industries (mining, quarrying, power generation) which have historically had lower rates than comparable Councils. This action enables a lower incidence of increased rating to be levied on the residential, farmland and business rating categories which are most impacted by cost of living and affordability pressures. As part of the refinement of the SV scenario, it was determined that the pensioner concession would be increased by \$50 to \$300 p.a. to further reduce the incidence of increased rating on pensioners. Council considered a range of indicators to assess whether the proposed rate increases would be affordable for the community.

Council also analysed the impact of the proposed SV on residential and business ratepayers by quartile and decile, to ensure that the percentage was reasonable and affordable.

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

## Criterion 4 – Exhibition of IP&R documents

### Criterion 4 in the SV Guidelines is:

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

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

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

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

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

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

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

For the 2022/23 IP&R exhibition process from 26 March to 7 May 2022, community engagement involved:

- Information on the Council website [www.ourplaceourfuture.lithgow.com/ipr](http://www.ourplaceourfuture.lithgow.com/ipr)

- 
- Social media
  - Council Column
  - Media releases
  - Council Connections and Lithgow Business & Tourism Matters eNewsletters

Following the community engagement and announcement of the rate peg for 2023/24 in September 2022, Council further revised the LTFP to include the rate peg increase of 3.7% resulting a revised one-off permanent SV of 45.7%, including rate peg of 3.7% for 2022/23 and 2.5% for 2024/25. The revised LTFP and Delivery Program were adopted by Council on 23 January 2023 (see Attachments H and I).

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## 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	29 November 2022 – 30 December 2022	23 January 2023	29 November 2022	<a href="https://ourplaceourfuture.lithgow.com/ipr/community-engagement/">https://ourplaceourfuture.lithgow.com/ipr/community-engagement/</a>
Combined Delivery Program/Operational Plan	29 November 2022 – 30 December 2022	23 January 2023	29 November 2022	<a href="https://ourplaceourfuture.lithgow.com/ipr/community-engagement/">https://ourplaceourfuture.lithgow.com/ipr/community-engagement/</a>
Long-Term Financial Plan	29 November 2022 – 30 December 2022	23 January 2023	29 November 2022	<a href="https://ourplaceourfuture.lithgow.com/ipr/community-engagement/">https://ourplaceourfuture.lithgow.com/ipr/community-engagement/</a>
Asset Management Strategy / Plan(s)	29 November 2022 – 30 December 2022	23 January 2023	29 November 2022	<a href="https://ourplaceourfuture.lithgow.com/ipr/community-engagement/">https://ourplaceourfuture.lithgow.com/ipr/community-engagement/</a>
Operational Plan				
Workforce Management Strategy	29 November 2022 – 30 December 2022	23 January 2023	29 November 2022	<a href="https://ourplaceourfuture.lithgow.com/ipr/community-engagement/">https://ourplaceourfuture.lithgow.com/ipr/community-engagement/</a>

## 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.

Councillor's IP&R documents were exhibited and adopted as follows:

Exhibition Dates	Adoption Date	Number of Comments/questions received Relating to SV	Engagement Report Reference
27 April – 29 May	27 June 2022	3 community comments/questions were received and included in the Community Feedback Report.	<a href="#">June Council Meeting Agenda Pp17-20</a> Attachment L2 IPR Community Engagement Report page 11
29 November – 30 December	23 January 2023	Councillor Feedback was received and responded to within the report for Council consideration.	<a href="#">January Council Meeting Agenda p33-40</a>

Three community submissions were received during the public exhibition of Council's IP&R documents between 27 April – 29 May 2022. These submissions were included in the Community Engagement Feedback Report [Attachment L2] with Officer's responses for the consideration of Council at its June 2022 meeting. Following the Council meeting all people who made a submission to the IP&R documents received an individual response to their concerns or queries which included a copy of the Council report and minute and the full IPR Community Engagement Strategy Feedback Report [Attachment L2].

Following extensive engagement with quarrying, mining and power generation ratepayers Council resolved at its [28 November meeting](#) (pp37-43) to place the IP&R document suite on exhibition for further public consultation between 29 November and 30 December. As a result of consultation and collaboration, power generation and mining ratepayers had proposed to make part of their increased contributions (\$1.092M) directly into a future fund to support the community through economic transition. This would have reduced the overall SV to a 30% increase (including rate peg). The proposed future fund did not significantly impact Council's financial sustainability under LTFP Option 1. Asset maintenance and renewal is fully funded for all asset classes.

Council resolved [\[Attachment C\]](#) that, in the event that the future fund proposal was not finalised prior to any SV application to IPART being completed in January 2023, Option 1 would return to Council's original proposal of a 45.7% SV (including rate peg). Although the parties to the future fund proposal could not complete due diligence and sign-offs for the fund within the short deadline, all have committed to continued close collaboration to achieve similar outcomes.

The decision not to proceed with the future fund proposal did not impact the other rating categories (residential, business and farmland) nor the proposed SV expenditure allocation included in the LTFP. At both the November 2022 and January 2023 [\[Attachment C\]](#) meetings, Council reaffirmed its commitment to limiting any increase in the residential, farming and business rating categories to 27.7% (including the 3.7% rate peg) with the balance of the SV funds to be levied against the business power generation sub-category, mining category and a new quarrying business sub-category or sub-categories.

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## Criterion 5 – Productivity improvements and cost containment strategies

### Criterion 5 in the SV Guidelines is:

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

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

This Application Form asks four questions relating to:

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

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

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

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

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

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

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

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

At the highest level, Council's Financial Sustainability Plan [Attachment N] sets out Five Pillars for Financial Sustainability -

1. **Financial Assistance Grants:** increase the Financial Assistance Grants to more than 1% of national taxing (presently at an historical low of 0.55% down from an historical high of 2%).
2. **Mining royalties:** increase NSW Government funding for local economic transformation - funded from royalties paid to the NSW Government from local mining.
3. **Development contributions:** ensure that the infrastructure and service cost impact of major development is recovered through the NSW planning framework.
4. **Land rating strategy:** increase own source revenue through a contemporary and fair land rating structure.
5. **Financial Sustainability Plan:** implement the actions in the Plan, including continuously identifying and implementing productivity, cost containment, and cost recovery initiatives.

Whilst points 1 & 2 are largely beyond Council's control, Council has vigorously progressed those matters which are within its control.

Council has developed a new contributions plan framework to capture the benefits of major development through monetary contributions. In recent times, for example, Council has negotiated a contribution from the developer of a large-scale battery array.

Council undertook a Financial Management Maturity Assessment [Attachment R1] which made 37 recommendations, now substantively implemented, to improve Council's financial and asset management and implemented a multi-year Fit for the Future action plan [Attachment R2].

In late 2021, Council engaged FTG to conduct a comprehensive rating structure and revenue review [Attachment O]. This considered Council's financial sustainability issues, following at least 10 years of deficit operating results (before capital) and significantly lower rating revenue compared with statistically similar councils. As part of that review, FTG explored what potential productivity, savings or other revenue options may be available to Council. For this exercise, FTG undertook consultations across the Council operation. The Rating Review Report [Attachment O] recommended a conceptual \$1.3M of structural productivities, cost containments and cost recovery measures. Council is working towards realising those improvements and that work is more fully set out in answer to other questions below.

FTG has also been engaged to complete an external operational review of one quarter of Council's business units and is expected to identify approximately \$125,000 of structural operational savings and a further \$100,000 in additional cost recovery measures.

In recent years, Council has completed detailed service reviews for the following services – Rangers, Library Services, Customer Service and Recreational Services with recommendations being implemented on the basis of prioritisation.

Council's asset management plans [Attachment S] are presently being optimised to ensure that interventions in asset renewal (and maintenance) are programmed to maximise the safety of the network foremost but, secondly, the value of each invested dollar. This work is scheduled to be completed by the end of 2023. Although not, strictly speaking, relevant for the SV application, Council has also engaged NSW Public Works to conduct a comprehensive review of its Integrated Water Management Plan to ensure the operational optimisation of that community utility.

Council takes a continuous improvement approach to improving productivity in its operations and asset management. Identified productivity improvement actions are implemented through Council's annual budgeting process with regular review and reporting of progress to the Audit Risk and Improvement Committee and Council. This work is on-going, and some of the additional programs proposed to be funded by the SV are designed to substantially accelerate this important work.

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

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

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

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

- introducing environmental and energy efficiency initiatives
- adopting more efficient information and communications technology for a range of activities such as communications, document processing, financial transactions, outdoor staff operations, e-recruitment
- shared purchasing through joint organisations of councils
- improved management of workers compensation insurance claims and safety audit
- seeking private contract works for road maintenance.

- contracting to provide services to other councils
- reviewing community venue management to increase the utilisation of venues and associated revenues
- reviewing charges to ensure greater cost-recovery for council-provided services
- review of and refinancing loan borrowings
- adopting waste management strategies to reduce landfill waste and associated costs.

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

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

Details of initiatives undertaken have been included in the [attachment](#) – Outcomes Achieved – Productivity Improvements and Cost Containment. [Attachment R3]

Initiatives have been undertaken in each of the past three years as part of the Financial Sustainability Plan. Each strategy has been categorised (productivity, cost containment, cost recovery) and identified as either ongoing (structural) or one-off.

b. Outline the outcomes which have been achieved.

Details of outcomes achieved have been included in the [attachment](#) – Outcomes Achieved – Productivity Improvements and Cost Containment [Attachment R3].

Outcomes achieved are also included in six-monthly Operational Plan reports to Council.

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

Details of quantified gains have been included in the attachment – Outcomes Achieved – Productivity Improvements and Cost Containment [Attachment R3].

2020/21 total quantified gains \$1,669M (3.3% of operating expenditure).

2021/22 total quantified gains \$2.55M (4.6% of operating expenditure).

2022/23 budgeted quantified gains \$3,6M (6.4% of operating expenditure).

## 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.

Council has targeted \$1.3M of structural improvements (productivities, cost containments and cost recovery initiatives) for the 2023/2024 financial year and is confident of achieving the measures which comprise:

- \$360,000 of additional productivities arising from the operational deployment of day-cover liners at Council's landfill operations (\$600,000 of cumulative structural savings),
- \$510,000 of additional cost recovery at Council's landfill operations following review of its administrative overhead apportionments,
- \$90,000 of additional cost recovery measures related to Council's Domestic Waste Management Fees related to the cost recovery of commercial-related waste disposal,
- \$57,000 of cost containments related to levels of service on redundant road related infrastructure,
- \$283,000 of other measures.

Additionally, Council proposes the following reviews which are anticipated to have as yet unbudgeted productivities, cost containments or cost recovery outcomes:

- service plans to define the range of Council services including information on service levels, service cost, service targets, performance indicators, and the reporting framework.
- on-going implementation of the Financial Sustainability Plan and annual budget strategies.
- on-going implementation of planned improvements to asset management practices via technological solutions.

b. Estimate their financial impact.

\$1.3M, this equates to \$2.35% of 2021/22 operating expenditure.

Further work will be undertaken to quantify gains from other planned initiatives, particularly annual budget strategies.

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

Yes, in full (LTFP P32 [Attachment II](#)).

## 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 improved productivity over time, as evidenced by \$7.8M in quantified gains in the past 3 years achieved through the implementation of productivity / cost containment / cost recovery strategies. [Attachment R3].

Some of the improvements have added to Council's number of full-time employees (FTE), for example:

- Council taking on management of Lithgow Solid Waste Facility from a contractor – 3 additional FTE. In the 2021/22-year, Council received \$1.38M of income from non-domestic waste management services.
- 2018/19 organisational restructure following an external review of the Operations Division – additional specialist FTE to improve asset management, project management and facilities management.

Council has completed an analysis of OLG data against comparable Councils [Attachment R4-Group 4 Councils].

Lithgow Council has a similar ratio of FTE to population compared with neighbouring Councils.

With regard to OLG Performance Indicators, Council has analysed its performance over three recent years against comparable Councils (being Mid-Western, Muswellbrook and Singleton). Council's lower rates income has been the main reason for a negative Operating Performance Ratio in most recent years. Lithgow Council has a higher Own Source Revenue ratio compared with neighbouring Councils which indicates lower reliance on grant funding. Lithgow Council has had a much lower Building & Infrastructure Renewal Ratio than neighbouring Councils.

In recent years, Council has participated in the Local Government Performance Excellence Program [Attachment R5]. The following changes in Council's levels of productivity and efficiency over time have been considered:

- Workforce trends - FTE per 1,000 residents has increased by just 0.9 over 8 years due to operational improvements.

- Service delivery – showing trends in the cost-of-service delivery over time.
- Solid waste management expenses compared with other Councils. The Outsourced Contract Expense fell significantly in FY2021 when Council took on management of the Lithgow Solid Waste Facility.
- Roads and bridges annual operating expense per kilometre- expenditure has been reducing over time.
- Parks & Sporting Grounds area and cost breakdown. Cost per hectare and per resident fell in FY2021 due to planned budget constraints.
- Swimming pool average revenue and cost per visit. The average operating cost per visit is much higher for Lithgow Council compared with the survey population.

Table 9 Criterion 5 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>
Attachment N	Financial Sustainability Plan- Productivity Improvements Program	
Attachment R1	Financial Management Maturity Report	
Attachment R2	Fit for the Future Improvement Plan	
Attachment R3	Outcomes Achieved – Productivity Improvements & Cost Containment	
Attachment R4	Time Series Data 2020-21 – Comparisons with similar councils	Group 4 Councils
Attachment R5	Local Government Business Excellence Program FY2013-Fy2021	

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.

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For almost 200 years, Lithgow has been, together with the Hunter and Broken Hill, the engine room of the NSW economy. In earlier times, these areas accounted for half of all Gross State Product – largely because of mineral exports. Since the 1960s, Lithgow and the Hunter have provided affordable and reliable energy to the NSW economy underpinning strong and consistent State growth. Mining from the Lithgow community has generated billions of dollars in mineral royalties to the State community. The community is rightly proud of the contribution it has made.

Mining, predominantly underground mining, has not been without its challenges. It has come with entrenched social challenges as a consequence of the historical poor pay and conditions in that industry until comparatively recent times. Lithgow's relative disadvantage has been well documented in this Application.

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35% of the Lithgow economy (by economic value-add) is dependent on coal mining and coal-fired power generation. In the years to 2040, much (if not all) of that economic activity will come to an end.

This Application, and the proposed SV, is part of a larger initiative to renew Lithgow. Council and the State Government have commissioned a Lithgow Emerging Economies Plan which will set out the actions needed to be undertaken to undertake a successful economic transition. The Plan has been subject to comprehensive stakeholder consultation and engagement. The final draft of the Plan has been completed but remains Cabinet-in-Confidence. Council anticipates being able to furnish IPART with a copy of the Plan during IPART's assessment of the Application.

While the NSW Government remains primarily responsible for managing that economic transition, there is rightly an expectation that all levels of government (including the Federal Government), together with private industry and the knowledge sector will make substantial contributions. Council is determined to be a leading actor in that exercise on behalf of its community and recognises that it needs to get its own financial house in order first. This is best practice – a sustainable local council with the capacity to deliver or facilitate the many necessary actions required to fundamentally transform the local economy.

Council has structured the Application to draw the additional resources from those in the community (predominantly its corporate citizens) with most capacity to pay and insulated the impact on those with least capacity to pay. It has pursued the Application in the context of four other pillars of financial sustainability including the winning of approximately \$1.3M of structural productivities in addition to approximately \$1.2M of historical structural productivities.

Council firmly believes that the path it has taken to the community and now takes to IPART for approval is the path that will place Lithgow in the strongest possible position for the future.

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## 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).

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[Click here to enter text.](#)

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Table 10 Criterion 6 attachments

Council- assigned number	Name of document	Page references <sup>a</sup>

a. If document is only relevant in part.

## Council certification and contact information

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

### Certification of application

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

### Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

**Name of council:**

Lithgow City Council

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

**General Manager (name):**

Craig Butler

**Signature and Date:**

2/02/2023

**Responsible Accounting Officer (name):**

Ross Gurney

**Signature and Date:**

2/02/2023

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

## Council contact information

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

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

### General Manager

**General Manager contact phone**

**General Manager contact email**

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

### Primary council contact

**Council contact phone**

**Council contact email**

**Council email for inquiries about the SV application**

council@lithgow.nsw.gov.au

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

### Secondary council contact

**Council contact phone**

**Council contact email**

**Council email for inquiries about the SV application**

council@lithgow.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>		
Attachment A	Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>
Attachment B	Application Form Part B (this Word document)	<input checked="" type="checkbox"/>
Attachment C	Council resolution to apply for the for the minimum rate increase variation 23 January 2023 Council resolution to notify intention to apply for the minimum rate increase variation 28 November 2022	<input checked="" type="checkbox"/>
	Certification	<input type="checkbox"/>
<b>If applicable for Description and Context Question 4</b>		
	Instrument for expiring special variation	<input type="checkbox"/>
	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
<b>If applicable for Description and Context Questions 5 and 6</b>		
Attachment D	Declaration of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>
Attachment D	Relevant instrument(s) for past special variations (if applicable)	<input checked="" type="checkbox"/>
Attachment D	Evidence of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>
<b>Mandatory public supporting material (i.e., to be published on IPART's website)</b>		
Attachment G	Community Strategic Plan – Relevant extracts	<input checked="" type="checkbox"/>
<b>Attachment H</b>	Delivery Program – Relevant extracts	<input checked="" type="checkbox"/>
Attachment I	Long Term Financial Plan_2022-2032 January 2023	<input checked="" type="checkbox"/>
Attachment I1	Long Term Financial Plan_2022-2032 August 2022	
Attachment I2	Long-Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	
Attachment J1	Our Place, Our Future Communications Strategy	<input checked="" type="checkbox"/>
Attachment J2	Engagement Implementation Plan (Industrial Ratepayers)	
Attachment J3	2021_2023 Community Engagement Strategy	
Attachment M1	Ratepayer Information Pack	
Attachment M2	Media Release _ Our Place Our Future – Options for a Sustainable Lithgow	
Attachment M3	Frequently Asked Questions	
Attachment M4	Media issued November 2022-January 2023	
Attachment K1	Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
Attachment K2	Micromex Report	
	Micromex Research Survey Priorities	

Council- assigned number	Name of attachment	Is the document included in the application as submitted?
Attachment L1	Community Engagement Feedback Report	
Attachment L2	IPR Community Engagement Strategy Feedback Report 26April-28May 2022	
Attachment P	Morrison Low – Capacity to Pay Study	<input checked="" type="checkbox"/>
Attachment Q	Hardship Policy	<input checked="" type="checkbox"/>
<b>Other public supporting material</b>		
Attachment S	Asset Management Strategy / Plan(s) (if applicable)	<input checked="" type="checkbox"/>
	Operational Plan for 2021-22 (i.e. not for 2022-23) (if applicable)	<input type="checkbox"/>
	NSW Treasury Corporation report on financial sustainability (if applicable)	<input checked="" type="checkbox"/>
Attachment N	Financial Sustainability Plan – Productivity Improvements Program	Yes
Attachment O	FTG Rating Review Technical Paper	Yes
Attachment R1	Financial Management Maturity Report	Yes
Attachment R2	Fit for the Future Improvement Plan	Yes
Attachment R3	Outcomes Achieved – Productivity Improvements and Cost Containment	Yes
Attachment R4	Time Series Data 2020-21 – Comparisons with similar Councils	Yes
Attachment R5	Local Government Business Excellence Program FY2013-FY2021	Yes
<b>Confidential supporting material (i.e. not to be published on IPART's website)</b>		
CONFIDENTIAL attachment	Key Stakeholder Meetings – Summary Minutes	

## 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.