

# DRAFT SPECIAL VARIATION APPLICATION PART B



## COUNCIL APPLICATION FOR 2015/16

Insert Name of Council: Council of the City of Ryde

Date Submitted to IPART: 11 February 2015

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 City of Ryde

  
New South Wales



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ISBN

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# 1 Introduction

IPART will assess each application against the criteria set out in the Office of Local Government's (OLG) Guidelines for the preparation of an application for a special variation to general income for 2015/2016 (the Guidelines). Councils should refer to these guidelines before completing this application form.

Each council must complete this Part B application form when applying for a special variation to general income either under section 508A or under section 508(2) of the Local Government Act 1993.

The Part B form must be completed together with the Part A (spreadsheet) form for both s508(2) and s508A applications. The Guidelines also require the council to have resolved to apply for a special variation. You must attach a copy of the council's resolution to make a special variation application. IPART's assessment of the application cannot commence without it.

## 1.1 Completing the application form

This form is structured to provide guidance on the information we consider necessary to assess a special variation application. To complete the form, the council will need to respond to questions and insert text in the boxed area following each section or sub-section.<sup>1</sup>

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 of the variation sought. More complex applications or requests for a high cumulative percentage increase should be supported by stronger, more extensive evidence.

Councils may submit additional supporting documents as attachments to the application (refer to section 8). These should be clearly identified in Part B and cross-referenced. We prefer to receive relevant extracts rather than complete publications, unless the complete publication is relevant to the criteria. You should provide details of how we can access the complete publication should this be necessary.

We publish Fact Sheets on how IPART assesses special variations and on the nature of Community engagement for special variation applications. These will assist in preparing the application. The latest Fact Sheets on these topics are dated October 2014 and are available on IPART's website.<sup>2</sup>

We may ask for additional information to assist us in making our assessment. If this is necessary, we will contact the nominated council officer.

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<sup>1</sup> The Guidelines are available at [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au)

<sup>2</sup> See [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

This application form consists of:

- ▶ Section 2 – Preliminaries
- ▶ Section 3 – Assessment criterion 1
- ▶ Section 4 – Assessment criterion 2
- ▶ Section 5 – Assessment criterion 3
- ▶ Section 6 – Assessment criterion 4
- ▶ Section 7 – Assessment criterion 5
- ▶ Section 8 – List of attachments
- ▶ Section 9 – Certification.

## 1.2 Using the Council Portal to submit the application

All councils intending to apply for a special variation must use the Council Portal on IPART's website to register as an applicant council and to submit an application.

The Portal is at [http://www.ipart.nsw.gov.au/Home/Industries/Local\\_Govt](http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt). The User Guide for the Portal will assist you with the registration and online submission process. If you experience difficulties please contact Himali Ranasinghe on (02) 9113 7710 or by email [himali\\_ranasinghe@ipart.nsw.gov.au](mailto:himali_ranasinghe@ipart.nsw.gov.au)

Councils intending to submit an application under either section 508(2) or section 508A must notify us of their intention to apply by COB Friday, 12 December 2014.

Councils should submit their applications via the Portal. File size limits apply to each part of the application. For Part B the limit is 10MB. The limit for supporting documents is 70MB for public documents and 50MB for confidential documents. These file limits should be sufficient for your application. Please contact us if they are not.

We ask that councils also submit one hard copy of their application to us (with a table of contents and appropriate cross referencing of attachments). Note, early in 2015 IPART will be relocating to the following address:

Local Government Team

Independent Pricing and Regulatory Tribunal

PO Box Q290

QVB Post Office NSW 1230

2-24 Rawson Place, Sydney NSW 2000

We must receive your application via the Council Portal no later than COB Monday, 16 February 2015.

We will post all applications (excluding confidential content) on the IPART website. Confidential content may include part of a document that discloses the personal identity or other personal information pertaining to a member of the public or whole documents such as a council working document and/or a document that includes commercial-in-confidence content. Councils should ensure that documents provided to IPART do not expose confidential content.

Councils should also post their application on their own website for the Community to access.

# 2 Preliminaries

## 2.1 Focus on Integrated Planning and Reporting

Councils must identify the need for a special variation to their General Fund's rates revenue as part of their Integrated Planning and Reporting (IP&R) process.<sup>3</sup> The IP&R documents will need to be publicly exhibited and adopted by the council prior to it submitting its application to us. Also refer to section 6 for a more detailed explanation.

The key IP&R documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and, where applicable, the Asset Management Plan. A council's application may also include supplementary and/or background publications used within its IP&R processes. You should refer to these documents to support your application for a special variation where appropriate.

## 2.2 Key purpose of special variation

At the highest level, indicate the key purpose(s) of the special variation by marking one or more of the boxes below with an "x".

- Maintain existing services
- Enhance financial sustainability
- Environmental services or works
- Infrastructure maintenance / renewal
- Reduce infrastructure backlogs
- New infrastructure investment
- Other (specify)

You should summarise below the key aspects of the council's application, including the purpose and the steps undertaken in reaching a decision to make an application.

<sup>3</sup> The OLG's October 2014 Guidelines and the IP&R Manual outline this link between the special variation and the IP&R process.

# EXECUTIVE SUMMARY

The City of Ryde has been very successful in providing high quality services and facilities to its Community, whilst maintaining one of the lowest residential rates in Sydney.

Council has had its financial position and performance reviewed by independent external experts in both TCorp and Pricewaterhouse Coopers (PwC). Both these reviews demonstrate that Council's financial position whilst sound, is deteriorating as it cannot provide the required funding to renew and maintain its existing infrastructure.

After successive years of balancing the budget and implementing significant internal savings, it has become clear that the general revenue is not adequate to keep pace with the cost of maintaining City of Ryde assets.

These assets are used by residents every day and include 321km of roads, 448km of footpath, 250km of drainage as well as the cycleways, sportsgrounds, playgrounds, natural areas and community buildings.

Ratepayers have told us that they 'love living in Ryde' and have shown a willingness to support a rates increase above the rate peg.

It has been 18 years since the City of Ryde was successful in applying for a Special Rate Variation (SRV) and while we know that rate increases are not popular, the reality is if we do not address the infrastructure backlog now, then our assets will continue to decline, leaving an unsustainable infrastructure renewal and maintenance burden for future generations.

Council, being cognisant of the impacts of this potential gap between funds available and funds required, conducted a comprehensive community information and engagement campaign throughout 2013, 2014 and into 2015 to gauge community support for a Special Rate Variation application to close the annual funding gap that is preventing maintenance of City's ageing assets to an acceptable standard.

The campaign was comprehensive and sought the opinions of thousands of residents and included valuable feedback such as levels of satisfaction, areas of priority and most importantly an understanding of a willingness to pay additional rates. Specifically we asked ratepayers did they want to:

**A) See services decline - no additional rates increase; or**

**B) See services maintained - a moderate rate increase; or**

**C) See services upgraded - a higher rates increase**

The information campaign consisted of a detailed booklet mailed to all ratepayers, web content and print advertisements.

Community engagement supported the information campaign through community information sessions, stakeholder workshops and a random telephone survey of 655 ratepayers.

Ratepayers were invited to respond to the survey either online, through the prepaid postcard or in person at any of our venues or community engagement events.

3,538 responses were received with the findings concluding that a significant number of ratepayers are in favour of Council's special rate proposal with the survey results showing:

***"57.7% of ratepayers supported a rates increase of 7% or more, to fund the described infrastructure renewal work."***

As a Council we are taking a proactive approach in addressing the funding gap and reducing the backlog of works through an increase in rates.

Given the extensive consultation and positive support from the community Council now seeks IPART's approval for this Special Rate Variation.

# Application Overview

## Why the City of Ryde needs an SRV

Councillors have, over the past decade, raised and discussed the need to seek a Special Rate Variation (SRV) to address Council's funding shortfall for asset maintenance and renewal.

In 2005, Council resolved to undertake the process for an SRV that would raise additional funding for infrastructure renewal for the whole City, in addition to applying for an SRV relating to business properties in Macquarie Park. Council was only successful with the SRV applying to Macquarie Park, therefore the shortfall in funding for asset renewal/maintenance across the City of Ryde remained.

Since this time, the issue of reapplying for an SRV to address Council's funding shortfall has been consistently discussed by Council during every subsequent budget process.

The following key points are provided to explain the history and the actions taken that has culminated in the City of Ryde now applying for this SRV:

- Since 2005/2006, Council has undertaken initiatives to improve its service delivery, reduce operational costs and increase other revenue sources.
- These initiatives have included undertaking Best Value Reviews in key business processes, entering into joint procurement initiatives with other Councils and Regional Organisation of Councils (Northern Sydney Regional Organisation of Councils NSROC, Southern Sydney Regional Organisation of Councils SSROC), optimising Local Government Procurement contracts, reviewing and reducing Council's staff establishment and reducing standards of service, where appropriate. These reviews and refinements to services have been undertaken to streamline Council processes and to minimise costs. However, it has also required Council to carefully manage its service delivery to the community where standards have been reduced. To make further cuts to services to address Council's annual asset renewal/maintenance funding shortfall, will certainly impact on our community.
- After many years of careful financial management and maintenance of services Council has arrived at the point where this approach is creating an unacceptable backlog in the renewal and maintenance of our community infrastructure assets.
- The SRV will allow Council to address the current funding shortfall for asset renewal/maintenance of \$10 million, whilst maintaining all current services and service standards.
- Council's Long Term Financial Plan (LTFP) Base Case, (without the SRV) is projecting on-going Operating Deficits ranging from \$0.9 million in 2015/2016 to \$4.2 million in 2013/2014. (Page 29 of the LTFP) The LTFP including the SRV, demonstrates Council's Operating Result would return to surplus in 2015 / 2016 with a projected surplus of \$1.5 million increasing to \$6.7 million in 2013/2014. (Page 53 of the LTFP)
- More importantly with an SRV, the renewal of assets in poor condition and the backlog can eventually be cleared, without adversely affecting services to ratepayers.



## TCorp's advice

- TCorp's review of Council's financial position in March 2013, resulted in a rating of 'Sound' with a 'Negative' outlook.

Key extracts from its report are detailed below;

*"Council is likely to forecast continuing operating deficits when capital grants and contributions are excluded for all 10 years when an SRV is not utilised. Council will not be able to fully fund their asset renewal, leading to the infrastructure backlog continuing to increase." (Page 5)*

*"Council historically has been in a sound operating position, however, their position has been deteriorating and have not been able to reduce their infrastructure backlog. TCorp assumes Council will forecast operating deficits in each of the next 10 years with an inadequate level of capital expenditure forecast when compared to benchmark." (Page 5)*

*"The assumed on-going deficits will further impact this position with Council unable to fund the necessary renewal works against annual depreciation." (Page 5)*

*"Council has postponed the possible SRV application in 2014 following the 2012 elections, however, it is important that the new Council explore the options available to reduce the funding gap." (Page 5)*

Further, in commenting on Council's benchmarking analysis, TCorp observed all indicators were sound with the exception of the following;

*"Asset Maintenance funding has been on a downward trend, decreasing below the benchmark and group average in 2012. Asset renewals have been below benchmark since 2010 but increased above the group average in 2012." (Page 6)*

- Given TCorp's report, arrangements were made for Mr Kevin Pugh from TCorp to address Councillors on the results of the Report. This briefing was undertaken on 23 May 2013.
- The TCorp report was considered and accepted by Council at its meeting on 28 May 2013.
- As a result of TCorp's report and given Council's previous deliberations to address its funding shortfall for its asset renewals/maintenance and to address the City of Ryde's financial future, further workshops were held with Councillors between August 2013 to June 2014. A total of nine workshops including one whole day workshop on 24 May 2014 were held to consider Council's long term financial future.

## The community has it's say

- In addition to the Councillor workshops, three separate reports were presented to Council at key stages of this process that resulted in Council undertaking a preliminary independent community research and feedback program (Instinct and Reason Pty Ltd) in May 2014.
- This was followed by a further, more comprehensive community engagement/consultation program between July to October 2014.
- Both pieces of work showed similar results with a majority of ratepayers supportive of a rate increase ranging from 7% to 12% (57.7% supportive of an increase of 7% or more in the August/September 2014 survey).
- A key message from a number of ratepayers throughout the consultation period was that they did not want to see Council's services decline.
- They also expressed the need to ensure that Council transparently reports on the use of the additional funds, if approved.

## Independent reviews and advice

During the public consultation, Council undertook a full review and updating of its Asset Plans whilst also commissioning an independent assessment of its financial position including financial performance benchmarking.

In respect of the independent financial assessment, Pricewaterhouse Coopers (PwC) was engaged to undertake the assessment of Council's financial position and financial performance against other similar sized Councils and industry benchmarks.

PwC concluded:

- Council was very competitive in all key expenditure benchmarks and therefore did not suggest any further reductions.
- Council's focus should be to increase its revenue base.
- Council did require additional funding for the renewal and maintenance of its assets. (Appendix 13.a PwC Report - Council Meeting 24 June 2014)

In respect of Asset Management, Council did a full comprehensive review of its Asset Management Plan and Sub Plans. This was facilitated by an independent asset management consulting firm, Jeff Roorda and Associates (JRA) and included an extensive review and confirmation of the condition of Council's key infrastructure assets that included road pavement, footpaths, kerbs and stormwater assets. These assets represent 74% or \$655 million of the total replacement value of Council's Community infrastructure assets valued at \$892 million.

JRA's review confirmed:

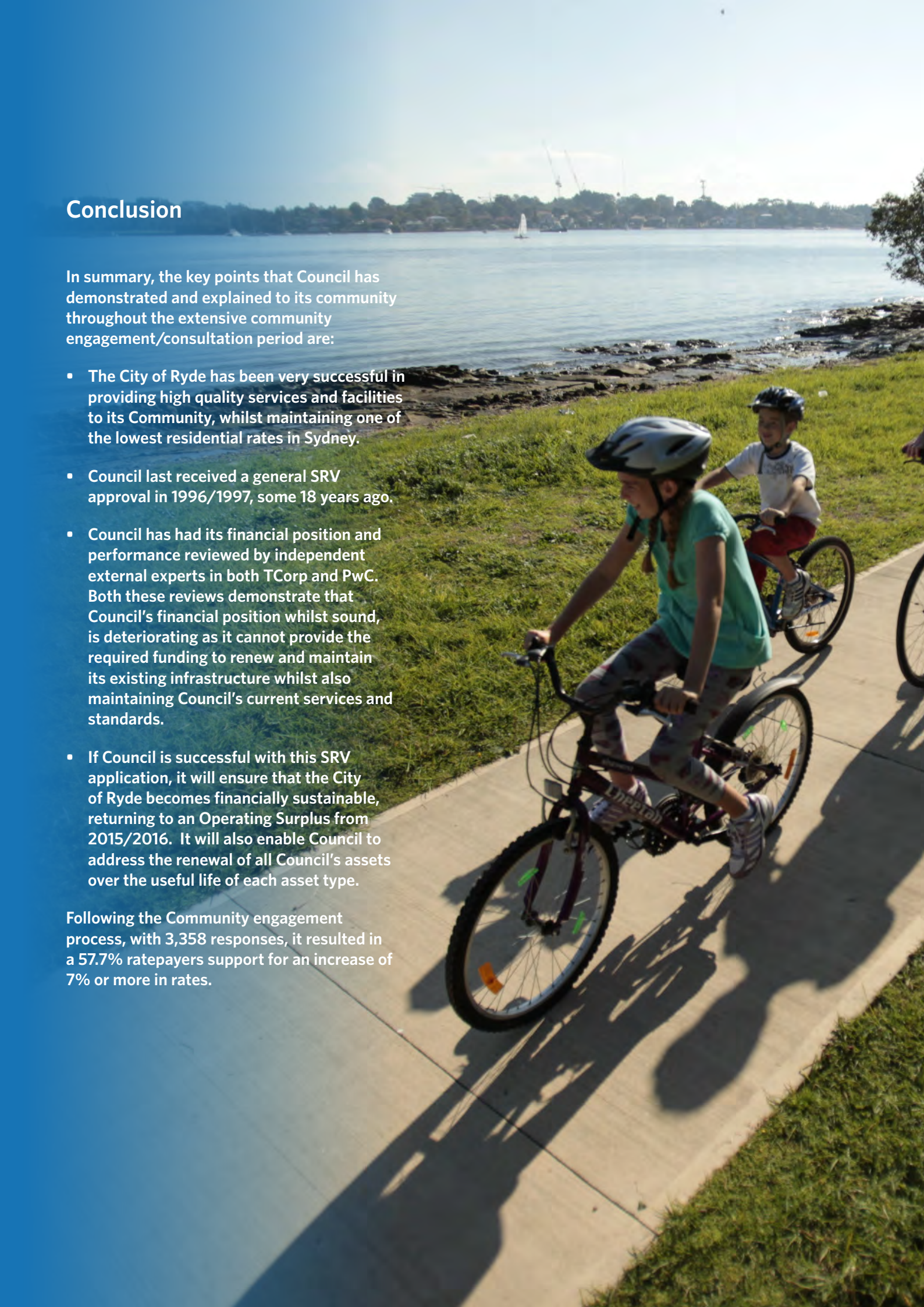
- Council's \$10 million funding shortfall for asset renewal/maintenance and modelled the three rating options that were the subject of the community consultation (base, 7%, 12%).
- If Council received the SRV of 7%, it would enable Council to meet the annual funding requirements of renewing its assets as they reach condition 5, over the life of the assets.
- Through an SRV, Council will be able to address its infrastructure backlog. (JRA Report presented to Council on 11 November 2014 as part of the revised Resourcing Strategy)

## Conclusion

In summary, the key points that Council has demonstrated and explained to its community throughout the extensive community engagement/consultation period are:

- The City of Ryde has been very successful in providing high quality services and facilities to its Community, whilst maintaining one of the lowest residential rates in Sydney.
- Council last received a general SRV approval in 1996/1997, some 18 years ago.
- Council has had its financial position and performance reviewed by independent external experts in both TCorp and PwC. Both these reviews demonstrate that Council's financial position whilst sound, is deteriorating as it cannot provide the required funding to renew and maintain its existing infrastructure whilst also maintaining Council's current services and standards.
- If Council is successful with this SRV application, it will ensure that the City of Ryde becomes financially sustainable, returning to an Operating Surplus from 2015/2016. It will also enable Council to address the renewal of all Council's assets over the useful life of each asset type.

Following the Community engagement process, with 3,358 responses, it resulted in a 57.7% ratepayers support for an increase of 7% or more in rates.



## 2.3 Capital expenditure review

You should complete this section if council is undertaking major capital projects that are required to comply with the OLG's Capital Expenditure Guidelines, as outlined in OLG Circular 10-34. A capital expenditure review is required 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 the 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 Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Does the proposed special variation require council to do a capital expenditure review in accordance with OLG Circular to Councils, Circular No 10-34 dated 20 December 2010?

Yes  No

If Yes, has a review been done and submitted to OLG?

Yes  No

# 3 Assessment Criterion 1: Need for the variation

Criterion 1 within the OLG 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, including 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 approving 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.

Evidence to establish this criterion could include evidence of community need /desire for service levels/projects and limited council resourcing alternatives.

Evidence could also include the assessment of the council's financial sustainability conducted by the NSW Treasury Corporation.

The response to this criterion should summarise the council's case for the proposed special variation. It is necessary to show how the council has identified and considered its community's needs, alternative funding options (to a rates rise) and the assessment of its financial sustainability as conducted by the NSW Treasury Corporation (TCorp).

The criterion states that the need for the special variation must be identified and clearly articulated in the council's IP&R documents especially the Long Term Financial Plan (LTFP) and the Delivery Program, and, where appropriate, the Asset Management Plan (AMP). The purpose of the special variation should also be consistent with the priorities of the Community Strategic Plan (CSP).

## 3.1 Case for special variation - Community need

Summarise and explain below:

- ▶ a) 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.
- ▶ b) How the decision to seek higher revenues above the rate peg was made and which other options were examined, such as changing expenditure priorities or using alternative modes of service delivery.
- ▶ c) Why the special variation is the most appropriate option. For example, typically other options would include introducing new or higher user charges and/or an increase in council loan borrowings, or private public partnerships or joint ventures.
- ▶ d) How the proposed special variation impacts the LTFP forecasts and how this relates to the need the council identified. Our assessment will also consider the assumptions which underpin the council's LTFP forecasts.

In addressing this criterion, you should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

## a) How Council identified and considered the community needs and desires in relation to matters such as levels of service delivery and asset maintenance and provision.

### STEP 1 | SEPTEMBER 2013: COMMUNITY SURVEY

Council's conversation with the community in relation to levels of service delivery, asset maintenance and satisfaction began in September 2013 with Council undertaking a community wide satisfaction survey.

Council engaged Micromex Research (a division of Micromex Systems Pty Ltd), an independent market research company, to undertake the Community Satisfaction Survey by way of a random telephone survey. A sample size of 450 was collated, providing a sampling error of plus or minus 4.6% at 95% confidence. The sample was also weighted by age to reflect the 2011 ABS Census Data as well as an equal distribution of responses by Ward.

The survey was structured in such a way that it allowed Council to ascertain both community satisfaction and determine perceived importance of Council service provisions. This allowed for the identification of areas not only of community satisfaction but also community importance. The value of this information is that when satisfaction and importance are linked it clearly identifies areas for improvement and conversely, where Council may be over-servicing the community. This process also provided some solid data for Council to consider when reviewing the allocation of resources and funding.

Council at this point in time was very aware of the TCorp review results and as such saw relevance at asking questions relating to the community's preferred approach to managing Council's long term sustainability as a part of this survey.

### THE RESULTS:

#### *Community Satisfaction*

Overall the research found a generally positive result for the City of Ryde with 38 of the 39 services/facilities/criteria rated as being of 'moderate satisfaction' to 'high satisfaction'. Compared to the LGA Brand Scores for 'All of NSW' and 'Regional Councils', Ryde performed significantly better and is slightly higher than the Metropolitan council areas.

The Community results showed that the most common key challenge the community believes Council is facing in the next 10 years is overpopulation and all the challenges that it brings, in terms of infrastructure needs.

Table in Appendix 13 outlines the top 20 drivers for community satisfaction, seven of which relate to infrastructure including footpaths, roads, stormwater management and sportsgrounds and ovals. All of these drivers of community satisfaction would be impacted should Council be unable to improve its current financial position.

#### *Council's long term financial sustainability*

As stated above, by September 2013 Council was aware of the TCorp results and as such was concerned about the longer term financial future of the City of Ryde. For this reason, Council added some further questions to the survey which related to community sentiment for a proposed rate increase.

Before putting three options in front of the community the following statement was read to the respondents:

*Council is facing the challenge of balancing community expectations with future financial sustainability. Council is experiencing a growing gap between the cost of providing services and facilities and the available funding to meet those costs. This position is a result of a long term 'rate cap' by the State Government on Council's ability to increase rates; costs rising more than CPI, and the City's increasing growth.*

*Council has made no decision in respect to the possible options to address this challenge. At this stage, Council is seeking initial Community feedback on three options.*

Respondents were then asked to consider three options which included:

**OPTION A:**

Reduce services by holding rates and fees at current levels.

**OPTION B:**

Maintain services at current levels with a moderate increase in rates. This would maintain existing levels of services and facilities and address the annual asset renewal works, however would not address the asset backlog.

**OPTION C:**

Enhance services and increase rates, fees and charges to sufficiently cover the annual funding gap for asset renewal and start to address the asset backlog. This would mean a higher increase than the one explored in Option B.

**54%** 54% of the Community respondents supported Option B as a first preference, being that the City of Ryde develop a long term strategy that would maintain services and facilities and increase rates sufficiently to cover increased provision of these to serve the growing population.

**24%** 24% supported a strategy that would enhance services and facilities and increase rates.

**22%** Only 22% of ratepayers wanted to retain rates and reduce Council services as a first option.

## STEP 2 | MAY 2014: FURTHER UNDERSTANDING COMMUNITY SENTIMENT

Whilst the community survey responses provided a generic sense of the community's willingness to engage in a conversation on Council's financial future, further information was still required to understand under what conditions the community would support a rates increase.

Following a report to Council on the 22 April 2014 relating to the City of Ryde's Financial Future and proposed action plan, Council engaged 'Instinct and Reason Pty Ltd' to undertake this research with the following **objectives**:

- Gain a qualitative in-depth understanding of community needs, expectations, knowledge, attitudes, preferences, and likely reaction to different levels of rate increase.
- More precisely measure community perceptions and reactions in relation to the choices Council is considering, and map out the implications of these choices.
- Involve the community in a robust process where Council can be confident it understands the community's perspective, both the 'representative' picture most ratepayers will have in the community at large and also views expressed – consciously and unconsciously – when given a little more information about the issues.

Instinct and Reason undertook the research using the following **methodology**:

- 1. Six focus groups** totalling 37 people that comprised younger single people; families with young children; families with older children; older people/empty nesters; the Chinese Community, and; the Korean Community to find out how ratepayers would vote and why – both without much information and with all relevant information available.
- 2. Community workshop** with 25 attendees - Those who attended a focus group were invited back to attend a workshop to help ratepayers give Council a more informed view and to identify their preparedness to pay.
- 3. Follow up online discussion board** for those who were interested in participating in further refining the Community Survey.
- 4. Community Survey** – an online survey among 718 ratepayers to obtain a full picture of the views of a cross-section of the community, including choice modelling to more accurately understand what services / assets the community would most support for an increase in rates.

### THE RESULTS:

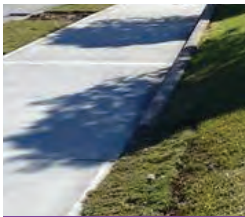
The focus groups and workshop provided Council with qualitative insights into community sentiment in the following ways:

- It was clear that there is a strong level of community pride in the condition and aesthetics of the Local Government Area (LGA).
- Community members would consider supporting a rate increase if it was required to maintain a level of asset condition and upkeep to the LGA with the 'Instinct and Reason' report stating to Council that "many want to see more investment in the area and its infrastructure".
- Community members were less likely to support an increase for additional assets (i.e. a new library, town hall etc).
- There was a high level of support for an increase provided all the relevant information was given, with many of the focus group/workshop participants saying comments such as "I'm ok with an increase as long as they tell us what the plan is".



The following was put forward to the respondents in the 'Instinct and Reason' online survey conducted from 8 - 16 May 2014:

### CITY OF RYDE COUNCIL RATES ITS ASSETS BY THE CONDITIONS BELOW



**Condition 1**

New or equivalent.



**Condition 2**

Good condition without visible blemishes or deterioration.



**Condition 3**

Usable and safe condition but with visible signs of wear or deterioration.



**Condition 4**

Usable condition with defects that interfere with use or reduce asset life.



**Condition 5**

Requires major repairs or possible safety hazard.

### CITY OF RYDE COUNCIL IS CONSIDERING THREE POSSIBLE OPTIONS FOR SETTING ITS BUDGET.

**Option A** would be no rate increases for the next 4 years other than the CPI, which currently is around 3%. This would mean no more investment in local infrastructure or facilities and would therefore lead to a reduction in service levels and possible cuts in services.

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Example of 3% CPI only increase	\$1000.00	\$1030.00	\$1060.90	\$1092.73	\$1125.51

**Option B** would be an annual 8% rate increase for the next 4 years (including the CPI increase of around 3%) to maintain services at their current level, and provide additional money for renewing Council's infrastructure. It would not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and some assets that are in 'Condition 4'.

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Example of 8% annual increase from 2015/2016 (including CPI)	\$1000.00	\$1080.00	\$1166.40	\$1259.71	\$1360.49

**Option C** would be an annual 12% rate increase for the next 4 years (including the CPI increase of around 3%) to maintain services at their current level and provide further money for renewing Council's infrastructure. It would still not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and most assets that are in 'Condition 4'.

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Example of 12% annual increase from 2015/2016 (including CPI)	\$1000.00	\$1120.00	\$1254.40	\$1404.93	\$1573.52

Please note that City of Ryde Council has a 'Rate Recovery & Hardship Policy' for ratepayers who may experience financial difficulties in meeting their rate commitments.

As a part of this survey process, Instinct and Reason utilised a Nobel Peace Prize winning process of 'choice modelling' which allows the researcher to understand the drivers behind decisions being made. In this instance the model was used to understand under what conditions were ratepayers most likely to support the rate increase. The graph below outlines under which circumstances the Community would be most likely to support an increase. This information assisted Council in drafting its final three options that it put to the Community.

<b>Preferred combination of choices ("choice model") as identified by the majority of respondents</b>	
	preferred choice modelling option by majority
Rate increase per annum for next 4 years	7 per cent per annum (including. 3% CPI)
Roads and pavements	Renew all Condition 5's and most Conditions 4's
Footpaths and cycleways	Renew all Condition 5's and most Conditions 4's
Street signs and road signs	Renew all Condition 5's and most Conditions 4's
Traffic management and infrastructure	Renew all Condition 5's and most Conditions 4's
Drains and stormwater infrastructure	Renew all Condition 5's and most Conditions 4's
Children's play areas and equipment	Renew all Condition 5's and most Conditions 4's
Amenities such as community festivals, community halls, libraries, parks, sportsgrounds	Improve these services or service levels
Public toilets, street lighting, support for people with disabilities, support for seniors, youth programs	Improve these services or service levels
Household cleanup collection, managing illegal dumping, street cleaning	Improve these services or service levels
	53% of respondents supported this model

## Conclusion

As outlined in the stages above it can be seen that Council undertook a rigorous process of independent research and consultation to understand the needs and desires of the community relating to Council's service and asset delivery. What became clear from the feedback was that there was a strong sentiment in the community to consider a rates increase in order to upkeep a level of service and asset standards within the Ryde LGA.

The information provided by the community assisted Council in developing both a reasonable and relevant proposal and also assisted in Council providing a level of information that the community was clearly seeking in order to make such an important decision for its future.

## b) How the decision to seek higher revenue above the rate peg was made and which other options were examined; and

## c) Why the special variation is the most appropriate option.

The process that was undertaken by Council to seek an increase above the rate peg was extensive.

This included nine Councillor workshops between August 2013 to June 2014 that resulted in Council endorsing a comprehensive community consultation to seek feedback on a proposed SRV of 7% (including estimated 3% annual rate peg).

In Council arriving at this decision at its meeting on 24 June 2014, Council had investigated other funding options including the following:

### ▪ Loans

Council's annual funding shortfall was a deficiency of annual revenue, and while borrowing is always a funding option, loans would not resolve the Council's on-going annual shortfall. Council had utilised loans for 'lumpy' renewals, such as buildings and proposed to maintain that position. Council also had identified the use of loans for one off acquisitions, funding developments in its investment property portfolio or for subsidised loans under the State Government Local Infrastructure Renewal Scheme.

### ▪ Sale of Assets

Due to the City's limited asset base, Council had adopted the position to not sell its assets. Rather, it looked to redevelop its investment portfolio to increase its annual revenue from the leasing/rental returns. Council believes taking this approach will result in reducing dependency on rate income, acknowledging that this will be achieved in the medium to long term.

### ▪ Additional Income other than Rates

In Council's review of its operations, a range of options for increasing income were proposed for Council's consideration. From the options presented to Council the additional revenue sources that have been endorsed are:

Additional income other than Rates	
Advertising sign income	\$400,000
Additional 2% increase in Fees and Charges (above Local Government Cost Index)	\$120,000
Additional rental - Community Buildings	\$60,000
<b>Total per annum</b>	<b>\$580,000</b>

Council was mindful of cost of living pressures for residents and took a prudent approach to keeping fees and charges within reasonable thresholds.

### ▪ Cost Reductions

Council had undertaken previous Best Value Reviews to streamline processes to become more cost effective and to improve customer service delivery. Also through the Budget Process, over the last 3-5 years, budget allocations have been constrained which has resulted in restricted budgets for maintenance and operating allocations for various services that includes maintenance for footpath and cycleways, kerb and gutter, stormwater/pipelines, pit cleaning, replacement of street furniture and guard rails, cleaning of bus shelters and granite paving, frequency of cleaning Town Centres, frequency of maintenance of Council's passive parks, sportsgrounds and street tree maintenance.

All of the above areas have resulted in reductions in service that, to date, have been carefully managed by staff to limit the impact on Council's community and users.

Council also in 20 March 2014 undertook a review of its structure and other reductions in its operating costs made to reduce the amount required from an SRV. This focus was on roles at the management level over other positions, to ensure minimal impact on Council's direct service delivery to its community. As a result of the review Council has reduced its Full Time Equivalent (FTE) by 14 positions down to an FTE of 473 positions. This has resulted in an annual saving of \$1.5 million. Council also has reduced its operating expenses by a further \$0.45 million. This totals an ongoing expenditure saving of \$1.95 million. When added to the projected additional revenue of \$0.58 million it will provide an ongoing annual saving of \$2.5 million.

***To reduce Council's expenditure any further would have a significant impact on the community and therefore this is the underlying reason why Council has determined that a Special Rate Variation was the most appropriate way to meet the shortfall.***

Even after allowing for Council's ongoing \$2.5 million in efficiency savings, the \$10 million shortfall in funding for asset renewal/maintenance still remained in the base case LTFP (\$2 million asset maintenance, \$8 million asset renewal).

Hence after having regard to Council's review of its operations, services and service standards; results of the community consultation and independent reviews by TCorp and then by PwC of Council's financial position and financial performance as well as JRA's review and confirmation of the asset renewal / maintenance funding shortfall of \$10 million, Council at its meeting on 11 November 2014 resolved to notify IPART of its intentions to lodge an SRV application with its preferred option being 7% increase including the rate peg.

In summary, Council's SRV application supplements a holistic approach taken by the City of Ryde that comprises the following, in addressing its financial sustainability:

1. Cost reductions
2. Additional Income
3. Service cuts
4. Special Rating Variation (SRV).

## d) How the proposed special variation impacts on the LTFP forecasts and how this relates to the need Council identified.

The need that was identified was the annual funding shortfall of approx. \$10 million per annum, \$8 million for asset renewal and \$2 million for asset maintenance.

In the LTFP, base case (Option A) the asset backlog which now stands at \$79 million would continue to grow over the next ten years.

Not only will the backlog grow due to the reducing amount of funding available in real terms, to undertake asset renewals, but also due to the number of assets that will become due for renewal in this period. Council has a growing number of Condition 3 assets (usable but with visible signs of deterioration) that are moving into Condition 4 (entering into a reduced asset life), and subsequently into Condition 5 (possible safety hazard).

This is due to Council's asset base continuing to increase and requiring more funding for maintenance, due to growth and the ageing of its assets.

To remain within budget, Council has already reduced a number of services, such as:

- footpath grinding
- frequency of cleaning public domain areas
- tree maintenance

- and other programmed maintenance.

What the SRV, and associated cost reductions and additional income will achieve is:

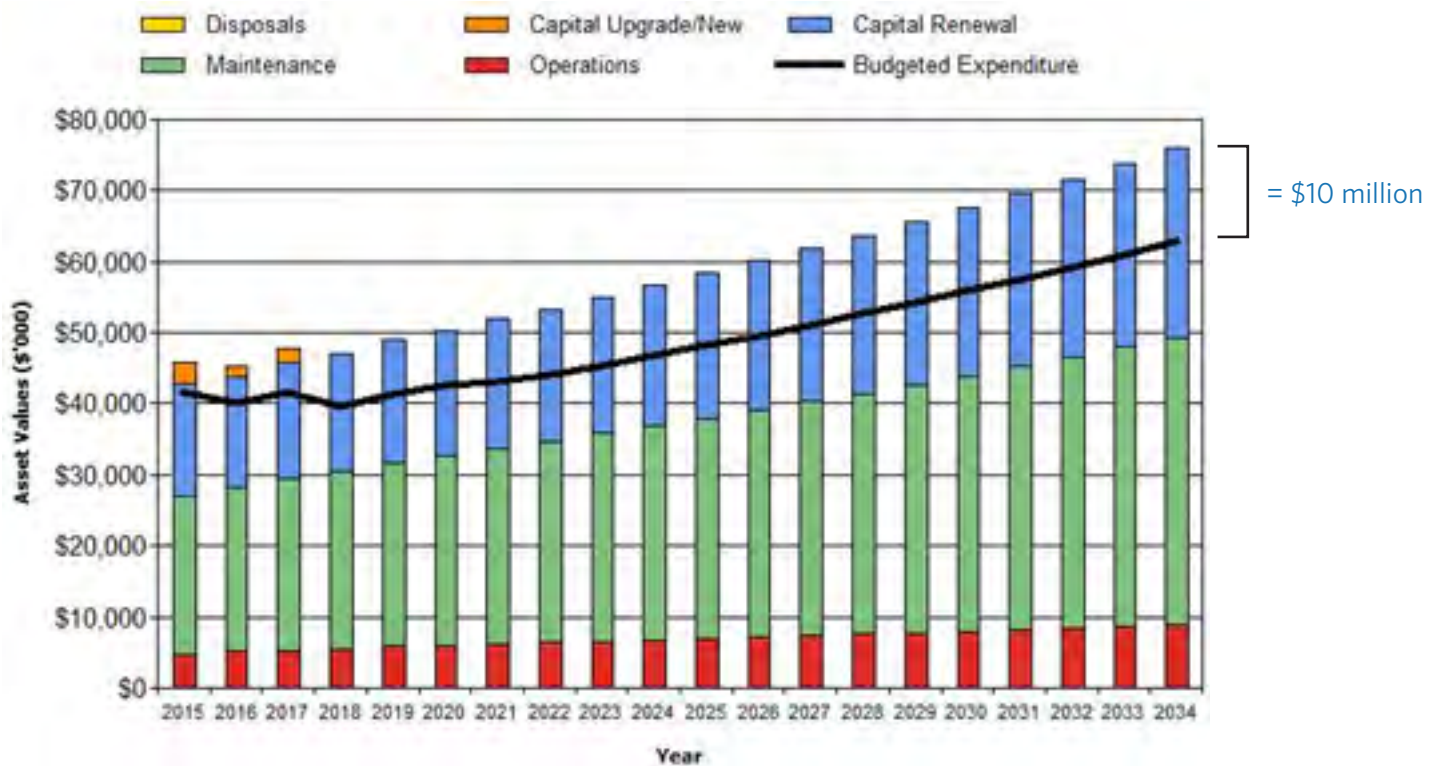
- provide Council with the funding needed to increase maintenance to the level required, that will allow our assets to depreciate in an acceptable manner;
- provide sufficient additional funding for asset renewals that are in Condition 4 & 5, to be addressed within the period of the LTFP; and
- address the required funding levels over the life of the assets and not just for the period of the Delivery Plan or the LTFP.

***The Long Term Financial Plan (including Option B - Special Rate Variation 7%) demonstrates that with the Special Rate Variation, the City of Ryde will not only return its operating result to surplus, it will enable council to renew assets as they become due for renewal.***

This is shown graphically over the page from the modelling undertaken by Jeff Roorda and Associates (page 4 and 5 of JRA Discussion on AMP preparation and SRV dated 7 October 2014).

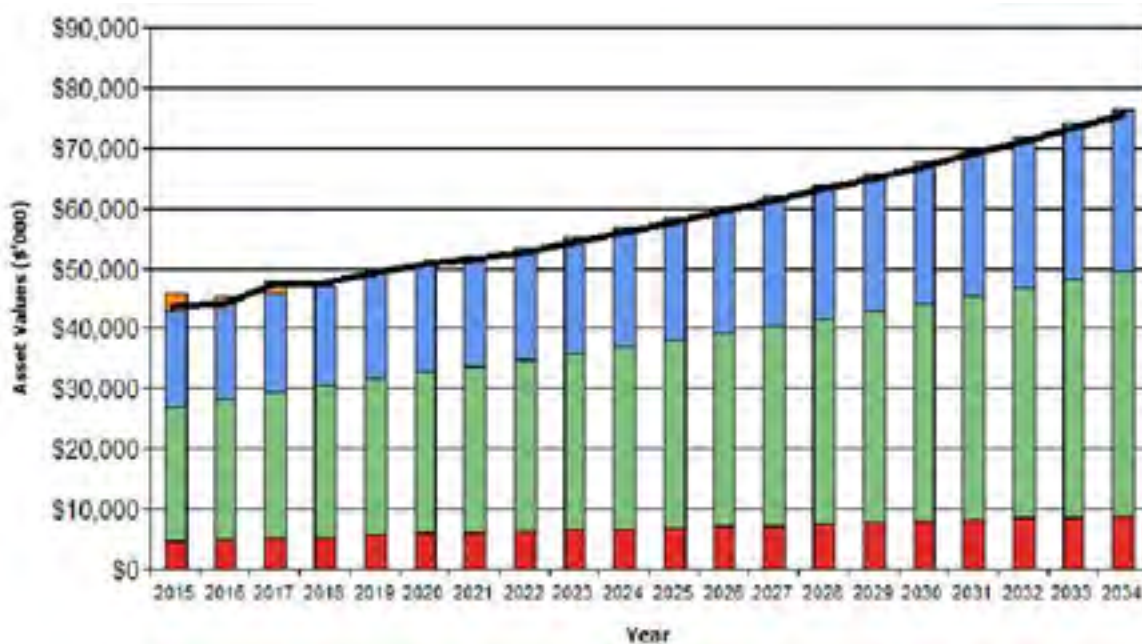
## Forecast Funding Model Requirements Compared with Current Budgets (CPI 3% per annum increase)

This graph highlights budget expenditure is deficient by approximately \$10 million.



## Forecast Funding Model Requirements Compared with the Budget Supplemented by a 7% rate variation (CPI 3% per annum increase)

This graph highlights that with the SRV of 7% (including rate peg) Council's revised budget will equal the funds required and eliminate the funding gap.



## 3.2 Financial sustainability

The special variation may be intended to improve the council's underlying financial position, 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.

You should explain below:

- ▶ a) 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.
- ▶ b) Any external assessment of the council's financial sustainability, eg, by auditors or TCorp. Indicate how such assessments of the council's financial sustainability is relevant to supporting the decision to apply for a special variation.
- ▶ c) The council's view of the impact of the special variation on its financial sustainability.

**a) Council's understanding of its current state of financial sustainability, its long term projections based on alternative scenarios and assumptions about revenue and expenditure.**

Council, along with all other NSW Councils was the subject of a review of its financial sustainability by TCorp in March 2013. That review rated Council as 'Sound' with a 'Negative' Outlook. This result was discussed by Council at a workshop with TCorp representatives on the 23 May 2013.

What this means for the City of Ryde, is that in the longer term Council would not be able to financially sustain the level of asset infrastructure renewal that is required whilst also maintaining the services that Council is currently delivering.

The current state has been reiterated in Council's Long Term Financial Plan (LTFP) (Page 9).

The long term projections of the LTFP shows Council's level of Capital Expenditure declining, to a projected \$8.6 million by 2023/2024 (Page 31 of the LTFP). It would see the Buildings and Infrastructure Renewals Ratio drop to only 46.75%.

Council has, through the series of workshops, described in Question 3.1 of this application, gained a better understanding of the alternative scenarios, being that Council has to increase its revenue, either rates or other sources of revenue and/or reduce costs, so that it can afford to fund the required level of maintenance and renewals for its current infrastructure assets. The SRV will enable Council to continue to deliver the services currently being delivered and identified as important in the Community Strategic Plan (CSP).

As stated, Council has made a \$2.5 million ongoing efficiency saving, however Council requires the proposed SRV to address the current \$10 million annual asset renewal/maintenance shortfall.

As detailed in the LTFP, Option B that includes the proposed SRV of 7%, will provide the required funds to address Council's ongoing requirements.



**b) Any external assessment of Council's financial sustainability, eg by auditors or TCorp. Indicate how such assessments of the Council's financial sustainability is relevant to supporting the decision to apply for a special variation.**

Initially Council engaged Morrison Low, independent consultants to undertake a review of its assets and the funding needed for those assets in 2006, resulting in Council developing a Long Term Financial Plan. This was based on the level of expenditure required to fund asset maintenance and renewal and in 2006, the shortfall of funding was identified as between \$8 million and \$10 million. This was based on the useful lives of its assets that were calculated on the design life of the assets, rather than the actual renewal cycle.

TCorp undertook a review of Council's financial sustainability and issued its response in March 2013 rating Council as 'Sound' with a 'Negative Outlook'. The negative outlook was due to the lack of sufficient annual funding for asset renewal.

In 2014, Council commissioned Pricewaterhouse Coopers (PwC) to undertake a review of its LTFP and overall financial performance compared to other similar sized Councils. PwC was also requested to confirm if the amounts quoted as the annual shortfall

of funding were accurate. This review confirmed the TCorp assessment and the need for additional funding of \$10 million (\$2 million for maintenance and \$8 million for renewal). PwC also went on to say that Council should look to increase its revenue through an SRV, as it was competitive to all the key expenditure indicators when benchmarked to other Councils, and recommended not to further reduce Council's expenditure. Council, as part of its audit tender, included the auditing of the Special Schedules, especially 7 & 8 to ensure these schedules are completed accurately.

As part of the re-writing of the Asset Management Plans, and updating the LTFP, Council also engaged the services of Jeff Roorda and Associates (JRA) to review the figures relating to Council's assets, asset renewal and maintenance. JRA confirmed the annual funding shortfall of \$10 million and demonstrated Council's position through modelling Option A, Option B and Option C as was consulted with the community. Through their modelling, JRA confirmed that Council would address its funding shortfall if they adopted Option B.



c) **The council's view of the impact of the special variation on its financial sustainability.**

Should the SRV be approved, Council will achieve long term financial sustainability and will renew assets as they fall due for renewal in the next 10 years. As stated, it will enable Council to efficiently renew and maintain all assets over their useful life.

***If the SRV is approved, Council will certainly be within the 2% Benchmark set in the "Fit for Future" self assessment tool.***

Council's view is that the SRV will provide the basis for the City of Ryde to become financially sustainable into the future.

### 3.3 Financial indicators

How will the special variation affect the council's key financial indicators (General Fund) over the 10-year planning period? Please provide an analysis of council's performance based on key indicators (current and forecast) which may include:

- ▶ a) Operating balance ratio excluding capital items (i.e., net operating result before capital grants and contributions as percentage of operating revenue before capital grants and contributions).
- ▶ b) Unrestricted current ratio (the unrestricted current assets divided by unrestricted current liabilities).
- ▶ c) Rates and annual charges ratio (rates and annual charges divided by operating revenue).
- ▶ d) Debt service ratio (principal and interest debt service costs divided by operating revenue excluding capital grants and contributions).
- ▶ e) Broad liabilities ratio (total debt plus cost to clear infrastructure backlogs as per Special Schedule 7 divided by operating revenue).
- ▶ f) Asset renewal ratio (asset renewals expenditure divided by depreciation, amortisation and impairment expenses).

# City of Ryde's financial indicators

Council used the TCorp Long Term Financial Plan template as a bases its LTFP. Council's LTFP also includes the calculation of a number of Financial Indicators, which are explained below. For both the Base Case (Option A) (see page 31 of the LTFP) and Council's preferred SRV case (Option B) (Page 55 of the LTFP), the variance in the indicators is shown below.

## Long Term Financial Plan General Fund 2014/2015 to 2023/2024 Financial Indicators between scenarios

City of Ryde	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>FINANCIAL INDICATORS</b>										
<b>Operating Surplus Ratio (as per AIFMG Manual)</b>										
Base Case (Option A)	-4.08%	-3.84%	-5.13%	-3.92%	-6.23%	-6.95%	-7.73%	-7.42%	-7.62%	-8.11%
SRV Case (Option B)	-4.08%	-4.76%	-3.07%	1.01%	1.76%	1.09%	0.38%	0.66%	0.48%	0.03%
<b>Unrestricted Current Ratio</b>										
Base Case (Option A)	5.60	5.68	5.73	5.72	6.08	5.95	5.70	5.71	5.64	5.75
SRV Case (Option B)	5.60	9.42	9.29	8.92	10.35	9.53	8.48	8.40	8.07	8.35
<b>Rates &amp; Annual Charges Coverage Ratio</b>										
Base Case (Option A)	66.59%	78.14%	77.65%	78.09%	78.08%	78.09%	78.09%	78.09%	78.09%	78.09%
SRV Case (Option B)	66.59%	77.52%	78.58%	79.17%	79.78%	79.78%	79.78%	79.78%	79.78%	79.78%
<b>Debt Service Ratio</b>										
Base Case (Option A)	1.25%	1.40%	1.51%	1.46%	1.44%	1.41%	0.53%	0.51%	0.50%	0.48%
SRV Case (Option B)	1.25%	1.52%	1.43%	1.37%	1.30%	0.48%	0.47%	0.46%	0.44%	0.42%
<b>Broad Liabilities Ratio</b>										
Base Case (Option A)	111.09%	136.49%	137.93%	143.53%	147.96%	152.12%	157.62%	163.06%	168.95%	175.05%
SRV Case (Option B)	111.09%	129.31%	120.18%	110.50%	101.23%	96.54%	92.10%	87.53%	83.13%	79.17%
<b>Buildings and infrastructure renewals ratio</b>										
Base Case (Option A)	45.04%	56.58%	64.44%	51.25%	54.26%	54.34%	53.87%	54.01%	49.19%	47.50%
SRV Case (Option B)	45.04%	121.68%	116.17%	119.92%	120.29%	118.78%	118.59%	118.19%	118.50%	116.82%

## a) Operating balance ratio

This ratio is projected, under the Base Case (Option A) to remain negative for the whole of the Long Term Financial Plan (LTFP), whereas under the SRV application (Option B), it will become positive in 2017/2018 and will remain that way and only begin to dip towards the end of the LTFP.

## b) Unrestricted current ratio

This ratio is, under both scenarios, remains well above the benchmark of 1, with the ratio remaining within the range of 5.60 to 6.08. In the SRV case it will peak at 10.35, before returning to just over 8.

## c) Rates and annual charges ratio

The Rates and Annual Charges Ratio will remain similar in both scenarios, above 70%, which is well above the benchmark of 60%.

## d) Debt service ratio (DSR)

Since Council currently does not have significant debt, this ratio will remain, under both scenarios above 1%, dipping in 2019/2020 to under 1% again, as debt is paid off. At this stage Council has not factored into its LTFP any new borrowings. Borrowings will be considered for large new capital assets, or renewals that are of a lumpy nature, such as buildings.

Council is pursuing the development of some of its commercial properties within the investment portfolio however, this is still in the preliminary stages, and not sufficiently developed for inclusion in the LTFP. Council will be looking to fund these income producing assets from a 50/50 split, being 50% from the Internally Restricted – Investment Property Reserve and 50% from external borrowings. The current DSR gives Council the capacity to make these borrowings. All repayments will be funded from the ongoing income from the assets.

## e) Broad liabilities ratio

This ratio under the Base Case, will see an increase from 111.09% to 175.05%. It is assumed that a benchmark for this would be under 100% and should be closer to 50%. Under the SRV case, this ratio will decrease from 111.09% to 79.17% as Council tackles the current infrastructure backlog, which should be renewed by the end of the current LTFP. While there will be a backlog, this will relate to those current Condition 3 assets that will deteriorate over the next ten years and have become Condition 5 (ready for renewal). The SRV will give Council the capacity to address renewals as they become due.

## f) Asset renewal ratio

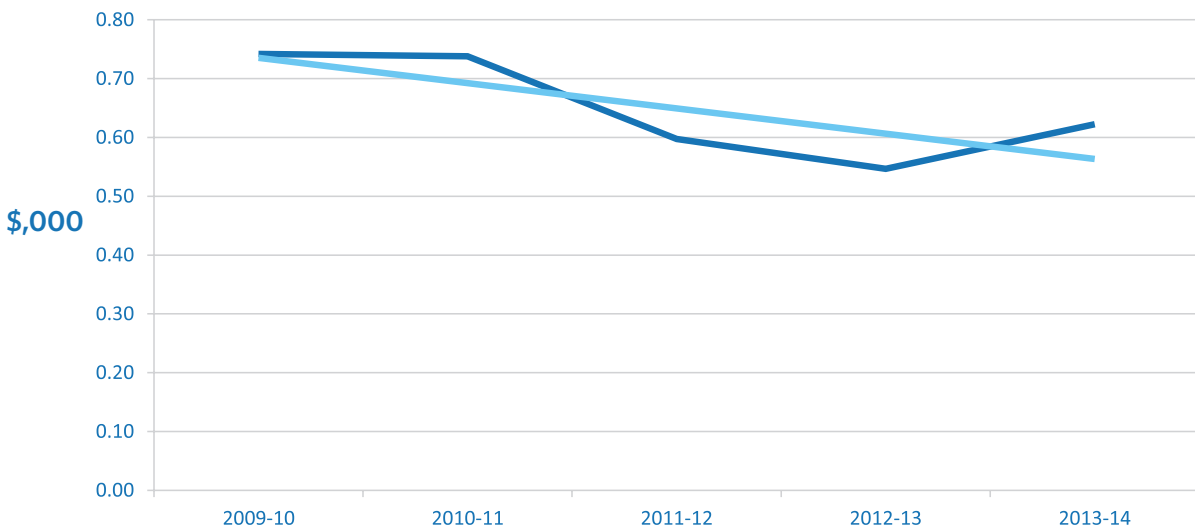
This ratio under the Base Case will remain under or around 50%. This is because the amount of annual funding shortfall for asset renewals is approximately \$8 million, which is 50% of the amount of renewals that should be funded. Under the SRV case it will give Council the capacity to fund greater than 100%, which is necessary to address the backlog in the longer term.

# Real operating expenditure per capita

One area of significant importance includes the Real Operating Expenditure per capita result that is calculated in the Fit for the Future Self-Assessment Tool. The indicator shows that Council has been constraining costs over the last five years, and that the trend has been downward. The second graph is based on the LTFP (Option B - including 7% SRV) and shows an increase over the life of the plan, as more money will be spent on maintenance, but overall for the period of 15 years, the trend will be on a steady increase, which with a growing population will be a great achievement by Council. It should be noted that under this scenario the Real Operating Expenditure per capita is still projected to be lower than what it was in 2009/10.

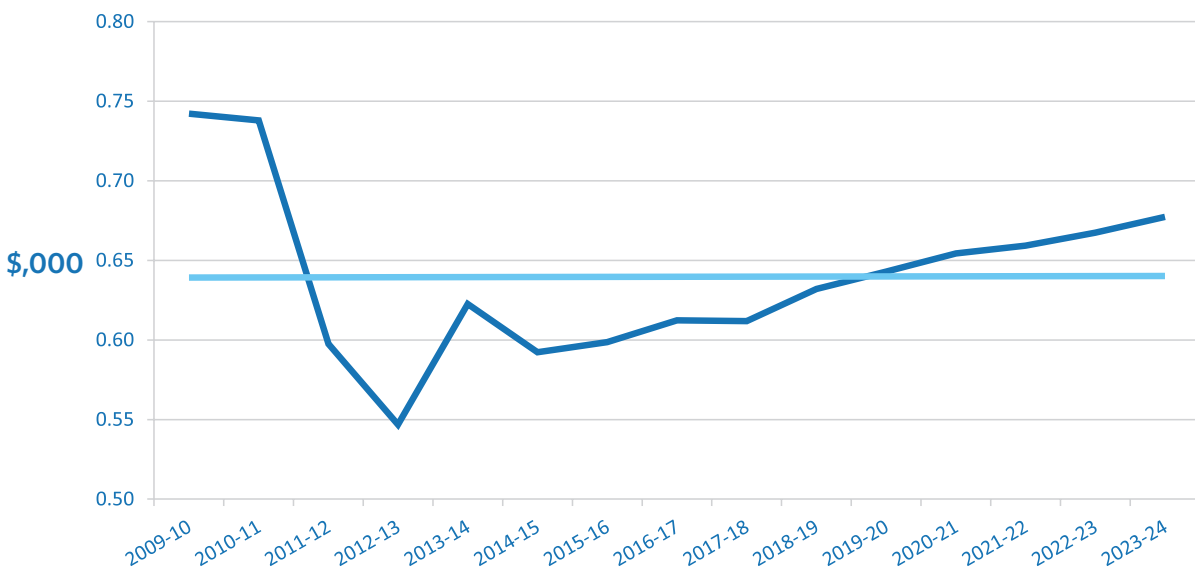
KEY: — Trend Line — Actual Expenses

## Real Operating Expenditure per capita over the first five years (2009-2014)



Source: LTFP General Fund - Real Operating Expenditure Per Capita Result (page x)

## Real Operating Expenditure per capita over LTFP period and previous years (LTFP Option B - including SRV 7% 2009-2024)



Source: LTFP General Fund - Real Operating Expenditure Per Capita Result (page x)

### 3.4 Contribution plan costs above the cap

You should complete this section if the special variation seeks funding for contributions plan costs above the development contributions cap. Otherwise, leave this section blank.

Please explain how the council has established the need for a special variation to meet the shortfall in development contributions.

For costs above the cap in contributions plans, a council must provide:

- ▶ a) a copy of the council's section 94 contributions plan<sup>4</sup>
- ▶ b) a copy of the Minister for Planning's response to IPART's review and details of how the council has subsequently amended the contributions plan
- ▶ c) details of any other funding sources that the council is proposing to use
- ▶ d) any reference to the proposed contributions (which were previously to be funded by developers) in the council's planning documents (eg, LTFP and Asset Management Plan (AMP)).

No response required

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<sup>4</sup> See Planning Circular 10-025 dated 24 November 2010 at [www.planning.nsw.gov.au](http://www.planning.nsw.gov.au) and for the most recent Direction issued under section 94E of the Environmental Planning and Assessment Act 1979. See also Planning Circular PS 10-022 dated 16 September 2010.

## 4 Assessment criterion 2: Community awareness and engagement

Criterion 2 within the OLG Guidelines is:

Evidence that the Community is aware of the need for and extent of a rate rise. The IP&R documentation should clearly set out the extent of the General Fund rate rise under the special variation. The council's Community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure an opportunity for Community awareness and input to occur.

In responding to this criterion, the council must provide evidence that:

- ▶ it has consulted and engaged the Community about the special variation using a variety of engagement methods and that the Community is aware of the need for, and extent of, the requested rate increases
- ▶ it provided opportunities for input and gathered input/feedback from the Community about the proposal
- ▶ the IP&R documents clearly set out the extent of the requested rate increases.

In assessing the evidence, we will consider how transparent the engagement with the Community has been, especially in relation to explaining:

- ▶ the proposed cumulative special variation rate increases including the rate peg for each rating category (in both percentage and dollar terms)
- ▶ the annual increase in rates that will result if the special variation is approved in full (and not just the increase in daily or weekly terms)
- ▶ the size and impact of any expiring special variation (see Box 4.1 below for further detail)
- ▶ the rate levels that would apply without the special variation
- ▶ proposed increases in any other council charges (eg, waste management, water and sewer), especially if these are likely to exceed the increase in the CPI.

More information about how the council may engage the Community is to be found in the OLG Guidelines, the IP&R manual, and IPART's Fact Sheet Community Awareness and Engagement for special variation applications, October 2014.



# 4.1 The consultation strategy

## Box 4.1

### Where a council is renewing or replacing an expiring special variation

The council's application should show how you have explained to its Community:

- ▶ There is a special variation due to expire at the end of the current financial year or during the period covered by the proposed special variation. This needs to include when the expiring special variation was originally approved, for what purpose and the percentage of (General Fund) general income originally approved.
- ▶ The corresponding percentage of general income that the expiring special variation represents for the relevant year.
- ▶ Whether the temporary expiring special variation is being replaced with another temporary or a permanent increase to the rate base.
- ▶ The percentage value of any additional variation amount, above the rate peg, for which the council is applying for through a special variation.
- ▶ If the proposed special variation was not approved i.e., only the rate peg applies, the year-on-year change in rates would be lower, or that rates may fall.

The council also must attach, to its application to IPART, a copy of the Instrument of Approval that has been signed by the Minister or IPART Chairman.

The council is required to provide details of the consultation strategy undertaken, including the range of methods used to inform and engage with the Community about the proposed special variation and to obtain Community input and feedback. The engagement activities could include media releases, mail outs, focus groups, statistically valid random or opt-in surveys, online discussions, public meetings, newspaper advertisements and public exhibition of documents.

The council is to provide relevant extracts of the IP&R documents that explain the proposed rate rises under the special variation and attach relevant samples of the council's consultation material.

# The consultation strategy

## Engagement and Awareness Campaign

A critical component of the SRV proposal was ensuring that Council had taken all measures possible to ensure a high level of community awareness, engagement and, if possible, community support.

To this end, Council undertook a very comprehensive engagement and awareness campaign over an 18 month period with a concentrated focus from July to September 2014. The campaign used a variety of communication methods, involving both written and verbal translation services and provided numerous avenues for ratepayers and community members to ask questions, through online discussion boards, community council meetings and more than 15 information drop in sessions throughout the LGA during an intensive 3 month consultation period.



Over the page is a timeline of all of the elements of this campaign, including (where possible) the levels of community engagement and reach.

Attached in Appendix 5 are the following:

1. Community Perception Survey report  
- September 2013
2. Instinct and Reason Research report  
- May 2014
3. Community Poll results  
- October 2014
4. Marketing and Branding material for the "Securing Our Future" campaign
5. Extracts from the Delivery Plan demonstrating where the proposed Special Rate Variation (SRV) is explained.

Council's Community Engagement and Awareness Plan is outlined on the following pages and details each component of the plan, including a description of the initiatives undertaken and the number of participants engaged/communicated with through each channel.

*The following spreadsheet demonstrates Council's plan to be comprehensive and broad reaching, engaging as many residents as possible in the process.*



# Community Engagement and Awareness Campaign Plan

## 2013

Date	Method	Description	Level of engagement	No. of participants/reach
Sep-13	Telephone Survey	Measuring Community satisfaction and rated importance of Council services	Consult	450 respondents

## 2014 April - June

Date	Method	Description	Level of engagement	No. of participants/reach
Apr-14	6 x Focus Groups	Gain a qualitative in-depth understanding of Community needs, expectations, knowledge, attitudes, preferences, and likely reaction to different levels of rate increase. Focus Groups: 1. Young with no children 2. Parents with Children aged under 11 3. Parents with children aged 11+ 4. Older people with no children or empty nesters 5. Korean Community 6. Chinese Community	Consult	68 Attendees
May 2014	Workshop	Involve the Community in a robust process where Council can be confident it understands the Community perspective, both the 'representative' picture most ratepayers will have in the Community at large and also views expressed – consciously and unconsciously – when given a little more information about the issues.	Involve	45 Attendees
May 2014	Online Discussion Forum	An online forum was set up after the focus group workshop to enable further contributions	Consult	25 Participants
May 2014	Survey	An online survey on the Community's 'Preparedness to Pay'	Consult	714 Responses

## 2014 July

Date	Method	Description	Level of engagement	No. of participants/ reach
July 2014 - continuing	Specific Website designed for Community consultation	An engagement website "Securing our Future" on the SRV was created <a href="http://www.futureryde.com.au">www.futureryde.com.au</a> . This site contained a web version of the brochure, FAQs, documents, rates tables, SRV rates calculator, personal stories, our assets, comparisons to other Councils, how we were going to use the funds, the consultation calendar and the ability to vote or ask a question.	Consult	4,122 unique visits
July 2014 - continuing	Website	A page was created on our City of Ryde website with information including access to FAQ's which were regularly updated	Inform	589 unique visits
Jul-14	Information Brochure	A brochure containing 12 pages of information which included financials, assets, FAQs and what we are asking of ratepayers and how the results will affect them, was mailed to residential ratepayers. This would enable ratepayers to make an informed decision.	Consult translations into Armenian, Simplified and Traditional Chinese, Korean and Italian	Sent to 30,211 ratepayers
July 2014 September 2014	Survey	Posted with the information brochure was a postage paid postcard with the survey for ratepayers to vote on their choice regarding the Special Rate Variation.	Involve	2,408 Responses
July 2014 September 2014	Survey	The Securing Our Future website enabled ratepayers to vote in an online survey as an alternative to returning the postcard	Involve	475 Responses
Jul-14	Workshop	An initial workshop held with key stakeholders (all advisory committee members) to provide a forum for the detailed information to be further explained and adequate time for Q&A with Council staff	Consult	33 Attendees
Jul-14	eNewsletter	An email was sent to the respondents of the online 'Prepared to Pay' survey noting that the results of this survey were presented to Council and that they resolved to progress to the next level of consultation. This email also encouraged the respondents to participate in the next round of consultation.	Inform	Reach of 714
Jul-14	eNewsletter	Community members encouraged via our monthly online newsletter to vote	Inform	Reach of 743
Jul-14	Facebook	A facebook post advertising that Council is seeking feedback on a Special Rate Variation	Inform	Reach of 1,240
Jul-14	Newspaper Ad	An advertisement in the Northern District Times	Inform	Reach of over 58,200
Jul-14	Twitter	A Tweet advertising that Council is seeking feedback on a Special Rate Variation	Inform	Reach of 624

## 2014 August

Date	Method	Description	Level of engagement	No. of participants/ reach
1-Aug-14	Media Release	A media release on City of Ryde residents being asked to provide comment on the proposal	Inform	Reach of over 58,200
2-Aug-14	Letter box drop	A flyer was letter box dropped to East Ward residents encouraging attendance at the Community Council meeting to discuss the proposal	Inform	Reach of 11,700
1-30 Aug 14	20 X Twitter 'TWEETS'	A Tweet reminding followers that Council is seeking feedback on a Special Rate Variation	Inform	Reach of 624 each tweet
6-Aug-14	Facebook	A facebook post advertising Community Council Meeting	Inform	Reach of 1,245
6-Aug-14	Workshop - East Ward	A Community Council Meeting was held for interested ratepayers. The evening involved a presentation from the Acting GM on the proposal and small group discussions with all Community members having access to informed staff who could answer any questions they had on the proposal	Consult	23 Attendees
6-Aug-14	Emails to eRates ratepayers	Email to residents registered for e-rates to encourage them to vote on the proposal.	Inform	Reach of 1,048
6-Aug-14	Newspaper Ad	An advertisement in the Northern District Times	Inform	Reach of over 58,200
6 - 30 Aug 14	13 x Information Stalls	13 x pop up information stalls throughout August to attempt to bring information / council staff to the residents. The information booths were done in peak traffic periods in the following places: TRAIN STATIONS / SHOPPING CENTRES / SPORTSGROUNDS / LIBRARIES / FERRY WHARVES	Inform	25 attendees
12-Aug-14	Letters to Businesses	A letter sent to Business ratepayers advising that Council is seeking feedback on a Special Rate Variation, with details on where to find more information and how they can speak to a staff member	Inform	Reach of 1206
16-Aug-14	Emails to Managing Agents	An email sent to Managing agents with an attached letter that Council is seeking feedback on a Special Rate Variation, for them to forward on to their clients/ratepayers.	Inform	220 agents contacted
18-Aug-14	Facebook	A facebook post advertising that Council is having a Community Council Meeting	Inform	Reach of 1256
19-Aug-14	Workshop - Central Ward	A Community Council Meeting was held for interested ratepayers. The evening involved a presentation from the Acting GM on the proposal and small group discussions with all Community members having access to informed staff who could answer any questions they had on the proposal	Consult	7 Attendees
21-31 August 2014	Survey	A random telephone survey to ratepayers to provide additional randomised sampling to the voting responses as the older demographic was over represented in the postal votes	Consult	655 Responses
27-Aug-14	eNewsletter	City News is our monthly eNewsletter sent to subscribers with this issue encouraging the Community to continue to have their say on a Special Rate Variation and the consultation details	Inform	Reach of 1040
27-Aug-14	Newspaper Ad	An advertisement in the Northern District Times that Council is seeking feedback on a Special Rate Variation with some FAQs and the date and location of the next Community Council Meeting	Inform	Reach of over 58,200

## 2014 September

Date	Method	Description	Level of engagement	No. of participants/ reach
4-Sep-14	18 X TWEETS Twitter	A Tweet reminding followers that Council is seeking feedback on a Special Rate Variation	Inform	A Reach of 650 per tweet
4-Sep-14	Information Stall	A pop up stall at a Shopping Precinct that enabled ratepayers who usually wouldn't be able to get to Council offices during opening hours, to have a conversation with Council.	Inform with an Arabic and Armenian speaker available	5 Attendees
4-Sep-14	Twitter	A Tweet reminding followers that Council is carrying out an information stall	Inform	Reach of 650
5-Sep-14	Twitter	A Tweet reminding followers that Council is carrying out an information stall	Inform	Reach of 650
5-Sep-14	9 x Information Stalls	Nine x pop up information stalls throughout August to attempt to bring information / council staff to the residents. The information booths were done in peak traffic periods in the following places: TRAIN STATIONS / SHOPPING CENTRES / SPORTSGROUNDS / LIBRARIES / FERRY WHARVES. Translation services available at a number of the information stalls	Inform	27 attendees
10-Sep-14	Newspaper Ad	An advertisement in the Northern District Times encouraging ratepayers to attend the next Community Council Meeting with the date and location	Inform	Reach of over 58,200
Completed by 14 September 2014	Letter box drop	A flyer was letter box dropped to West Ward residents to encourage attendance at the Community Council Meeting in their ward.	Inform	Reach of 17,500
14-Sep-14	Facebook	A facebook post advertising, that Council is having a Community Council Meeting.	Inform	Reach of 1,289
17-Sep-14	Newspaper Ad	An advertisement in the Northern District Times encouraging ratepayers to attend the next Community Council Meeting with the date and location	Inform	Reach of over 58,200
18-Sep-14	Workshop - West Ward	A Community Council Meeting was held for interested ratepayers, where they were allocated to tables, each with a staff facilitator. At this meeting a presentation was provided by the Acting General Manager. After the presentation in their tables ratepayers were able to talk about how they were going to vote and why, as well as ask questions of their staff facilitator.	Inform	21 Attendees
19-Sep-14	Information Stall	A pop up stall at a Transport Hub that enabled ratepayers who usually wouldn't be able to get to Council offices during opening hours, to have a conversation with Council.	Inform	1 Attendee
20-Sep-14	Information Stall	A pop up stall at a Recreation facility that enabled ratepayers who usually wouldn't be able to get to Council offices during opening hours, to have a conversation with Council.	Inform	3 Attendees
24-Sep-14	eNewsletter	City News is our monthly eNewsletter sent to subscribers with this issue reminding the Community to have their say on a Special Rate Variation as voting closes 30 September 2014	Inform	Reach of 1078
24-Sep-14	Newspaper Ad	An advertisement in the Northern District Times that voting on a Special Rate Variation closes 30 September 2014	Inform	Reach of over 58,200

## 2014 October

Date	Method	Description	Level of engagement	No. of participants/ reach
23-Oct-14	eNewsletter	An email on the results of the Community feedback to all ratepayers that wanted to keep informed on the special rate variation	Inform	Reach of 1164
29-Oct-14	eNewsletter	City News is our monthly eNewsletter sent to subscribers with this issue updating the Community that Council deferred the decision to apply for a Special Rate Variation	Inform	Reach of 1166
14-Nov-14	Media Release	A media release on the decision by Council to notify IPART of its intentions to apply for a special rate variation.	Inform	Reach of over 58,200
26-Nov-14	eNewsletter	City News is our monthly eNewsletter sent to subscribers with this issue updating the Community that Council resolved to notify IPART of Council's intention to make a Special Rate Variation Application	Inform	Reach 1,151
10-Dec-14	Media Release	A Media Release on the City of Ryde Council endorsing a revised Delivery Plan for 2014/2018 and Operation Plan 2014/2015 for public exhibition, that includes the proposed SRV from 17 December 2014 - 6 February 2015.	Inform	Reach of over 58,200



## 4.2 Feedback from the Community consultations

Summarise the outcomes and feedback from the council's community engagement activities. Outcomes could include the number of attendees at events and participants in online forums, as well as evidence of media reports and other indicators of public awareness of the council's special variation intentions. Where applicable, provide evidence of responses to 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 special variation, the application should set out the views expressed in those submissions. Please refer to Section 1.2 concerning how the council should handle confidential content in feedback received from the community. The council should also identify and document any action that it has taken, or will take, to address issues of common concern within the community.



# Feedback from the community consultations

As outlined in the previous table, Council undertook an extensive Community engagement program, using a number of different mediums (including translations in the top 5 languages within the LGA and translation services available at some forums) to try to maximise the reach to our Community.

## Community Awareness

As a measure to ensure that the City of Ryde was achieving above the benchmark for community awareness and thoroughness of the engagement program, Council undertook a self assessment against 9 other neighbouring Councils who have put in submissions to IPART in the last 3 years. The table over the page demonstrates that City of Ryde has adopted a more comprehensive engagement program which has resulted in not only a high level of engagement but also the highest awareness (61%) out of all the Councils.

*The City of Ryde has set the benchmark for community awareness and engagement relating to issues of importance such as an Special Rate Variation.*



## Benchmarking IPART submissions by neighbouring councils (2011-2013)

	City of Ryde	Ku-ring-gai (2011)& (2013/14)	Lane Cove (2011/12)	Holroyd (2014/15)	Auburn (2010/11)	Warringah (2014/15)	Paramatta (2011/12)	North Sydney (2011)	Willoughby (2012/13)	Hunters Hill (2012/13)	
Mail out	30,211			36,000		6,000		32,813		5,092	Above Average
Mail In	2,408			2017		151		3163		0	Above Average
Postal Response Rate (%)	8%			6%		3%		10%			Above Average
Online Response	475	37	174			419	37		911	160	Above Average
Random phone survey respondents	655	400	400	400	400	400	505	600		400	Above Average
Awareness (%)	61%	50% /37%		42%							Above Average
Support (%) for proposed SRV*	57.7%			37.2%			77.9%			40.2%	within the acceptable range

\* Average value of voluntary and random survey results

## Community Feedback

This comprehensive engagement program resulted in a significant response to the voting, with 2,883 community members providing a response, either via the reply paid postcard, online or in person at one of the information sessions.

As part of this program of research, a random telephone survey of 655 ratepayers was undertaken to ascertain the level of community awareness and to provide a randomised sample response.

### Voting options

The following options were presented to the community and ratepayers were encouraged to cast their vote for their preferred option:

Option A - DECLINE IN SERVICES  
(Approximate 3% rate peg increase)

Option A would be no additional rate increase for the next 4 years, commencing 2015/16 other than the estimated rate peg increase of 3% each year. This would mean no additional investment in local infrastructure or facilities and would therefore lead to a reduction in service levels and possible cuts in services.

Option B - MAINTAIN SERVICES  
Approximate 7% increase (including 3% rate peg)

Option B would be an average annual 7% rate increase for the next 4 years, commencing 2015/16 (including the rate peg increase of around 3%) to maintain services at their current level, and provide additional money for renewing the City's infrastructure. It would not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and **some assets** that are in 'Condition 4.'

Option C - UPGRADE SERVICES  
Approximate 12% increase (including 3% rate peg)

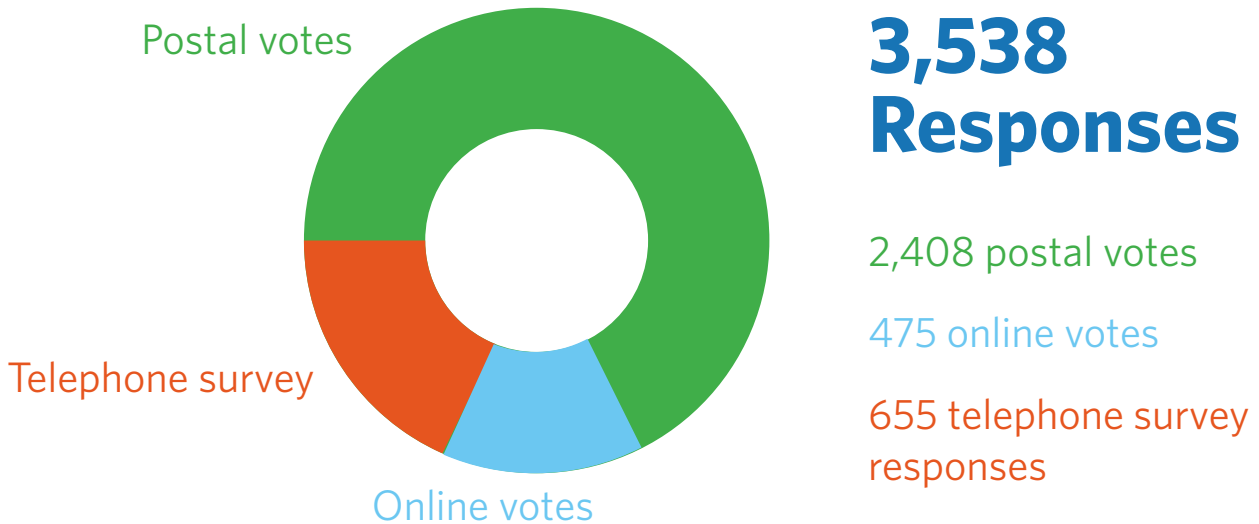
Option C would be an average annual 12% rate increase for the next 4 years, commencing 2015/16 (including the rate peg increase of around 3%) to maintain services at their current level and provide further money for renewing the City's infrastructure. It would still not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and **most assets** that are in 'Condition 4'.

### Voting Results

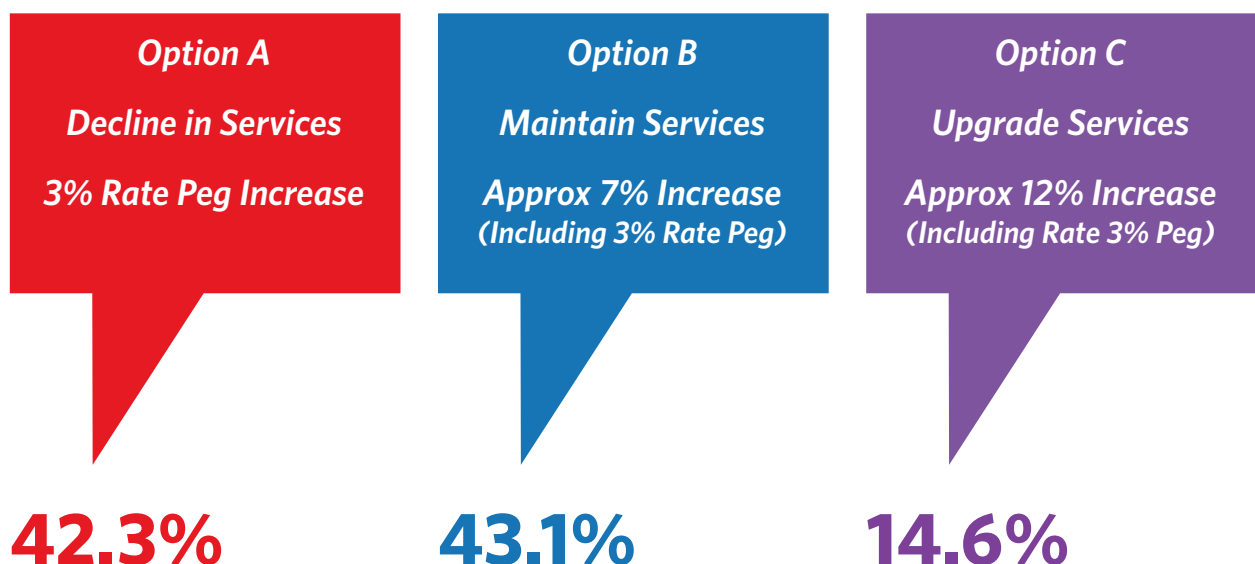
The results are a combination of voluntary votes (i.e. votes lodged either through the reply paid postcard or the online portal) and also the random telephone survey.

Due to the difference in the base size of the two survey methods (i.e. voluntary votes n=2,883 and random telephone survey n=655), the random telephone survey result was weighted up in order to provide a true representation of the average. This means that results from both survey methods are evenly represented.

## COMMUNITY FEEDBACK



## VOTING RESPONSES



**57.7% of Ratepayers support an increase of 7% or more**

# 5 Assessment criterion 3: Impact on ratepayers

Criterion 3 within the OLG 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 IP&R processes should:

- clearly show the impact of any rises upon the community
- include 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 local community's capacity to pay.

The impact of the council's proposed special variation on ratepayers must be reasonable. To do this, we take into account current rate levels, the existing ratepayer base and the purpose of the special variation. We also review how the council's IP&R processes have assessed whether that the proposed rate rises are affordable having regard to the Community's capacity and willingness to pay.

## 5.1 Impact on rates

Much of the quantitative information we need on the impact of the special variation on (General Fund) rate levels will already be contained in Worksheet 5a and 5b of Part A of the application.

To assist us further, the application should set out the rating structure under the proposed special variation, and how this may differ from the current rating structure, or that which would apply if the special variation is not approved.

We recognise that a council may choose to apply an increase differentially among categories of ratepayers. If so, you should explain the rationale for applying the increase differentially among different categories and/or subcategories of ratepayers. This will be relevant to our assessment of the reasonableness of the impact on ratepayers.

Councils should also indicate the impact of any other anticipated changes in the rating structure.

# Impact on ratepayers

The rating structure as it is currently structured, will not change, and will only be indexed by rate pegging each year. All additional funds each year, being the difference between the total yield under the SRV increase (7% per annum) and the rate pegging original rating structure, will be raised as a Special Rate, applicable to all properties within the City of Ryde. That Special Rate will have a Base Charge, which will be set to raise 50% of the yield for the Special Rate, with the other 50% being raised through an AdValorem charge.

In this way, Council believes it provides a balance between a reasonable amount that everyone pays through the Base Charge, with the balance being raised through the AdValorem Charge, based on Land Value.

To further ensure the balance between the amount paid by residential and business ratepayers is equitable, Council will maintain the split of the rate burden to its 70% residential and 30% business, being 70% of total Ordinary rates raised being paid from residential properties and 30% from business properties.

Finally, as Council wants to ensure there is full transparency of the funds raised from this SRV, Council will be making this SRV a Special Rate therefore placing the requirement on Council to account for and report on the funds received and how they have been expended each year. This will be reported in both the Annual Report and in the Delivery Plan, therefore providing greater transparency of the use of the additional funds to our community.

## 5.1.1 Minimum Rates

The special variation may affect ordinary rates, special rates and/or minimum rates.

Does the council have residential minimum rates?

Yes  No

If Yes, Does the council propose to increase the minimum residential rate by:

The rate peg percentage

The special variation percentage

Another amount

Indicate this amount

What will the residential minimum rate be after the increase?

The council must explain how the proposed special variation will apply to the minimum rate of any ordinary and special rate, and any change to the proportion of ratepayers on the minimum rate for all relevant rating categories that will occur as a result.

You should also explain the types of ratepayers or properties currently paying minimum rates, and the rationale for the application of the special variation to minimum rate levels.

The SRV will not be applied to the current rating structure, all additional funds above the rate pegging amount will be raised as a Special Rate, and will be externally restricted and reported on to address any concerns the community has in relation to how the money is being spent.

The Special Rate will be a single rate across the Council, with a Base Charge equivalent to 50% of the total yield and an AdValorem rate for the other 50%.

## 5.2 Consideration of affordability and the Community's capacity and willingness to pay

The council is required to provide evidence through its IP&R processes, and in its application, of how it assessed the community's capacity and willingness to pay the proposed rate increases. This is to include an explanation of how the council established that the proposed rate rises are 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, particularly if the impact varies across different categories of ratepayers.

We may also consider how the council's hardship policy (see Section 5.3 below) might reduce the impact on socio-economically disadvantaged ratepayers.

## Council carefully considered both the community's willingness and capacity to pay when preparing this application.

The research for this criteria incorporated both community feedback and data analysis against key indicators (i.e.: Socio-Economic Indexes For Areas (SEIFA)) and also benchmarking against councils of relevance.

### 5.2.1 Statistical Analysis

#### 2012/13 Key Statistics:

- City of Ryde has a total of 41,174 rate assessments including residential (39,317) and Business (1,857).
- Ryde's average rate per residential assessment is \$645.62, which is below the average of other neighbouring Councils (\$681.38).
- Ryde's average rate per business assessment is \$6,992.46, which is above the average of other neighbouring Councils (\$6,188.98).
- Council has not exceeded rate pegging since 1996.
- 24 surrounding councils have received a SRV in the last four years. Among those 7 Councils have received an SRV more than once.
- The average rate of NSROC member Councils is \$871 while the Ryde residential rate is significantly lower at \$645.62.
- The City of Ryde's Outstanding Debt percentage remains below the industry standard of 5%, and recent changes to Council's Debt Administration procedures has ensured that the downward trend that commenced in 2012 will continue towards a goal of less than 3%.
- Council provides a voluntary Council rebate of \$80 per annum (which has been capped) that is available to ratepayers who are "eligible pensioners" and were already in receipt of this rebate from Council prior to 31 December 1992.
- The median Weekly Household Income (HHI) is higher for the City of Ryde at \$1,500-\$1,999 when compared to the NSW median of \$1,250-\$1,499.
- City of Ryde's median weekly HHI is consistent with the NSROC median at \$1,500 - \$1,999.
- The unemployment rate for Ryde has been significantly lower than greater Sydney until recent years. The unemployment rate has increased in the recent years due to the economic downturn, however it is still commensurate with that of greater Sydney.
- In 2011, Ryde had a SEIFA Index score of 1,050 which places Ryde on the 20th ranking among the 153 Local Government Areas in NSW. Ryde is in decile 9 out of 10. (A higher score on the index means a lower level of disadvantage. A lower score on the index means a higher level of disadvantage).
- The Gross Regional Product (GRP) of Ryde has a positive trend since 2001, significantly exceeding the average % increase of NSW. The % increase has slowed down since 2012 however the trend is still upwards.
- Ryde has a higher proportion of income sourced from property income and ownership of dwellings when compared to the average of NSW. It is reasonable to assume that a substantial number of these properties are investment properties, meaning the owners have a higher capacity to pay.
- The Ryde community is also sourcing a higher portion of their income from wages and salaries. A lower proportion of the community is dependent on superannuation.
- The range and magnitude of businesses in the Ryde LGA continues to expand with the growing population. While small business continues to have the largest proportion of businesses in Ryde, there is also a number of very large businesses particularly in the Professional, Scientific and Technical Services industry. This industry represented the largest number of total registered businesses in the City of Ryde, comprising 17.8% of all businesses, compared to 14.2% average across New South Wales.



## Assessments:

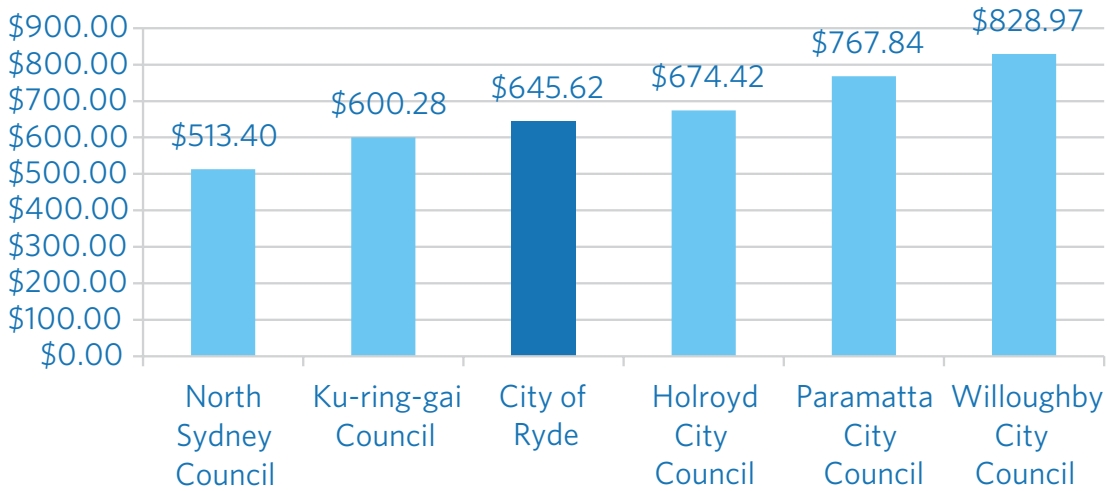
- City of Ryde has a total of 41,174 rate assessments.
- Ryde's average rate per residential assessment is \$645.62, which is below the average of other neighbouring Councils (\$681.38).
- Ryde's average rate per business assessment is \$6,992.46, which is above the average of other neighbouring Councils (\$6,188.98).

## Average rate per assessment for neighbouring Councils (2012-2013)

Council	Average rate per residential assessment			Average rate per business assessment		
	Total residential rates revenue	Number of Rateable residential properties	Result	Total Business Rates Revenue	Number of Rateable Business Properties	Result
City of Ryde	25,384,000	39,317	\$ 645.62	12,985,000	1,857	\$ 6,992.46
Holroyd City Council	23,397,145	34,692	\$ 674.42	10,962,667	2,029	\$ 5,402.99
Parramatta City Council	45,072,000	58,700	\$ 767.84	43,523,000	4,320	\$ 10,074.77
North Sydney Council	17,011,000	33,134	\$ 513.40	11,097,000	3,747	\$ 2,961.57
Willoughby City Council	22,296,000	26,896	\$ 828.97	17,427,000	2,933	\$ 5,941.70
Ku-ring-gai Council	23,959,000	39,913	\$ 600.28	3,698,000	981	\$ 3,769.62
<b>Total comparison excluding Ryde</b>	<b>193,335,000</b>	<b>131,735,145</b>	<b>\$ 681.38</b>	<b>14,010,000</b>	<b>86,707,667</b>	<b>\$ 6,188.98</b>

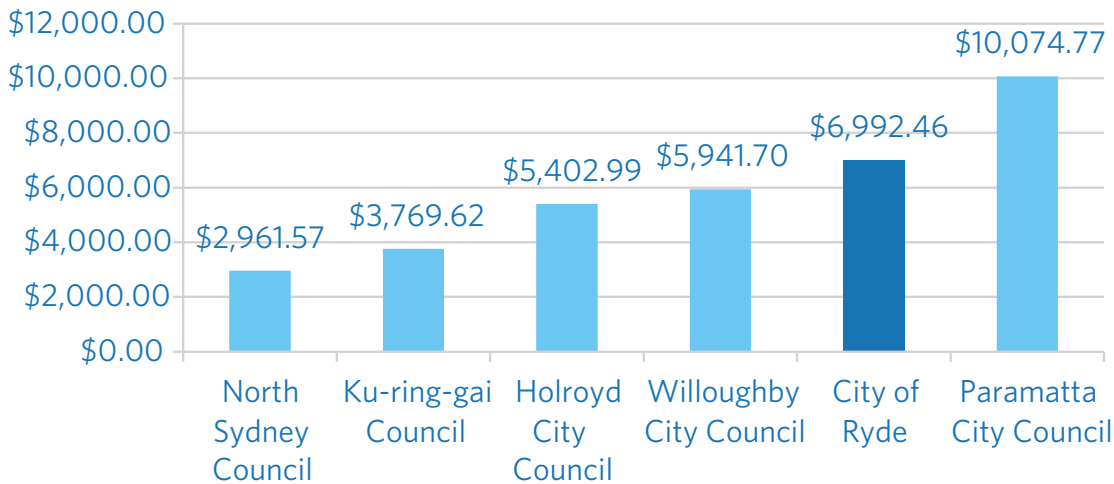
Source: Office of Local Government 2012/2013 (<http://www.olg.nsw.gov.au/>)

## Average rate per residential assessment for neighbouring Councils (2012-2013)



Source: Office of Local Government 2012/2013 (<http://www.olg.nsw.gov.au/>)

## Average rate per business assessment for neighbouring Councils (2012-2013)



Source: Office of Local Government 2012/2013 (<http://www.olg.nsw.gov.au/>)

While small business continue to have the largest proportion of businesses in Ryde, there is also a number of very large businesses particularly in the Professional, Scientific and Technical Services industry. This industry represented the largest number of total registered businesses in the City of Ryde, comprising 17.8% of all businesses, compared to 14.2% in New South Wales. This has influenced the average business rate for Ryde, placing it higher than many of its neighbouring councils. However, the median rate for business properties is comparably low, for the current year.

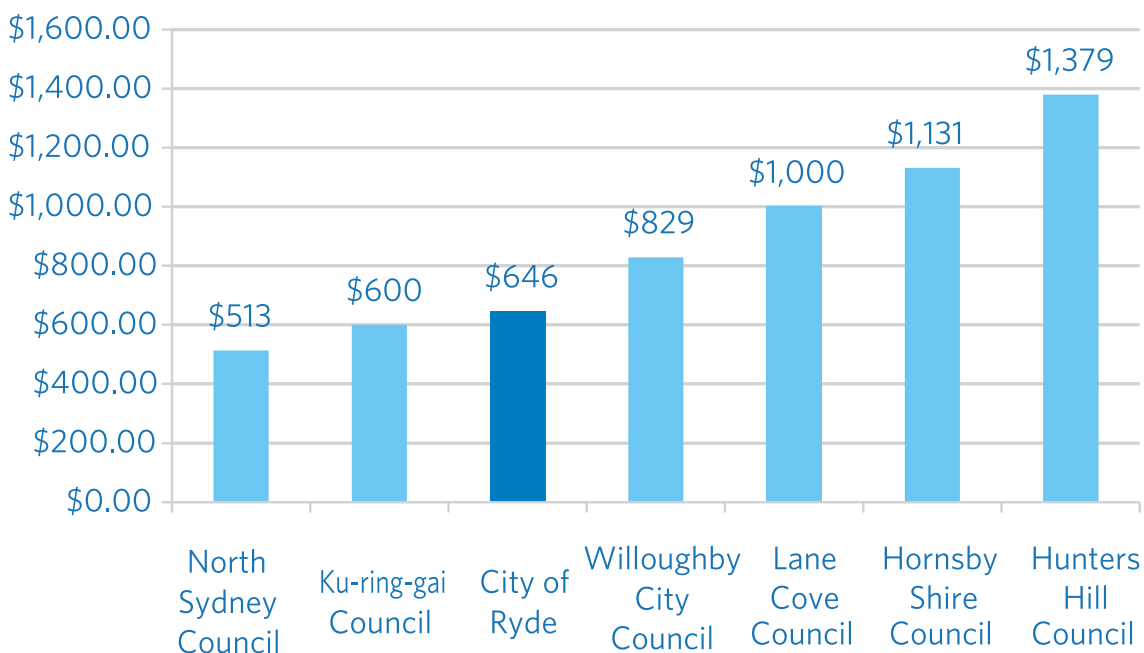
## Council has not exceeded rate pegging since 1996

The last time City of Ryde applied for a general residential SRV for infrastructure was in 2005/2006. This was not approved by the then Minister for Local Government. The last approved SRV, for Council was in 1996/1997. As a result, the rates levied by the City of Ryde Council are generally lower than other comparable councils who have at various stages applied to increase their rates.

## 2012/13 Average Residential Rates for surrounding councils

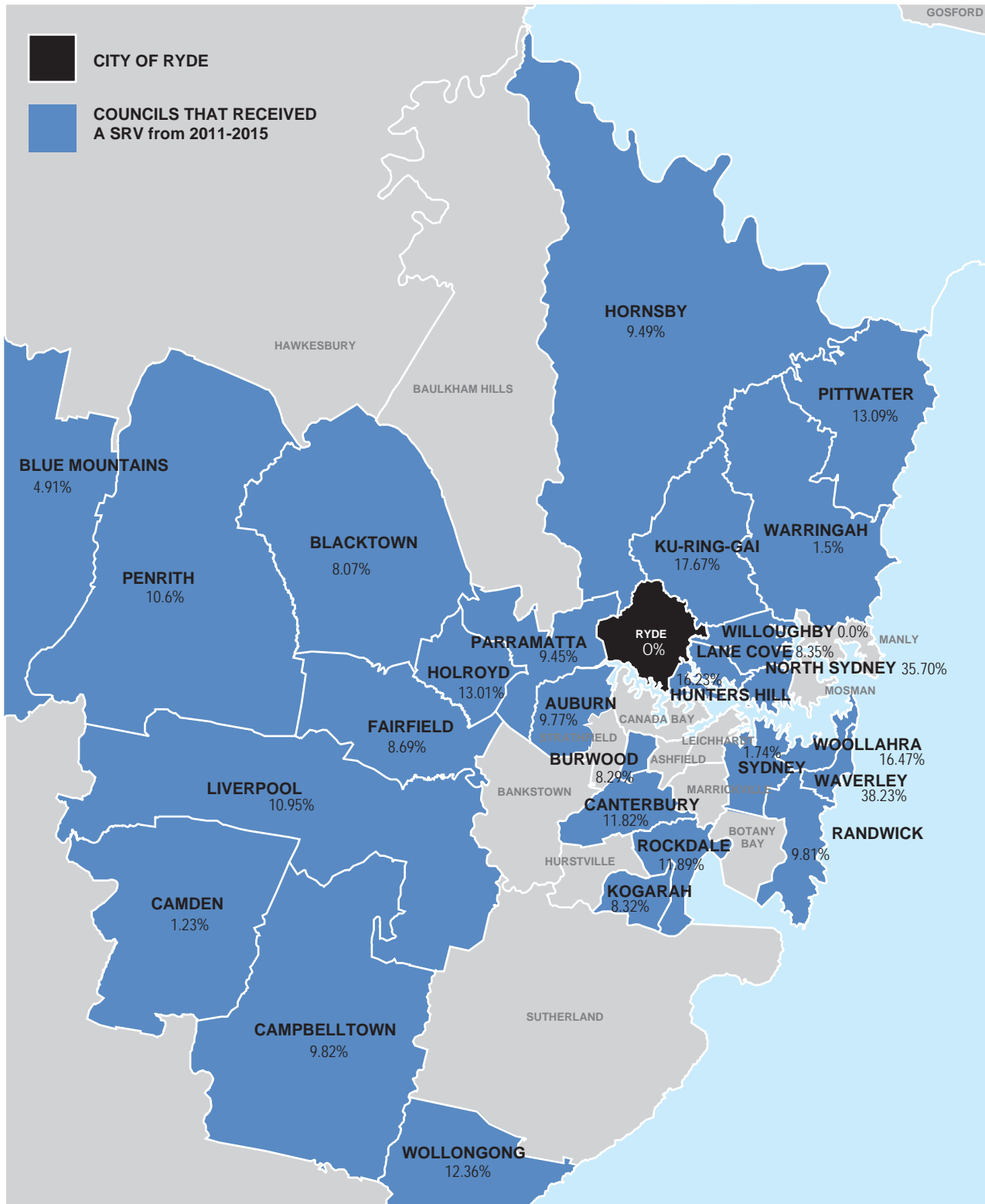
For many years Ryde residential rates have been consistently low in comparison to other NSROC member councils. The average rate of NSROC member councils is \$871 while Ryde residential rate is significantly lower at \$646.

## 2012/13 Average Residential Rates for neighbouring Councils (2012-2013)



Source: Office of Local Government Comparative Statistics 2012/13

## Surrounding councils that have received an SRV in the years 2011-2015



The % shown represents the accumulated increase the respective Councils have received above the approved rate peg for the period of 2011/2012 - 2015/2016.

## Debt recovery procedures

The City of Ryde works proactively to help ratepayers to manage their commitment to pay rates. Council offers a number of options for ratepayers to tailor their payments to manageable amounts, which means that the ratepayers can arrange to pay quarterly and by varied payment methods if required. Ratepayers may also apply for a 'Hardship Arrangement' if they experience financial difficulties in paying their rates.

Accordingly, there has been no legal action taken to recover outstanding rating debts on ratepayers who qualify for the pensioner rebate. As of 30 June 2014, Council's total outstanding rates and charges was approximately \$1.8 million of which approximately \$277,000 was attributable to pensioner ratepayers. This equates to 15% of the total outstanding. Council will, where practical, write-off interest charges and allow suitable payment plans. Where appropriate, Council has allowed outstanding rates and charges in respect of eligible pensioners to be deferred to their estate.

## Low outstanding rates and annual charges arrears

The City of Ryde's Outstanding Debt percentage remains below the industry standard of 5% and recent changes to Council's Debt Administration procedures has ensured that the downward trend that commenced in 2012, will continue towards a goal of less than 3%.

Outstanding rates and charges ratio	
Year	Percentage
2006/2007	2.50%
2007/2008	2.82%
2008/2009	3.94%
2009/2010	4.10%
2010/2011	4.19%
2011/2012	3.99%
2012/2013	3.65%

## Household income

The median Weekly Household Income (HHI) was higher for the City of Ryde at \$1,500-\$1,999 when compared to the NSW median of \$1,250- \$1,499.

**City of Ryde's median weekly HHI is consistent with the NSROC median at \$1,500 -\$1,999.**

Household income	2011			
	City of Ryde	City of Ryde %	NSW	NSW %
Weekly income				
Negative Income/Nil Income	962	2.5	35,372	1.4
\$1-\$199	600	1.6	39,709	1.6
\$200-\$299	941	2.5	71,939	2.9
\$300-\$399	1,956	5.1	161,484	6.4
\$400-\$599	2,774	7.3	235,847	9.4
\$600-\$799	2,478	6.5	209,019	8.3
\$800-\$999	2,556	6.7	190,201	7.6
\$1000-\$1249	2,800	7.4	188,416	7.5
\$1250-\$1499	2,615	6.9	171,494	6.8
<b>\$1500-\$1999</b>	<b>4,203</b>	<b>11.0</b>	271,035	10.8
\$2000-\$2499	3,065	8.0	192,780	7.7
\$2500-\$2999	3,814	10.0	197,586	7.9
\$3000-\$3499	2,417	6.3	117,794	4.7
\$3500-\$3999	1,218	3.2	56,993	2.3
\$4000-\$4999	1,182	3.1	51,414	2.1
\$5000 or more	1,002	2.6	48,814	1.9
Not stated	3,492	9.2	266,346	10.6
<b>Total households</b>	<b>38,075</b>	<b>100.0</b>	<b>2,506,243</b>	<b>100.0</b>

Source: ABS Census of Population and Housing, 2011

## Employment status

The unemployment rate for Ryde has been significantly lower than greater Sydney until recent years. The unemployment rate has increased in the more recent years due to the economic downturn, however it is still commensurate with that of greater Sydney.

		2001	2006	2011
Unemployment Rate	Ryde	4.50%	4.70%	5.70%
	Greater Sydney	6.00%	5.30%	5.70%
	<b>Difference</b>	<b>-1.50%</b>	<b>-0.60%</b>	<b>0.00%</b>

Source: Profile.id City of Ryde Community Profile

## Socio-Economic Indexes For Areas (SEIFA) index of Disadvantage

The SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics that reflect disadvantage such as low income, low educational attainment, high unemployment and jobs in relatively unskilled occupations.

A higher score on the index means a lower level of disadvantage. A lower score on the index means a higher level of disadvantage.

In 2011, Ryde had a SEIFA Index score of 1,050 which places Ryde on the 20th ranking among the 153 Local Government Areas in NSW. Ryde is in decile 9 out of 10.

Average SEIFA Score	977
Lowest SEIFA Score	788
Highest SEIFA Score	1,121
Ryde SEIFA Score	1,050
Ranking within NSW	20 /153
Decile within NSW	9/10

Source: ABS Census of Population and Housing, 2011

## Ryde's economic position

The Gross Regional Product (GRP) of an area is the equivalent of Gross Domestic Product, but for a smaller area it is the amount of the nation's wealth which is generated by businesses, organisations and individuals working in the area. This dataset is derived from the National Economics microsimulation model, and is a broad indicator of the growth or decline of the local economy over time.

As shown in the table and charts below, Ryde's GRP has a positive trend since 2001, significantly exceeding the average % increase of NSW. The % increase has slowed down since 2012 however the trend is still upwards.

### Annual % change on GRP from previous year

Year (ending June 30)	City of Ryde			New South Wales		
	GRP \$m	% change from previous year		GRP \$m	% change from previous year	City of Ryde as a % of New South Wales
2013	13,934	1.3	▲	460,106	2.5	3
2012	13,749	5.3	▲	448,928	1.9	3.1
2011	13,053	6.8	▲	440,466	1.6	3
2010	12,223	8.9	▲	433,568	2.5	2.8
2009	11,226	6.8	▲	422,883	1.7	2.7
2008	10,509	8.3	▲	415,956	3.5	2.5
2007	9,699	2.6	▲	401,959	1.9	2.4
2006	9,458	1.4	▲	394,609	1.6	2.4
2005	9,325	0.7	▲	388,298	1.7	2.4
2004	9,258	1.3	▲	381,658	2.8	2.4
2003	9,135	3.1	▲	371,158	2.2	2.5
2002	8,864	2.9	▲	363,279	1.9	2.4
2001	8,618			356,431		2.4

Source: Office of Local Government 2012/2013 ([www.olg.nsw.gov.au](http://www.olg.nsw.gov.au))



## Residential ownership

Ryde has a higher proportion of income sourced from property income and ownership of dwellings when compared to the average of NSW. It is reasonable to assume that a substantial number of these properties are investment properties, concluding that the owners have a higher capacity to pay.

The Ryde community is also sourcing a higher portion of their income from wages and salaries. Less of a proportion is dependent on superannuation.

## Sources of Income per Household (%)

Name	2012/13		2010/11		209/10		2008/09		2007/08	
	Ryde	NSW	Ryde	NSW	Ryde	NSW	Ryde	NSW	Ryde	NSW
Wages & salaries	52.7%	51.8%	52.9%	51.1%	53.7%	51.1%	53.40%	50.3%	54.0%	51.5%
Property income & Ownership of dwellings	24.5%	22.8%	25.4%	23.4%	25.50%	23.4%	25.70%	23.6%	25.7%	23.9%
Business income	7.90%	9.1%	8.0%	9.3%	8.3%	0.10	8.3%	9.5%	8.8%	9.5%
Superannuation	6.1%	6.4%	6.30%	6.6%	6.1%	6.3%	5.9%	6.0%	5.9%	6.0%
Cash benefits	8.90%	9.9%	7%	9.60%	6.50%	9.7%	7.0%	10.9%	5.6%	9.1%
<b>Total income before tax</b>	<b>\$165,538</b>	<b>\$150,739</b>	<b>\$169,724</b>	<b>\$153,420</b>	<b>\$158,187</b>	<b>\$146,105</b>	<b>\$158,223</b>	<b>\$147,733</b>	<b>\$159,301</b>	<b>\$147,774</b>

Source: National Institute of Economic and Industry Research (NIEIR)

## 5.2.2 Community Feedback

As outlined in Criterion 1 (item 3.1) Council engaged an independent researcher 'Instinct and Reason' to assist with some qualitative and quantitative community research prior to preparing the three options for community consideration.

In this study, 714 responses were analysed. The study incorporated some specific questions relating to affordability with some useful insights:

***"The results from the focus groups and the survey suggest that most ratepayers have a perception of the current rates in City of Ryde being reasonable with no perception of considerable increases in recent years (unlike energy bills)"***

### Voting by Income (Instinct and Reason May 2014)

There is a relationship between income and voting preferences but not as strong as we would expect. Most importantly, a majority in each bracket vote for Option B.



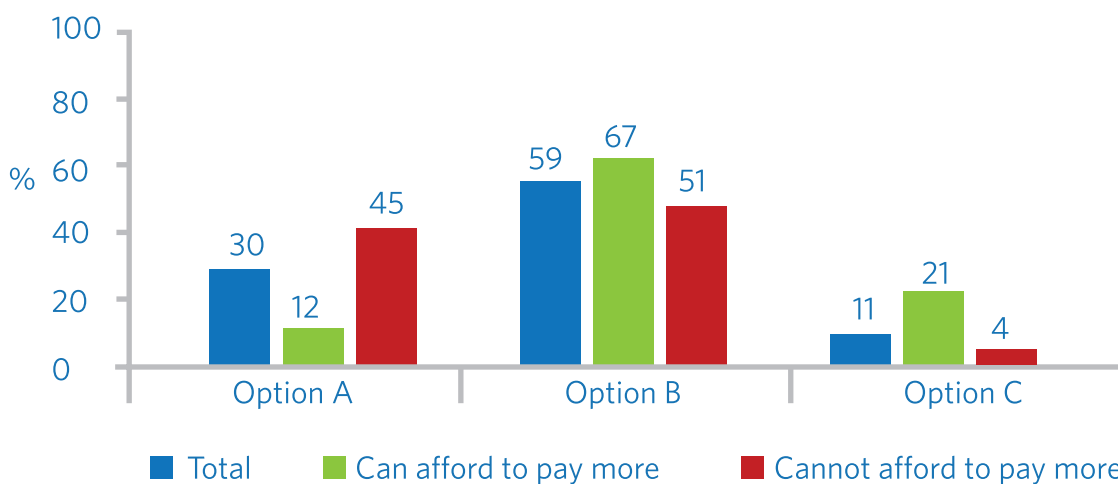
Question: At the point when Council needs to take its final decision, if ratepayers were asked to vote, which option would you vote for?

Question: If you were forced to vote now for one of these three options, which one would you vote for?

Base: Total (n=720), Less than \$50k (n=88), \$50k-\$99k (n = 157), \$100k-\$149K (n= 129), \$150k+ (n=142), (n=204)

## Voting by perceived affordability (Instinct and Reason May 2014)

As we would expect, those who feel they can afford to pay more are more likely to vote for Option C (21% do so) and those who feel they cannot afford to pay more are more likely to vote for Option A (45%) but, still, a majority of each group vote for Option B.



Question: Which of these statements best describe your own situation when you think about the balance between the level of rates and the level of services/facilities?

Base: Total (n=802), Can afford (n=353), Cannot afford (n = 411)

## Conclusion

The results of both the statistical analysis and the community feedback demonstrates that there is both an ability and a willingness for the community to consider the option of paying increased rates in order to maintain the city's infrastructure and services.

## 5.3 Addressing hardship

In addition to the statutory requirement for pensioner rebates, most councils have a policy, formal or otherwise to address issues of hardship.

Does the council have a Hardship Policy?

Yes  No

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

Yes  No

Does the council propose to introduce any measures to limit the impact of the proposed special variation on specific groups in the Community

Yes  No

You should attach a copy of the Hardship Policy and explain below who the potential beneficiaries are and how they are assisted.

Please provide details of any other measures addressing hardship to be adopted, or alternatively, explain why no measures are proposed.

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

The Hardship Policy is part of the overall Debt Administration Policy and procedures that were updated by Council in October 2013.

They allow for the waiving of interest for those that keep to repayment options, other than the normal four interest free instalments. Council actively encourages those with arrears or overdue rates to enter into arrangements to pay, with currently over 300 ratepayers taking this option.

It also allows for the waiving of interest for those that are facing hardship.

It also allows for special consideration to be given to Pensioners, especially in not taking legal action.

Council also, in circumstances that are appropriate, allow amounts outstanding for properties owned by pensioners, to be deferred to their estate.

## 6 Assessment criterion 4: Public exhibition of relevant IP&R documents

Criterion 4 within the OLG Guidelines is:

The relevant IP&R documents<sup>1</sup> must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general revenue.

Briefly outline the significant IP&R processes the council has undertaken to reach the decision to apply for a special variation. Include the details of and dates for key document revisions, public exhibition period(s) and the date(s) that the council adopted the relevant IP&R documents.

You should also include extracts from council minutes as evidence that the documents were adopted.

The council is reminded that amendments to the Community Strategic Plan and Delivery Program require public exhibition for at least 28 days prior to adoption, while amendments to the Long Term Financial Plan and Asset Management Plan/s do not require public exhibition.<sup>2</sup>

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1 Relevant documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and where applicable, the Asset Management Plan.

2 Office of Local Government (the then Division of Local Government), Integrated Planning and Reporting Manual for local government in NSW, March 2013, pp 5 - 6. See <http://www.olg.nsw.gov.au/sites/default/files/Intergrated-Planning-and-Reporting-Manual-March-2013.pdf>

# Public exhibition of relevant IP&R documents

**DEC 2008** City of Ryde started its Integrated Planning journey back in 2008 when it started a project to develop a 20 year strategic plan. At its meeting 9 December 2008, Council resolved to undertake development of the Ryde 2030 Community Strategic Plan. The Plan was to be an overarching visionary plan which would set the context for all other Council plans. It was planned that the Ryde 2030 Community Strategic Plan would also be regularly referenced in the plans of other local organisations. The Ryde 2030 Community Strategic Plan was to be not just a Council plan, but a plan for the Ryde Local Government Area (LGA) with key input from the not for profit sector and the State Government sector.

**FEB 2009** A six phased project plan for Ryde 2030 outlining Council's approach to engage, develop and finalise a 20 year Community Strategic Plan for Ryde by July 2010 was adopted by Council on 24 February 2009.

**MAR 2009** On the 24 March 2009 Council considered a report and agreed in principle to undertake an extensive Community Consultation Plan which was subsequently rolled out and involved over 4,000 participants.

**JUN 2009** In June to October 2009, the Office of Local Government released a new planning framework for all councils across NSW. The Amendment Bill focused on the planning and reporting requirements for the long term social, environmental, economic and civic leadership of NSW communities. Part of this reform was that all councils be required to prepare a Community Strategic Plan for 10 years (at minimum) that incorporates the Social Plan, State of the Environment Report and has linkages to other plans.

**OCT 2009** *The Local Government Amendment (Planning and Reporting) Act 2009* was to be introduced in three groups of NSW councils over three years. Councils were asked to nominate the group they would like to be in, existing legislative provisions were to continue until commencement of each group. Council at its meeting 13 October 2009, resolved to nominate as a Group 3 Council under the *Local Government Amendment (Planning and Reporting) Act 2009*.

The Ryde 2030 Framework was forwarded to the Office of Local Government for feedback and they advised that Ryde's 2030 framework was consistent with the new guidelines that were released by the Office of Local Government. As part of the preparation of the Community Strategic Plan, Council was required under these guidelines to prepare and implement a Community Engagement Plan to involve community members and other key stakeholders in the development of the Community Strategic Plan.

**DEC 2009** In December 2009, Council adopted the 'Your City, Your Voice' model of engagement. This policy and framework outlined numerous strategies through the Engagement Matrix, with this model and matrix being used as the base level for all engagement strategies for the Ryde 2030 Community Strategic Plan. The Engagement Plan documented all strategies that were undertaken throughout the Ryde 2030 process through the 3 stages of engagement, inform, consult and collaborate, as outlined in Council's policy and framework. This Engagement Plan also identified other strategies, not specifically required through the adopted model of engagement, but added considerable value to the process for Ryde 2030. Some examples of the level and scope of the community engagement undertaken are tabled on the next page.

## Key Consultation Activities for the Ryde 2030 Community Strategic Plan

Strategy	Activities
<p>Ryde Roadshow (travelling displays)</p>	<p>The project team have had displays of information circulating throughout the City with information on the project and talking to members of the Community. Calico bags, lollies and stress balls were provided as incentives and were very useful in enticing people to come and talk or take home information.</p> <p>A range of venues were used for the Roadshow, including:</p> <ul style="list-style-type: none"> <li>▪ Community and official launch</li> <li>▪ Fetes</li> <li>▪ Citizenship Ceremonies</li> <li>▪ Shopping centres</li> <li>▪ Parks.</li> </ul>
<p>Hopes and Concerns (interviews and surveys)</p>	<p>Focused on asking two key questions around people's hopes and concerns:</p> <ol style="list-style-type: none"> <li>1. What are your greatest hopes for Ryde heading into the year 2030?</li> <li>2. What are your greatest concerns for Ryde heading into the year 2030?</li> </ol> <p>These questions were asked via the following:</p> <ul style="list-style-type: none"> <li>▪ Postcard survey</li> <li>▪ Online survey</li> <li>▪ Survey in the rates notice</li> <li>▪ Survey in the Ryde City View</li> <li>▪ Phone the Future Hotline.</li> </ul>
<p>Wishes and Worries' (young people)</p>	<p>A 'wishes and worries' activity was developed to engage primary school aged children. Children were asked to write or draw their wishes and worries for the future.</p> <p>This strategy included the following activities:</p> <ul style="list-style-type: none"> <li>▪ Attendance at nine primary schools</li> <li>▪ Vacation care program</li> <li>▪ Christian Community Aid Family Day Care program</li> </ul>

The full Engagement Plan Ryde 2030 Community Strategic Plan is Appendix X.

**AUG  
2010**

Following further analysis and review of the existing Council plans, internal staff workshops and a series of workshops with the theme committees and Councillors on the 24 August 2010 Council resolved:

- a) That the time frame of the Ryde Community Strategic Plan be reduced from 20 years to 10 years to ensure it is realistic, therefore becoming the Ryde 2021 Community Strategic Plan.
- b) That Council adopt the draft seven outcomes for the Ryde Community Strategic Plan for targeted consultation with the Theme Committees and previous participants who have requested further participation.
- c) That the proposed 21 programs outlined in this report be the basis for future 4 year Delivery Programs and associated budgets.

Since this time extensive work has been undertaken in re-framing our Delivery Plan, Operational Plan/Budget and reporting processes to support compliance with the requirements of the *Local Government Amendment (Planning and Reporting) Act 2009*. We have called this our Outcomes Planning Framework which consists of the following key points:

1. All future projects recommended for consideration in the Four Year Delivery Plan have been aligned to the Seven Outcome areas adopted by Council in the CSP.
2. The Operational Plan has 21 program areas that have been cross referenced to the Delivery Plan and the CSP.
3. All internal cost centres have been reviewed to separate operational expenditure from project expenditure (these were previously mixed together making visibility of our efforts hard to align to priorities) with operational expenditure being described as Council's base budget.
4. Our project budgets (Capital and Non-Capital) have now been framed around the 21 programs adopted by Council.
5. Business planning has been aligned to deliver and report against outcomes and programs,

6. Our process for asset planning, costing and renewal across all asset types has been re-engineered.
7. Goals and strategies have been developed to focus our efforts on delivering the seven outcomes and to allow for engagement with other sectors. The outcomes, goals and strategies have been designed to align with the key elements of the Sydney Metropolitan Strategy and to allow for ease of partnership development.
8. We initiated preliminary discussions with Macquarie University to plan an evaluation methodology utilising community engagement and research techniques every 4 years.

It should be noted that, the City of Ryde (as a Group 3 Council) was twelve months ahead of its requirements to develop a Four Year Delivery Plan. This was deliberately planned so that the requirements for a realigned Resourcing Strategy including an Asset Management Plan, a Workforce Plan and a Long Term Financial Plan could be fully developed with certainty, once the Community Strategic Plan and the Four Year Delivery Plan were adopted by Council.

**APR  
2011**

The Community Strategic Plan and the Four Year Delivery Plan were placed on public exhibition at the same time to enable the community to view the details of how Council is responding to its strategy over the next 4 years. Council adopted the Community Strategic Plan, Ryde 2021 for public exhibition for a six week consultation period between 20 April 2011 to 26 May 2011, to seek the final views from the Community and those who participated in its creation.

**JUN  
2011**

Following this period of exhibition Council formally adopted Ryde 2021 - Community Strategic Plan at its meeting on 28 June 2011.

**AUG  
2012**

Following on from the adoption of the Ryde 2021 - Community Strategic Plan, Council then set about creating its Resourcing Strategy document which included an Asset Management Plan, a Workforce Plan and a Long Term Financial Plan. The Resourcing Strategy was endorsed by Council on 28 August 2012.



## SRV Application to IPART

**SEPT 2012** 2012 Local Government elections.

**MAR 2013** As a result of the 2012 Local Government elections, a review of the IP&R documents was required. As the Community Strategic Plan Ryde 2021 had only been adopted in June 2011 it was determined by Council that the current plan required only minor adjustments and rebranded Ryde 2025. At its meeting on the 26 March 2013 Council adopted to revise the current plan and place on exhibition for comment from 22 May - 18 June 2013.

**MAY 2013** Also at this time the Four Year Delivery Plan including One Year Operational Plan was placed on public exhibition from 22 May - 18 June 2013 to again enable the community to view the details of how Council is responding to its strategy over the next 4 years.

Following this period of exhibition Council formally adopted both Ryde 2025 - Community Strategic Plan and the 2013-2017 Four Year Delivery Program and One Year Operational Plan 2013/14 at its meeting on 25 June 2013. The revised Community Strategic Plan Ryde 2025 attached to this submission as Appendix X.

Following on from the adoption of the new Plans, City of Ryde then set out to gain Council's position on its financial future. The majority of this process has been explained in this document with the exception that Council's IP&R documents needed to be revised to include the proposed SRV scenario.

**NOV 2014** After considering the efficiency savings and the Community feedback, Council resolved on 11th November 2014 to advise IPART of its intention to apply for a 7% increase (including the rate peg) SRV for four years.

**DEC 2014** At its meeting on 9 December 2014 Council resolved to place an updated Resourcing Strategy (including Asset Management Plans, Workforce Plan and Long Term Financial Plan) and a revised 2014-2018 Four Year Delivery Plan and one year Operational Plan 2014/15 on exhibition from 17 December 2014 to 6 February 2015 to enable further feedback from the community on the possible SRV.

**FEB 2014** These documents were then adopted by Council at its meeting on 10 February 2015. Both the Resourcing Strategy and the Delivery Plan 2014-2018 and One Year Operational Plan 2014/2015 are included with this submission as Appendix's X and X. (Note: this is draft text, TBC)

## IP&R Timeline

Documents	Action	Exhibition Dates	Date Adopted	Page in Minutes
Ryde 2030 Engagement Strategy	Adoption	NA	24/03/2009	11
Community Engagement for Community Strategic Plan	Community Engagement	March 2009 - November 2010	24/03/2009	11
Draft Ryde 2021 Community Strategic Plan	Adoption/ Community Engagement	20 April 2011 to 26 May 2011	19/04/2011	5
Draft 2011-2015 Four Year Delivery Program Including One Year Operational Plan 2011/12 and Fees and Charges	Adoption/ Community Engagement	20 April 2011 to 30 May 2011	12/04/2011	7
Ryde 2021 Community Strategic Plan	Adoption	NA	28/06/2011	6
2011-2015 Four Year Delivery Program Including One Year Operational Plan 2011/12 and Fees and Charges	Adoption	NA	14/06/2011	6-9
Draft 2012-2016 Four Year Delivery Program Including One Year Operational Plan 2012/13 and Fees and Charges	Adoption/ Community Engagement	16 May 2012 to 18 June 2012	08/05/2012	10-17
2012-2016 Four Year Delivery Program Including One Year Operational Plan 2012/13 and Fees and Charges	Adoption	NA	26/06/2012	10-13
Resourcing Strategy (including Asset Management Plans, Workforce Plan and Long Term Financial Plan)	Adoption	NA	28/08/2012	8
Community Strategic Plan Review Project	Adoption	NA	26/03/2013	13
Draft Ryde 2025 Community Strategic Plan	Adoption/ Community Engagement	22 May 2013 to 18 June 2013	14/05/2013	18-19
Draft 2013-2017 Four Year Delivery Program Including One Year Operational Plan 2013/14 and Fees and Charges	Adoption/ Community Engagement	22 May 2013 to 18 June 2013	14/05/2013	18
Ryde 2025 Community Strategic Plan	Adoption	NA	25/06/2013	17-18
2013-2017 Four Year Delivery Program Including One Year Operational Plan 2013/14 and Fees and Charges	Adoption	NA	25/06/2013	12-16

Documents	Action	Exhibition Dates	Date Adopted	Page in Minutes
Draft 2014-2018 Four Year Delivery Program Including One Year Operational Plan 2014/15 and Fees and Charges	Adoption/ Community Engagement	30 April 2014 to 6 June 2014	22/04/2014	8
2014-2018 Four Year Delivery Program Including One Year Operational Plan 2014/15 and Fees and Charges	Adoption	NA	24/06/2014	4-7
City of Ryde's Financial Future - Proposed Action Plan	Adoption	NA	24/06/2014	12-13
Securing Our Future Community Engagement	Community Engagement	July 2014 - October 2014	24/06/2014	12-13
Resolution to inform IPART of intention to apply for a special rate variation	Adoption	NA	11/11/2014	15-16
Revised Draft 2014-2018 Four Year Delivery Program Including One Year Operational Plan 2014/15 and Fees and Charges - Includes information on special rate variation	Adoption/ Community Engagement	17 December 2014 to 6 February 2015	09/12/2014	12-16
Revised Draft Resourcing Strategy (including Asset Management Plans, Workforce Plan and Long Term Financial Plan) - Includes information on special rate variation	Adoption/ Community Engagement	17 December 2014 to 6 February 2015	09/12/2014	12-16
Revised 2014-2018 Four Year Delivery Program Including One Year Operational Plan 2014/15 and Fees and Charges - Includes information on special rate variation	Adoption	NA	10/02/2015	
Revised Resourcing Strategy (including Asset Management Plans, Workforce Plan and Long Term Financial Plan) - Includes information on special rate variation	Adoption	NA	10/02/2015	
Application to IPART for a special rate variation	Adoption	NA	10/02/2015	

## 7 Assessment criterion 5: Productivity improvements and cost containment strategies

Criterion 5 within the OLG Guidelines is:

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

In this section, you must provide details of any productivity improvements and cost containment strategies that you have implemented in the last two years (or longer) and any plans for productivity improvements and cost containment during the period of the special variation.

These strategies, which may be capital or recurrent in nature, must be aimed at reducing costs and/or improving efficiency. Indicate if any initiatives are to increase revenue eg, user charges. Identify if the proposed initiatives (i.e., cost savings), have been factored into the council's resourcing strategy (eg, LTFP and AMP).

Where possible, the council is to quantify in dollar terms the past and future productivity improvements and cost savings.

The council may also provide indicators of efficiency, either over time or in comparison to other relevant councils. We will make similar comparisons using various indicators and OLG data provided to us.

# Productivity improvements and cost containment strategies

In the formulation of Council's Four Year Delivery Plan and One Year Operational Plans since 2012 Council has introduced very tight budget measures to ensure Council's operations and service delivery are delivered at 'best value for money'.

To drive this outcome, Council has imposed a strict budget framework, towards a 'zero base' budgetary approach. This has been reflected in 0% increases in discretionary budget areas and requiring all project expenditure to be deleted from Council's Base Budget requiring a Business Case to justify all projects (capital and non-capital).

In addition to the budgeting initiative, Council has been very active in reducing its operating costs through:

- Best Value Reviews of key business processes. i.e. Development Application Process, Communication and Events functions.
- Review of Council's structure and reducing Council Budgeted FTE. This was undertaken throughout the 2013/14 year with positions not being replaced. 14 Positions have been deleted from Council's establishment and were brought to account in Council's September Quarterly Review, presented to Council at its 25 November 2014 meeting. The ongoing annual saving is \$1.5 million. This reduction in FTEs has reduced Council's FTE to 473, which is under levels Council had back in 2009.

To supplement the salary savings Council has also reduced its operating costs by \$0.45 million from its Base Budget.

The saving of \$1.95 million will be an ongoing saving and has been factored into Council's LTFP.

- Council has over the last three years undertaken and achieved operational savings in a range of areas as a result of internal reviews, procurement initiatives either jointly or as a City of Ryde initiative. In 2013/14 the City of Ryde undertook 72 separate formal procurement processes. A sample of these savings/productivity improvements have been;

	Savings Per Annum \$('000s)
Reduced advertising costs	150
Undertook customers satisfaction surveys in-house	140
Savings in graphic design	50
Printing reductions	40
Telecommunications	150
Waste Collections / Recycling	400
Electricity	100

The above list is indicative of the consistent actions taken by the City of Ryde to ensure its costs of services remain competitive and deliver 'best value' for our ratepayers.

In addition, over the past three years Council has been very active in improving our information systems to improve Customer Service delivery, and improve productivity.

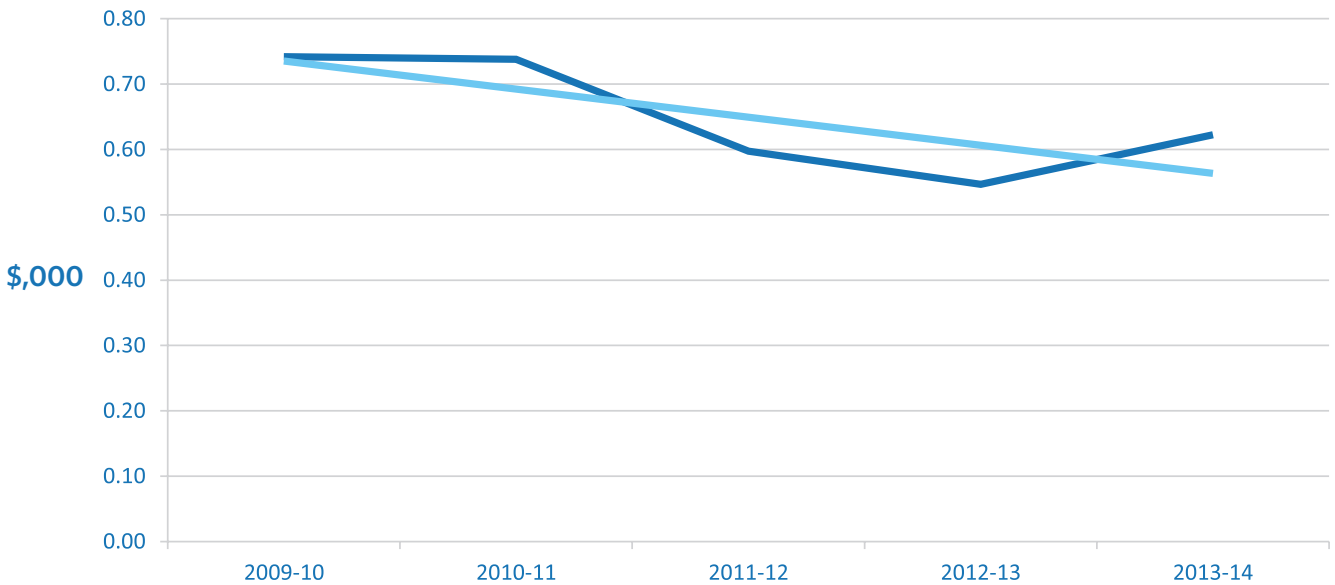
These initial systems have covered our budgeting, our General Ledger in coding Council's IP&R integration, Corporate Performance Reporting (Quarterly/Annually), Performance Development System (Annual Performance Review for staff), scanning of plans/documents, Project Management/ Business Cases, Works and orders linked to Council's Customer Request Management System, CHRIS Kiosk that manages the online approval of all staff leave/reporting and SCOUT online recruiting, TRIM integration across core systems.

Council has invested enormous resources to ensure our systems are optimised to deliver quality customer services to our community. Substantial work has been undertaken in delivering improved ebusiness services to our community with 17 services being activated through smart phone technology last year with Council working to build upon this extensively over the next one to three years.

To illustrate how Council has worked continuously to drive our operating costs down, the following graph shows Council's Real Operating Expenditure per capita over the past 5 years and as projected in our LTFP, SRV (Option B) is also shown below:

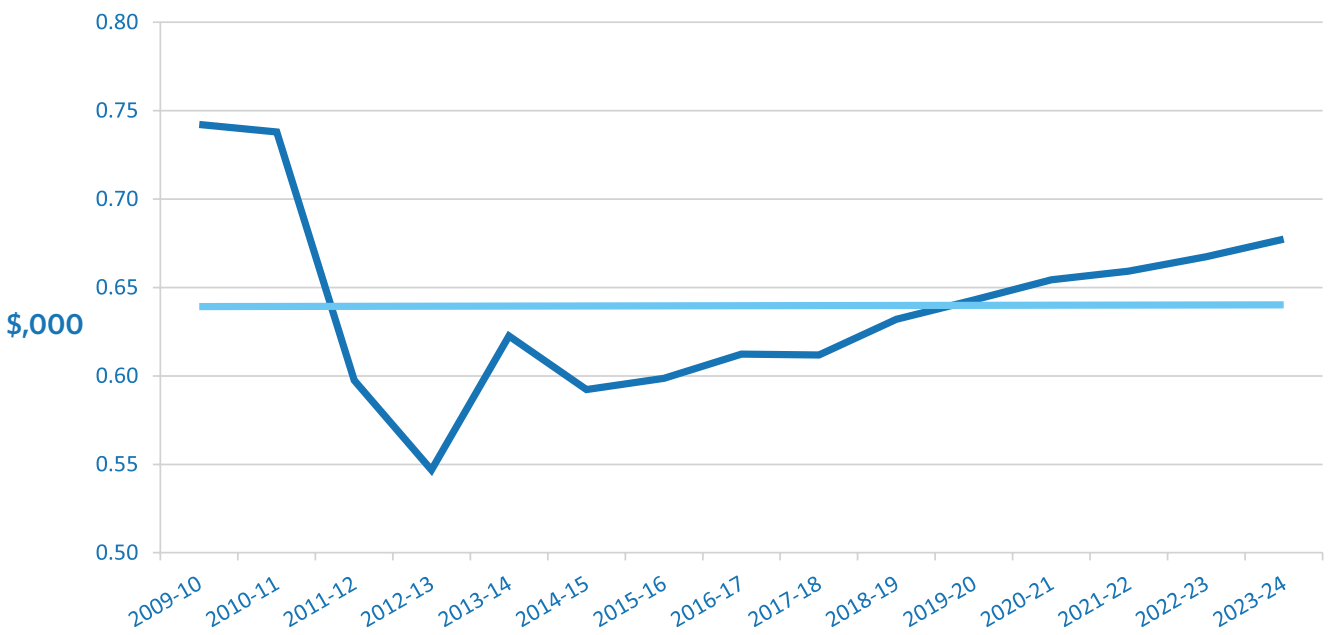
KEY: █ Trend Line █ Actual Expenses

**Real Operating Expenditure per capita over the first five years**



Source: LTFP General Fund - Real Operating Expenditure Per Capita Result

**Real Operating Expenditure per capita over LTFP period and previous years (LTFP Option B - including SRV 7%, 2009-2024)**



Source: LTFP General Fund - Real Operating Expenditure Per Capita Result

# 8 List of attachments

The following is a list of the supporting documents to include with your application. Some of these attachments will be mandatory to all special variation applications eg, Attachment 1, extracts from the Community Strategic Plan. Other attachments will be required from some, but not all, councils. For example, Attachment 10, extracts from the Asset Management Plan, would be required from a council seeking approval of a special variation to fund infrastructure. Councils should submit their application forms and attachments online through the Council Portal in the following order.

Item	Included?
<b>Mandatory forms and Attachments</b>	
Part A Section 508A and Section 508(2) Application form (Excel spreadsheet)	<input checked="" type="checkbox"/>
Part B Application form (Word document) - this document	<input type="checkbox"/>
Attachment 1: Relevant extracts from the Community Strategic Plan	<input type="checkbox"/>
Attachment 2: Delivery Program	<input type="checkbox"/>
Attachment 3: Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	<input type="checkbox"/>
Attachment 4: TCorp report on financial sustainability	<input type="checkbox"/>
Attachment 5: Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and special variation	<input type="checkbox"/>
Attachment 6: Community feedback (including surveys and results if applicable)	<input type="checkbox"/>
Attachment 7: Hardship Policy	<input type="checkbox"/>
Attachment 8: Resolution to apply for the special variation	<input type="checkbox"/>
Attachment 9: Certification	<input type="checkbox"/>
<b>Other Attachments</b>	
Attachment 10: Relevant extracts from the Asset Management Plan	<input type="checkbox"/>
Attachment 11: Past Instruments of Approval (if applicable)	<input type="checkbox"/>
Attachment 12: Resolution to adopt the revised Community Strategic Plan (if necessary) and/or Delivery Program	<input type="checkbox"/>
Attachment 13a): Pricewaterhouse Coopers (PwC) Report	<input type="checkbox"/>
Attachment 13b): Jeff Roorda and Associates (JRA) Report	<input type="checkbox"/>
Attachment 13c): Councillor workshop presentation/s	<input type="checkbox"/>
Attachment 13d): Community Perception Survey report-September 2013	<input type="checkbox"/>
Attachment 13e): Instinct and Reason Research report - May 2014	<input type="checkbox"/>
Attachment 13f): Community Poll results - October 2014	<input type="checkbox"/>
Attachment 13g): Marketing Campaign for the "Securing Our Future" consultation	<input type="checkbox"/>





## 9 Certification

### APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Officer

Name of council: Council of the City of Ryde

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

General Manager (name): Gail Connolly

Signature and Date:

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11 February 2015

Responsible Accounting Officer (name): John Todd

Signature and Date:

---

11 February 2015

Once completed, please scan the signed certification and attach it as a public supporting document online via the Council Portal on IPART's website.

City of Ryde  
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Web: [www.Ryde.nsw.gov.au](http://www.Ryde.nsw.gov.au)

January 2015

