



## Special Variation Application Form Part B

Willoughby City Council

# Application Form

2024-25

Local Government >>

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## Acknowledgment of Country

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

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

## Contact details

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## The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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## Council Information

Please fill out the table below.

<b>Council name</b>	Willoughby City Council
<b>Date submitted to IPART</b>	5 February 2024

# 1 About this application form

This application form is to be completed by councils applying for a special variation (SV) to general income for 2024-25 under section 508(2) or 508A of the *Local Government Act 1993* (LG Act). The application form is in two parts:

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

The SV Application Form Part B collects:

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

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

When completing this Application Form, councils should refer to:

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

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

## 2 Description and Context

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

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

Please use the checkboxes to indicate the type of SV the council is applying for. Please provide, rounded to **2 decimal places**:

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

Should an SV be approved, the instrument will list the approved percentage(s) and cumulative percentage rounded to 2 decimal places, unless council has specifically applied for a different number of decimal places.

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

In Table 3, please explain if the council would like its instrument issued to a different number of decimal places and if it has used an assumed rate peg that is not 2.50%.

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

Table 1 Type of special variation

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

Table 2 The council's proposed special variation

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Is this year in the SV period?	yes	no	no	no	no	no	no
Percentage increase	15.00%						
Rate peg	5.00%						
Cumulative percentage increase over the SV period for s 508A							
Indicate which years are permanent or temporary	Permanent						

Table 3 Further questions

Question	The council's response
Does the council wish its potential SV instrument to be issued with a different number of decimal places?	No
If the council used an assumed rate peg that is not 2.50%, please briefly justify why it did so.	Not applicable - rate peg is known for 2024/25 (5%) which is year in which SV applies.

## Question 2: Is the council applying for a Crown Land Adjustment (CLA) in 2024-25?

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

Is the council also applying for a CLA?	No
If so, by what percentage?	Not applicable
What is the dollar (\$) value for the CLA?	Not applicable
Who was the prior owner of the Crown Land?	Not applicable
Briefly outline the reason for the land becoming rateable.	Not applicable

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

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

Willoughby City Council is applying for a 15.0% rate increase to commence in the financial year 2024/25, including a permanent 10.0% Special Variation (SV).

This proposed SV will assist Council to:

- Recover from recent financial impacts, including high inflation, COVID-19 revenue losses, mandated staff wage increases, unexpected NSW Government costs and the cessation of Council's Infrastructure Levy in 2022
- Have a long-term financially sustainable future, including increasing its capacity to absorb future financial, extreme weather and growth shocks
- Be in a stronger position to maintain and renew community assets, attract and retain staff and meet community expectations
- Maintain existing highly-valued services, including continuing to implement an existing program to increase responsiveness to resident and business enquiries
- Improve public area maintenance and urban tree canopy outcomes

The SV will be accompanied by a proposed \$2m efficiency target, to be met in 2024/25 via new non-rate revenue and efficiency and cost-cutting measures.



With the 15.0% rate increase and efficiency target, Council will be able to deliver surpluses all in nine years between 2024/25 and 2032/33 with an average annual surplus of \$4.77m. These surpluses, subject to future financial shocks, could be re-invested in community services and projects.

Council will also set aside an additional \$2m a year to allow it to invest in public area maintenance and tree outcomes, namely additional cleaning, care and beautification projects in parks, cycling and walking routes and town centres, and programs to boost and manage the LGA's urban tree canopy. These initiatives have been strong priorities in this term of Council and feature among the services rated as most important in Council's Community Perception Research.

Without the proposed SV, Council would need to undertake \$2m in service reductions and find \$500,000 in additional new non-rate revenue to be able to have a balanced budget, recording five surpluses and four deficits between 2024/25 and 2032/33.

Due to this balanced budget scenario, Council will not have a buffer to manage future extreme weather events or financial shocks and be at significant risk of not being able to meet relevant financial or asset benchmarks or accumulate funds for increased community services and projects. This means Council will be in an ongoing financially fragile position.

In addition, the service reductions will cause internal disruption, creating a work environment which is less conducive to staff attraction and retention.

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

Complete Table 4 if the council proposes to increase minimum ordinary and/or Table 5 if the council proposes to increase special rates in conjunction with the SV for 2024-25. Otherwise, leave it blank. IPART will also use data provided in Application Form [Part A](#) to understand the details of the proposed SV and minimum amounts of rates.

In some situations, a minimum rates increase will be subject to IPART approval. In these cases, councils will need to also complete *Minimum Rate Increase Application Form Part B 2024-25* (Word document) available on our [website](#). Please see Table 2.4 of the [Guidance Booklet - Special variations: How to prepare and apply](#) for further information on when an additional MR increase application may be required. Councils do not need to submit another Application form [Part A](#) (Excel document).

Table 4 Minimum rates increase for ordinary rates

Does the council have an ordinary rate(s) subject to a minimum amount?	Yes
Does the council propose to increase the minimum rate(s) above the statutory limit for the first time? (If yes, you must complete a separate minimum rate increase application form.)	No

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

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

	2023/24 minimum rate	2024/25 minimum rate	\$ increase	% increase
Residential	\$881.20	\$1,013.38	\$132.18	15%
Business (general)	\$1,253.50	\$1,441.53	\$188.03	15%
Chatswood Town Centre	\$1,338.50	\$1,539.28	\$200.78	15%
Chatswood Major Retail Centre – Chatswood Chase	\$1,121.75	\$1,290.01	\$168.26	15%
Chatswood Major Retail Centre – Westfield	\$1,121.75	\$1,290.01	\$168.26	15%
Strata Storage Facility	\$850.85	\$978.48	\$127.63	15%

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

Table 5 Minimum rates increase for special rates

Does the council propose to increase the minimum amount of a special rate above the statutory limit?	No
What will the minimum amount of the special rate(s) be after the proposed increase?	\$Not applicable
Has the council submitted an application for a minimum rate increase?	No

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

### Question 5: Does the council have an expiring SV?

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

- on 30 June 2024, or
- at the end of any year in the period the requested SV would apply.

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

Does the council have an SV which is due to expire on 30 June 2024?	No
Does the council have one or more SV/s due to expire during the proposed SV period?	No
If Yes to either question: a. When does the SV expire?	Not applicable
b. What is the percentage to be removed from the council's general income?	Not applicable
c. What is the dollar amount to be removed from the council's general income?	Not applicable
Has OLG confirmed the calculation of the amount to be removed?	Not applicable

**Attachments required:**

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

**Question 6: Does the council have an existing (ongoing) section 508A special variation which applies in 2024-25?**

Complete this question if the council has an existing section 508A multi-year SV instrument which approves an increase to general income above the rate peg for 2024-25 and future years within the period covered by the council's SV application.

If the council has an ongoing section 508A SV and is seeking additional changes to general income during the term of that existing SV, IPART will need to vary the original instrument if the application is approved, rather than issuing a separate SV instrument to apply for 2024-25 (or later years).

Does the council have a section 508A multi-year SV instrument that applies in 2024-25?	No
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If yes to the above question, in the text box below:

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

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

Not applicable
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**Attachments required:**

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

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

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

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

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

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

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

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

Since 2011/12, Council has benefitted from:

- A permanent increase in Council's residential and business minimum rates (commenced in 2012/13)
- A SV which was applied over two years (2015/16 and 2016/17) and expired in 2021/22 (known as Council's Infrastructure Levy)
- A permanent Additional Special Variation which commenced in 2022/23

The CEO's certification letter provides more detail about these rate changes.

## Attachments required:

- A copy of the relevant instrument(s) approving SVs issued by IPART.
- A declaration by the General Manager as to the council's compliance with the conditions specified in the SV instrument(s).
- Supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s).
- If applicable, supporting documents providing evidence of the corrective actions undertaken in the event of a failure to comply with the conditions in the SV instrument(s).

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

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

Does the council have deferred general income increases available to it from one or more previous years under section 511 of the LG Act?	No
If Yes, has the collection of this additional income been included in the Council's Long Term Financial Plan (LTFF)?	Not applicable

In the text boxes also explain:

<p>a. The quantum, rationale and timing of any deferred increases in general income.</p> <p>Not applicable</p>
<p>b. When council plans to catch up on the deferred general income through the catch up provisions and whether this been included in the LTFF.</p> <p>Not applicable</p>
<p>c. How does this deferred income impact on the council's need for the SV and its cumulative impact on ratepayers' capacity to pay? The council may also wish to further expand on this question in of OLG Criterion 1 below.</p> <p>Not applicable</p>



### 3 OLG SV Criterion 1 – Financial need

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

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

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

Table 6 OLG Criterion 1 components

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
<p>The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the SV) is clearly articulated and identified in the council's IP&amp;R documents</p>	<p>In May 2023, Willoughby City Council exhibited a Long Term Financial Plan (LTFP) which noted that the Council came into the period of the COVID-19 pandemic in a robust and sustainable financial position. The LTFP noted that, since that time, the Council's finances have been adversely affected by a range of factors, including:</p> <ul style="list-style-type: none"> <li>• Losing \$20.6m in revenue due to the COVID-19 pandemic in the three years from 2019/20 to 2021/22, including by providing tenant rent relief, waived or reduced fee income, facility closures and changes in consumer behaviour</li> <li>• High inflation, which peaked at 7.8% in late 2022, and forced up the cost to renew and repair Council's assets and provide other services</li> <li>• Unexpected cost impacts from the NSW Government, in particular a \$487,000 increase in the Emergency Services Levy and \$100,000 increase in the costs involved in running the 2024 election</li> <li>• The cessation of Council's Infrastructure Levy in 2022, which removed some \$2.96 million from Council's revenue in 2022/23</li> <li>• Expected future employee cost increases</li> </ul> <p>The LTFP noted that Council had been making difficult but necessary decisions to reduce costs and find alternative revenue sources, as part of its ongoing business improvement and efficiency program.</p>	<p>Pages 6-8 (executive summary), 11-12 (new Operating Performance Ratio target) 18-37 (no SV and SV cases) and 40-41 (sensitivity analysis) of the LTFP adopted in June 2023 (available <a href="#">here</a>)</p> <p>Pages 4-5 (executive summary) 9-13 (environment scan) 19-38 (no SV and SV case) and 42-44 (sensitivity analysis) of the LTFP adopted in January 2024 (uploaded to IPART portal)</p> <p>Pages 10 (new tree action) 12 (new ParkCare action) 14 (new maintenance action) and 23 (SV narrative) of the <i>Delivery Program 2022-26</i> (uploaded to IPART portal)</p> <p>Community Strategic Plan (<i>Our Future Willoughby 2032</i>) (uploaded to IPART portal)</p>



Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>For instance, it noted that Council had:</p> <ul style="list-style-type: none"> <li>• Delivered since 2018/19, annual average savings in consultancy costs and in other miscellaneous expenses.</li> <li>• Won significant grants from other levels of government totalling \$21.2m across the 18 months to December 2022, including a \$5m NSW Government grant to upgrade the Willoughby Leisure Centre.</li> <li>• Decided to outsource or close some under-utilised, loss-making or non-core community services, including Loop Bus services (closed), Bales Park Out of School Hours centre (closed) and the Devonshire Street child care centre (proposed to be outsourced). The closure of the Loop Bus in itself generated \$345,000 in savings.</li> <li>• Supported a more enabled and efficient workforce, through the implementation of the CONNECT information technology enterprise-wide platform which allows staff to more easily access information and deliver community outcomes.</li> <li>• Rolled out the replacement of nearly 1,800 street lights with more cost efficient and environmentally friendly lights, which will save ratepayers \$1m over 5 years.</li> <li>• Ceased the Council's Infrastructure Levy at the end of 2021/22, generating an overall fall in rates revenue of 5.2% and cutting average residential rates by \$38 in 2022/23.</li> <li>• Contained employee cost increases to just 1.4% in the four years to 2021/22.</li> </ul> <p>Additional savings, not referenced in the LTFP, included an organisational review, which took place in 2015/16 and led to a reduction in the number of Directors and Managers. This review resulted in savings of \$2m per annum without a change in service standards. In addition, in 2021/22, Council achieved a reduction of \$1.2m in employee leave provisions and a corresponding \$400,000 reduction in employee leave entitlement expenses through a targeted leave reduction program</p> <p>However, the LTFP stated that, even after taking the measures listed above and after considering likely future revenue and expenditure pressures, the Council's financial situation would continue to decline.</p>	

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>It stated that Council (without a Special Variation) would record an Operating Deficit in all ten years between 2023/24 and 2032/33, with cumulative losses during this period reaching \$38.3m. It stated that if Council renewed infrastructure to meet benchmark levels, and maintained current service levels, it would potentially be insolvent by 2025/26, with its working capital being exhausted.</p> <p>Partly in response to this scenario, the LTFP amended Council's Strategic Financial Objectives to require that Council would, from 2024/25, strive to achieve an Operating Performance Ratio (OPR) of 2-4% as a buffer to improve the ability of Council to withstand unexpected financial shocks. This in effect meant that Council would, in the future, budget for operating revenue to be between 2-4% higher than operating expenditure, and in doing so run a surplus. This 2-4% OPR target is higher than the NSW Government benchmark, which is greater than 0% (in other words at least a balanced budget).</p> <p>To help secure Council's financial sustainability, including the new OPR target, the LTFP recommended that Council needed to examine a Special Variation (SV) to commence in 2024/25. It presented lower and higher SV options (18.5% and 23.5% increases including the rate peg).</p> <p>In June 2023, Council resolved to adopt this LTFP and to commence work on developing a plan to undertake extensive engagement with the community on a SV later in 2023.</p> <p>Council then developed this engagement plan, along with a proposed a new 'no SV' base case and three SV options which were endorsed for exhibition at the August 2023 meeting.</p> <p>These options were known as:</p> <ul style="list-style-type: none"> <li>• Reduce Services – rate peg only (assumed 3.5%)</li> <li>• Maintain Services – 12.0% rate increase</li> <li>• Increase Services – 15.0% rate increase</li> <li>• Increase Services and Infrastructure – 20.0% rate increase</li> </ul>	

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>The Reduce Services option travelled with a proposal to reduce services by the equivalent of \$2.8m, and increase non-rate revenue by \$500,000, across 2024/25 and 2025/26. The three SV options travelled with a proposal to cut costs by \$1m, and increase new non-rate revenue, by \$1m, in 2024/25.</p> <p>These options considered and responded to:</p> <ul style="list-style-type: none"> <li>• Community feedback on the LTFP between May-June 2023, which generally favoured limiting rate increases by finding savings and new revenue sources</li> <li>• The latest financial information, in particular confirmation of Award wage increases from 2024/25 onwards, resulting in an annual improvement of \$500,000 in Council's employee costs, compared to the higher estimates of costs in the LTFP</li> <li>• The need for extensive community engagement in relation to these options</li> </ul> <p>These options were subject to extensive consultation between September-November 2023.</p> <p>After considering this engagement, and other information, Council resolved on 27 November 2023 to endorse the Increase Services option (15.0% rate increase) as its preferred rate increase, to inform the preparation of a SV application to IPART. At this meeting, Council had the benefit of IPART's confirmed 2024/25 rate peg (5.0%), which had been announced on 21 November 2023.</p> <p>Under this option, rates would increase by an overall amount of 15.0% in 2024/25, including a SV of 10.0% and a rate peg amount of 5.0%. This 15.0% increase, including the SV amount, would then stay in the Council's rates base in future years, when rates would typically only increase in line with the NSW Government rate peg.</p> <p>In November 2023, Council also endorsed the exhibition, between 30 November 2023 to 14 January 2024, of a revised LTFP and updated Delivery Program which reflected this preferred option,</p> <p>The LTFP explained the need for, and purpose of, the 15.0% increase, including that it will assist Council being able to:</p>	

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<ul style="list-style-type: none"> <li>• Recover from recent financial impacts by delivering surpluses all nine years between 2024/25 and 2032/33, with an average annual surplus of \$4.77m. These surpluses, subject to future financial shocks, could be re-invested in community services and projects.</li> <li>• Deliver an average 2.27% Operating Performance Ratio (OPR) target from 2024/25 to 2032/33 (in line with Council's 2-4% OPR target), and meet or exceed all other relevant OLG financial and infrastructure benchmarks.</li> <li>• Continue to provide existing highly-valued services, including implementing an existing program to increase responsiveness to resident and business enquiries</li> <li>• Set aside an additional \$2m a year to allow it to invest in public area maintenance and urban tree canopy outcomes, namely additional cleaning, care and beautification projects in parks, cycling and walking routes and town centres, and programs to boost and manage Council's urban tree canopy. These initiatives have been strong priorities in this term of Council and feature among the services rated as most important in Council's Community Perception Research.</li> </ul> <p>Council has followed this strategic approach when filling out Worksheet 8 (Expenditure Program) in Form A, by allocating the increased rate yield under the SV to improved Operating Results, and public area maintenance and urban tree canopy outcomes, which are the principal new funding areas to be supported by the SV.</p> <p>The LTFP contained an updated analysis of some of the Council's operating environment challenges which underpinned the need for a SV. These challenges included:</p> <ul style="list-style-type: none"> <li>• Accommodating and catering for growth</li> <li>• Community expectations</li> <li>• Managing future shocks and stresses</li> <li>• A deteriorating environment to receive government grants</li> </ul>	

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>The revised LTFFP noted progress on productivity and cost containment measures since the adoption of the LTFFP in June 2023 and noted that the SV proposal was accompanied by a \$2m efficiency target (communicated during consultation between September-November 2023) which would apply in the 2024/25 financial year and remain in the Council's budget on an ongoing basis.</p> <p>It stated that this target reflected a continuation of Council's existing approach to run an efficient operation and has also been designed to reduce the impact of any rate increase on ratepayers. Without this \$2m target, Willoughby's rate rise would need to be 3.7% higher (equivalent to \$40 for the average residential ratepayer).</p> <p>The revised LTFFP also noted that, without the proposed SV, Council would need to undertake service reductions to have a largely balanced budget, recording five surpluses and four deficits between 2024/25 and 2032/33 and an average deficit of \$140,000.</p> <p>The revised LTFFP showed that, without the proposed SV, Council would also fail to meet the NSW Government (&gt;0%) and Council's (2-4%) Operating Performance Ratio target in any of the years from 2024/25 to 2032/33.</p> <p>It stated that, as a result of the above operating results under the 'no SV' base case, Council will be at significant risk of not being able to accumulate funds for increased community services, projects or future growth and will not have a buffer to manage future extreme weather events or financial shocks. In addition, the service reductions will cause internal disruption, creating a work environment which is less conducive to staff attraction and retention. The above scenario would result in Council being in an ongoing financially fragile position.</p> <p>The Delivery Program, meanwhile, explained the benefits and impacts of the SV by:</p> <ul style="list-style-type: none"> <li>• Outlining the reasons for the proposed 15.0% rate increase, including to help implement the existing actions in the final two years of the Delivery Program.</li> <li>• Referring readers to the LTFFP for further detail about the rate increase (such as average rate changes).</li> </ul>	

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<ul style="list-style-type: none"> <li>• Referring to the \$2m in additional funding for public area maintenance and urban tree canopy outcomes, and adding three actions to be delivered by this funding, namely:                             <ul style="list-style-type: none"> <li>○ Increase annual programs for street tree maintenance and tree planting</li> <li>○ Apply additional resources to maintenance, cleaning and beautification of parks, cycling and walking routes and town centres</li> <li>○ Facilitate a volunteer ParkCare program for community involvement in our local parks</li> </ul> </li> </ul> <p>The revised LTFP and updated Delivery Program were adopted on 30 January 2024, concurrently with a Council decision to lodge a SV application with IPART.</p> <p>The Council's SV is also consistent with several priorities in its Community Strategic Plan (<i>Our Future Willoughby 2032</i>). These priorities include:</p> <ul style="list-style-type: none"> <li>• Create and enhance green spaces, urban tree canopy cover and greening (Priority 1.1)</li> <li>• Foster feelings of inclusion, safety and cleanliness (Priority 3.1)</li> <li>• Increase community resilience to shocks and stresses (Priority 2.8)</li> <li>• Create neighbourhoods that connect people from all types of households and families (Priority 2.5)</li> <li>• Ensure value for money and financial sustainability (Priority 5.6)</li> </ul>	
<p>In establishing need for the SV, the relevant IP&amp;R documents should canvass alternatives to the rate rise.</p>	<p>The Council's LTFP adopted in January 2024 canvassed a range of alternatives to a SV.</p> <p>Firstly, the LTFP includes a 'base case' which would apply if the SV was not pursued by Council, or if Council's application to IPART was unsuccessful</p> <p>This 'base case' is aligned with the 'Reduce Services' option which was taken to the community between September-November 2023.</p> <p>Under this 'base case', rates would increase in line with NSW Government rate peg. Council will try to match income with expenditure, while noting it will be in deficit in four out of the nine years between 2024/25 and 2032/33.</p>	<p>Pages 19-25 (No SV case), 34 (efficiency target) and 35-36 (discarded alternatives) of LTFP adopted in January 2024 (uploaded to IPART portal)</p>

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>The 'base case' will involve:</p> <ul style="list-style-type: none"> <li>• A significant (\$2m) reduction in services provided by Council, along with the need to generate a further \$500,000 in new non-rate revenue</li> <li>• Given the need to reduce services, and the internal disruption caused in driving this outcome, a work environment less conducive to staff attraction and retention</li> <li>• No buffer to manage future extreme weather events or financial shocks, including Council being unable to meet its 2-4% Operating Performance Ratio target</li> <li>• Given this lack of a buffer, a significant risk there will no accumulation, over time, of funds for increased community services or projects or future growth, or for Council to meet all relevant NSW Government financial and asset benchmarks; and</li> <li>• The likelihood that Council will need to apply for a SV at some stage in the future.</li> </ul> <p>The no SV base case taken to the community between September-November 2023 required a \$2.8m service reduction target. As a consequence of the 2024/25 rate peg being confirmed on 21 November 2023 as 5.0% (rather than the assumed 3.5%), the service reduction target under no SV base case was able to be reduced by around \$800,000 to \$2.0m. The \$500,000 additional revenue target under the no SV base case remained unchanged.</p> <p>Secondly, the LTFP also noted that Council had set a \$2m efficiency target, which is an alternative which has reduced the size of the SV.</p> <p>Council has committed to achieving this target in 2024/25, to be met via expenditure savings (including efficiencies and cost-cutting) and finding new non-rate revenue. Without this target, Council's proposed rate rise would need to be 3.7% higher (or 18.7% rather than 15%). This 3.7% increase is equivalent to a \$40.24 increase to average residential rates.</p>	

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>Thirdly, the LTFP also outlined a range of other alternatives to a SV, and outlined why Council does not believe these alternatives were feasible or timely. These discarded alternatives were:</p> <ul style="list-style-type: none"> <li>• Taking out new or expanded loans</li> <li>• Selling assets</li> <li>• Government grants</li> </ul> <p>Given the above analysis, Council determined that the preferred course of action was to proceed with a 15.0% rate increase, alongside a \$2m efficiency target.</p>	
<p>In demonstrating this need councils must indicate the financial impact in their LTFP.</p>	<p>The LTFP as adopted in January 2024 includes the profit and loss statement, balance sheet and cash flow statement, and the financial sustainability and infrastructure asset ratios for the base case on pages 22-25.</p> <p>The equivalent information for the SV scenario is available from pages 29-32.</p>	<p>Pages 22-25 (no SV scenario) and 29-32 (SV scenario) of LTFP adopted in January 2024 (uploaded to IPART portal)</p>
<p>Evidence of community need/desire for service levels/projects and limited council resourcing alternatives.</p>	<p>Council has several pieces of research, in relation to community need and desire, to support its SV proposal.</p> <p>Firstly, Council commissions, every two years, an independent analysis of community perceptions of its work. The most recent example of this research, published in April 2023, found that 95% of residents were satisfied with the Council's services. This satisfaction level is well above the 89 per cent overall satisfaction level recorded for 11 comparable metropolitan LGAs.</p> <p>This research however did find that there were Council services which the community had lower levels of satisfaction, along with higher importance levels. These areas included:</p> <ul style="list-style-type: none"> <li>• Long term planning in the Willoughby LGA</li> <li>• Balancing population growth with services and infrastructure</li> <li>• Keeping the community informed</li> <li>• Traffic and parking on local roads</li> <li>• Maintenance of street trees</li> </ul>	<p>Pages 12 (community satisfaction research) 26/27 (community engagement) and 35/36 (alternatives) of LTFP adopted in January 2024 (uploaded to IPART portal)</p> <p>Page 23 of <i>Delivery Program 2022-26</i> which refers to LTFP for further information (uploaded to IPART portal)</p>



Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<ul style="list-style-type: none"> <li>• Planning and building permits</li> </ul> <p>The proposed SV option (15.0% rate rise and accompanying efficiency target) provides greater capacity for Council to address the above issues, by delivering a projected annual average surplus, between 2024/25 and 2022/23, of \$4.77m, which subject to financial shocks and stresses can be re-invested into community services and projects, subject to the annual budget process.</p> <p>The perception research also found that maintenance and tree issues were of relatively high importance to the community (above the comparable metropolitan council benchmark). This includes maintenance of parks, graffiti removal, safety in public areas and maintenance of street trees and sports fields. The additional \$2.0m for public area maintenance and urban tree canopy will allow Council to enhance these services.</p> <p>The community perception research can be found at <b>Attachment 5</b>.</p> <p>Secondly, between September-November 2023, Council sought community feedback on four rate rise options (3.5%, 12.0%, 15.0% and 20.0%) to help determine community need and desires in regard to rating scenarios and related community service outcomes. The 3.5% option assumed the 2024/25 rate peg (the actual rate peg of 5.0% was not known at the time engagement was undertaken).</p> <p>Council presented these options to the community, including the service and other outcomes which would be achieved under each option. Council's website and community presentations and events also detailed the potential alternatives to these options and why they were not being considered.</p> <p>During this period, Council undertook two surveys, namely an opt-in (Have Your Say) and representative (or randomly-selected) survey. These surveys allowed community members to understand what was proposed under each option, and then vote for (and comment on) their preferred options.</p>	

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>The representative survey involved questioning 419 residents, who were representative of the adult age and gender characteristics of the broader community. The large sample size was designed to be statistically significant. Some 47% of the survey participants stated they were aware that Council was exploring community sentiment on rate rise options. This level of awareness was well above the 34% awareness rate recorded among 4,453 survey respondents to surveys conducted by other councils exploring SVs.</p> <p>Some 1,873 people filled out the opt-in (Have Your Say) survey, including some 6% of Willoughby's total residential ratepayers and 1.9% of total business ratepayers.</p> <p>Across both surveys, there was overall community support (in the order 65-75%) in favour of some form of a SV (either a 12.0%, 15.0% or 20.0% rate increase). The above results indicate a strong community preference in favour of a SV, and the service level benefits this will bring to Council and the community.</p> <p>There was also a clear willingness to pay a 15.0% rate increase.</p> <p>For instance, the representative survey found that:</p> <ul style="list-style-type: none"> <li>• Some 41% of respondents supported either a 15.0% or 20.0% rate increase as their first preference (in other words were willing to pay at least a 15.0% increase). This 41% result was higher than either the 33% of respondents who supported 12% or the 26% of respondents who supported the no SV option (3.5% increase).</li> <li>• Of the 74% of respondents who supported a SV option as their first preference, the 15.0% option was the most popular</li> <li>• In the average ranking results for all options, the 15.0% option was shown as the second most popular option, behind the 12.0% option but in front of the 3.5% (no SV) option</li> <li>• Some 65% of respondents – in other words well over a majority – said they were at least 'somewhat supportive' of the 15.0% rate increase. This figure was well above the 38% of respondents who said they were at least somewhat supportive of the no SV option, and only marginally</li> </ul>	

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>below the 72% of respondents who were at least somewhat supportive of the 12.0% rate increase option.</p> <p>The level of support, for the 15.0% increase, was slightly weaker in the opt-in survey, which is understandable given that this survey was not designed to be representative of the broader Willoughby community.</p> <p>Nevertheless, even with this limitation:</p> <ul style="list-style-type: none"> <li>• In the average ranking results for all options, the 15.0% option was shown as the second most popular option, behind the 12.0% option but in front of the 3.5% (no SV) option</li> <li>• Some 34% of respondents placed either the 15.0% or 20.0% rate rise as their first preference in the option ranking question, which was above the 29% of respondents who made the 12.0% rate rise as their first preference and narrowly behind the 36% of respondents who made the 3.5% rate rise as their first preference.</li> <li>• Some 42% of respondents said they were at least somewhat supportive of the 15.0% rate increase option. This outcome was only slightly behind the 44% of respondents who said they were at least somewhat supportive of the no SV option.</li> </ul>	
<p>Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies</p>	<p>Council has not commissioned government agencies to undertake a forward-looking analysis of Council's financial sustainability.</p> <p>This is, in part, because Council goes beyond the relevant Integrated Planning and Reporting Guidelines by undertaking an annual review of the Long Term Financial Plan (LTFP).</p>	<p>Page 6 of LTFP adopted in January 2024 (uploaded to IPART portal)</p>

Criteria	Evidence of meeting this criterion from the council's IP&R documents	Reference to IP&R documents
	<p>The Integrated Planning and Reporting Guidelines require Councils to review the "underlying assumptions on which the Long Term Financial Plan is based, and the projected income and expenditure, balance sheet and cash flow statement" on an annual basis, and review the plan in detail every four years. Council's practice however has been to conduct a detailed review and exhibition of the LTFP each year.</p> <p>This practice helped identify (in the LTFP adopted in June 2023) likely future issues with Council's financial sustainability, which in turn led to Council engaging on rate rise options in the second half of 2023 and then the lodgement of this application in February 2024.</p>	
<p>If applicable, has the council not applied the full percentage increases available to it in one or more previous years under section 511 of the Local Government Act? If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the SV.</p>	<p>Council's practice has been to apply the full percentage rate increases which are available to it.</p>	<p>Click or tap here to enter text.</p>

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

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

Council is not varying an existing SV

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

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

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

Not applicable

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

## 4 OLG SV Criterion 2 – Community awareness and engagement

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

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

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

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

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
<p>Evidence that the community is aware of the need for and extent of a rate rise.</p>	<p>Between May 2023 and January 2024, Council has undertaken extensive awareness-raising in relation to potential rate increases across three engagement stages. These stages were:</p> <ul style="list-style-type: none"> <li>• Exhibition of Long Term Financial Plan (LTFP), which canvassed two SV options, between May-June 2023</li> <li>• Seeking feedback on four rate rise options between September-November 2023</li> <li>• Exhibition of revised LTFP and Delivery Program, accommodating the preferred 15% rate increase, between November 2023 and January 2024.</li> </ul> <p>Across these three stages, Council has delivered 30,067 letters to ratepayers, issued 73,000 emails and three media releases, had 229,500 impressions on social media posts, received 2,349 survey responses and 1,585 comments, held 14 community events and had 6,682 website visits.</p> <p>From 18 May 2023 to 15 June 2023, Council exhibited a Long Term Financial Plan (LTFP) which recommended that the Council needed to examine a SV and presented lower and higher SV options (18.5% and 23.5% increases including the rate peg).</p> <p>Awareness-raising activities included:</p> <ul style="list-style-type: none"> <li>• A media release;</li> </ul>	<p><i>Individual submissions and proposed Council response on draft Long Term Financial Plan - attachment to Council meeting on 26 June 2023 (included in <i>Community Feedback Compendium</i> uploaded to IPART portal)</i></p> <p><i>Special Rate Variation proposal for consultation - report to Council on 28 August 2023 (and minutes relating to this report) - Attachment 1</i></p> <p><i>Plan for community engagement on Willoughby City Council financial sustainability options - endorsed by Council on 28 August 2023 (Attachment 2)</i></p>

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<ul style="list-style-type: none"> <li>• Advertisement in the North Shore Times</li> <li>• Promotion in Council's e-news publication</li> <li>• Distribution of leaflets at Council's Customer Service Centre and library</li> <li>• Social media posts which reached 30,000 people;</li> <li>• A webinar attended by 23 community members.</li> <li>• Publication of a Have Your Say page which was viewed 1,277 times</li> </ul> <p>Council received 23 submissions on this document.</p> <p>Council recognised there was a need for more extensive and broad-based awareness-raising and engagement opportunities before any decision was made on a preferred SV (including to submit an application for a SV to IPART).</p> <p>As such, on 26 June 2023, Council resolved to adopt the LTFP but to also endorse the preparation of a public engagement plan and process on a potential SV being undertaken before November 2023.</p> <p>On 28 August 2023, Council endorsed a comprehensive engagement plan to raise awareness of, and undertake engagement in relation to, four rate rise options – known as Reduce Services (3.5% rate peg increase only), Maintain Services (12.0% increase), Increase Services (15.0% increase) and Increase Services and Infrastructure (20.0% increase).</p> <p>Awareness-raising of, and engagement on, these four options took place between 25 September and 5 November 2023.</p> <p>Activities to make the community aware of the options were extensive and included sending letters and brochures to all ratepayers, bulk emails, street pavement stickers, paid social media posts, a professional Mayoral video, distributing flyers, placing posters in community noticeboards, digital marketing signs, on-hold messages, Council staff email signature block promotional messages and Council newspaper advertisements. (see more detail about these activities in response to the question <i>The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur</i> of this form below).</p> <p>Council achieved high awareness levels, with a representative survey of 419 residents conducted by research company Micromex on behalf of Council finding an estimated 47% of Willoughby LGA residents were aware of the rate rise options.</p>	<p><i>Report by Micromex on representative survey on rate rise options</i> (pages 9-10 in particular as they relate to awareness) included in <i>Community Feedback Compendium</i> document uploaded to IPART portal</p> <p><i>Post-exhibition report on rate rise options</i> – report to Council meeting on 27 November 2023 (and minutes relating to this report) – Attachment 3</p> <p><i>Securing Willoughby's Future engagement outcomes report</i> – attachment to report to Council meeting of 27 November 2023 (included in <i>Community Feedback Compendium</i> document uploaded to IPART portal)</p> <p><i>Response to key engagement themes and submission from shopping centre owners</i> – attachment to Council meeting on 27 November 2023 (included in <i>Community Feedback Compendium</i> document uploaded to IPART portal)</p> <p><i>Application for Special Rate Variation</i> – report to Council meeting on 30 January 2024</p> <p><i>Engagement outcomes report on revised Long Term Financial Plan and Delivery Program</i> – attachment to Council meeting on 30 January 2024 (included in <i>Community Feedback Compendium</i> document uploaded to IPART portal)</p>

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<p>This is higher than the 34% average awareness rate recorded by Micromex for other Sydney councils which have undertaken rate rise engagement campaigns. The 47% awareness figure was recorded by Micromex via a survey conducted between 3-15 October 2023, which was completed a full three weeks before the end of the engagement period. If this survey was conducted at the end of the engagement period, the awareness result may have been higher.</p> <p>On 27 November 2023, Council considered an engagement outcomes report on the awareness-raising and engagement activity on the four rate rise options, and a response to the key engagement themes raised in this report.</p> <p>After considering these reports, Council voted to support a 15.0% rate increase (Increase Services option).</p> <p>Council then conducted awareness-raising and consultation on a revised LTFP and Delivery Program which reflected this option, including issuing a media release and social media post, placing a newspaper advertisement in the North Shore Times and issuing email notifications to previous engagement participants, the entire Have Your Say database and subscribers to Council's monthly enews. A drop-in event was also held.</p> <p>This engagement activity attracted 61 separate responses from 39 participants.</p>	<p><i>Community Engagement Materials</i> (uploaded to IPART portal)</p>
<p>The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.</p>	<p>Between September-November 2023, Council undertook extensive community consultation on four rate rise options, in order to inform a preferred future rate increase decision by Council.</p> <p>In undertaking this feedback, council sent a six-page brochure to all ratepayers. In preparing this brochure, Council had to carefully consider how to communicate the impacts and benefits of the four options, to ensure the information available was easy to understand and absorb among time-poor community members.</p> <p>It was decided that a fold-out A3 ready reckoner table analysing the options – including their rate impact and also community benefits – would be the most effective approach in the brochure.</p>	<p><i>Securing Willoughby's future: have your say</i> – Community brochure sent to all ratepayers in September 2023 (included in <i>Community Engagement Materials</i> document uploaded to IPART portal)</p> <p>Pages 36-39 showing average rate tables in LTFP adopted January 2024 (uploaded to IPART portal)</p> <p>Webinar presentation (included in <i>Community Engagement Materials</i> uploaded to IPART portal)</p>



Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<p>In preparing this table, it was clear that dividing the proposed rate increase by SV and rate peg percentages and dollar figures, and also showing any post-2024/25 rate increase figures, would create a very confusing table which would hinder, not assist, the community engagement task.</p> <p>As such, the table included the:</p> <ul style="list-style-type: none"> <li>• Total percentage rate increase, and;</li> <li>• The 2024/25 average rate dollar annual and weekly increase for residential, business (general) and Chatswood Town Centre ratepayers, which are our major three rating sub-categories.</li> </ul> <p>This approach meets minimum IPART requirements (see <i>Form B checklist</i> below).</p> <p>Council received feedback both in written responses and at in-person events that the brochure table was easy to understand and provided a strong platform for the engagement process.</p> <p>Important measures were also undertaken to ensure community members who wanted more detail about the rate increases were able to access this information. This included ensuring community members were aware of:</p> <ul style="list-style-type: none"> <li>• The fact the increase would be permanent</li> <li>• The impact of the proposed rate increases in future years</li> <li>• The percentage and dollar breakdown of the SV and rate peg components of the increase, by major rating sub-category</li> <li>• Changes to the minimum rate (while noting that Council is not seeking a minimum rate SV).</li> </ul> <p>These other measures included:</p> <ul style="list-style-type: none"> <li>• Stating under the brochure table that the <i>"proposed rate change in 2024/25...would be built into the rate base and therefore stay in place permanently and increase in subsequent years in line with the NSW Government rate peg only"</i>.</li> <li>• Placing a text box under the brochure table drawing readers' attention to the fact that <i>"more detailed average rate change tables, including showing the potential Special Rate Variation percentage and changes in future years, are available as part of the analysis of each rate rise option at <a href="http://www.haveyoursaywilloughby.com.au/swf">www.haveyoursaywilloughby.com.au/swf</a>"</i></li> </ul>	

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<ul style="list-style-type: none"> <li>• Publishing a more detailed rate table for each option, including breaking down the percentage and dollar value of the rate peg and SV for each major rating category, and noting that the rate change will be permanent, on web pages about each option at our <a href="#">engagement portal</a> (see for instance the page on the 15.0% option <a href="#">here</a>)</li> <li>• Publishing a downloadable rate table at the engagement portal which showed the likely rate increases from 2024/25 to 2027/28, for major rating sub-categories (available <a href="#">here</a>)</li> <li>• Publishing an <a href="#">online rates calculator</a> which was easily accessible from the engagement portal home page and allowed people to use their existing rates notice to calculate their 2024/25 rate, including the annual and weekly increases attributable to the rate peg or SV under each option (including changes to the minimum rate). Some 285 people visited the calculator page.</li> <li>• Providing a more detailed breakdown of the average dollar and percentage value of the SV and rate peg components of the proposed rate increase under each option, for each major rating sub-category, as part of a presentation to a webinar and ten in-person events.</li> <li>• Providing information in the frequently asked questions (FAQ) on the engagement portal that the rate increase would be permanent. The relevant FAQ stated "<i>The rate change would be permanent...Subject to Council and NSW Government approval, Council's rates revenue (and the rates paid by ratepayers) would increase in 2024/25 in line with the NSW Government rate peg and a Special Rate Variation amount...this Special Rate Variation amount would stay in Council's rate base on an ongoing basis...from 2025/26 onwards, rates would be expected to increase in line with the rate peg.</i>"</li> <li>• Writing personalised emails to representatives of Chatswood Chase and Westfield, which have their own rating sub-categories, alerting them the proposed rate rise options.</li> </ul>	

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<p>In the revised LTFP exhibited between November 2023 to January 2024, Council then published average rate tables which:</p> <ul style="list-style-type: none"> <li>• Broke down the proposed 15.0% rate increase by rate peg and SV (for both dollar and percentage)</li> <li>• Covered all major rating sub-categories</li> <li>• Included proposed rate increases from 2024/25 to 2027/28</li> </ul> <p>For the above reasons, Council considers it has met and more than likely exceeded the relevant guidelines in relation to communication of average rate impacts.</p>	
<p>The Delivery Program and LTFP should clearly set out the extent of the General Fund rate rise under the SV, for the average ratepayer, by rating category.</p>	<p>As referred to in the question above, the revised LTFP adopted in January 2024 clearly sets out the average rate increase, by rating category.</p> <p>The Delivery Program refers to the LTFP for further information. It states "a revised version of the Long-Term Financial Plan has been prepared to explain (in detail) the benefits and impacts of this SV, and Council's considerations in selecting this option."</p>	<p>Pages 36-39 in average rate tables in LTFP adopted January 2024 (uploaded to IPART portal)</p> <p>Page 23 of the Delivery Program 2022-26, as adopted by Council in January 2024 (uploaded to IPART portal)</p>
<p>Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV.</p>	<p>Council made its historic and proposed future efficiency measures clear as part of awareness-raising and engagement efforts in relation to the proposed SV.</p> <p>In regard to <b>historic measures</b>, Council published a web page on its main engagement portal called "Our work to cut costs and find revenue and efficiencies to reduce ratepayer impacts" which can be found <a href="#">here</a> on Council's engagement portal.</p> <p>This portal was used to communicate and receive feedback on the four rate rise options between September-November 2023.</p> <p>This page was visited 212 times during the engagement period and explained some of the recent activities undertaken by Council to cut costs and find new revenue sources, however notes that "Council recognised by late 2022 that, despite the work undertaken above, it was likely to record ongoing deficits due to its weakened post-COVID-19 financial position, its low rate base and ongoing cost impacts including inflation and wage increases and NSW Government cost-shifting."</p>	<p><i>Securing Willoughby's future: have your say</i> – Community brochure sent to all ratepayers in September 2023 (shown on page 7 of <i>Community Engagement Materials</i> uploaded to IPART portal)</p> <p>Historic and future efficiency measures on pages 33-34 of LTFP adopted in January 2024 (uploaded to IPART portal)</p> <p>Reference to historic and proposed future efficiency measures in event presentation and media release (included in <i>Community Engagement Materials</i> uploaded to IPART portal)</p>

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<p>In addition, detail on Council's historic efficiency measures was also available in the presentation provided to the 11 engagement events between September-November 2023 (this presentation was also made available on Council's engagement portal), along with in the frequently asked questions section of Council's engagement portal.</p> <p>Finally, the LTFP exhibited from November-January 2024 and adopted in January 2024 also outlined a range of historic efficiency measures worth about \$10.5-\$11m which will apply in 2024/25, including:</p> <ul style="list-style-type: none"> <li>• In June 2015, Council approved an organisational review, which led to a reduction in the number of Directors and Managers. This review resulted in savings of \$2.0m per annum without a change in service standards.</li> <li>• Council has a staff cost efficiency dividend equating to \$3.9 million in 2024/25. This ensures Council's budget for labour costs is not unrealistically high while continuing to deliver for the community.</li> <li>• Council ceased the loss-making Loop Bus services due to very low patronage from 1 July 2022, saving \$345,000 in 2022/23 (the 2024/25 saving will be higher due to inflation).</li> <li>• Council has resolved to close two Out of School Hours (OOSH) children's care services, at Bales Park in June 2022 and Chatswood at December 2023.</li> <li>• From 2020/21, the Council has sought to reduce the costs of its events program, by discontinuing small festivals and switching from Vivid to Culture Bites, with a 2024/25 benefit of \$181,021. Council continues to attract significant grant funding for this program.</li> <li>• Council has decided to outsource the Devonshire Street child care service to a private operator which will create both additional revenue for Council and reduce historic and projected future losses. The ten-year benefit of this decision will be in the order of \$5.0m, via new revenue from a licence agreement with the new operator and reduced Council costs.</li> </ul>	<p>Reference to proposed future efficiency target from 4:05-4:30 in Mayoral video (included in <i>Community Engagement Materials</i> uploaded to IPART portal)</p>

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<p>In regard to <b>future efficiency measures</b>, between September-November 2023, Council communicated that each SV option will be accompanied by a \$1.0m cost-cutting and \$1.0m new non-rate revenue target, to apply in 2024/25.</p> <p>In the community brochure, it was stated that "these targets will ensure Council continues its existing work to find savings, and new non-rate revenue sources, to reduce the impact of any rate increase". The brochure also listed the detail of the targets in a summary table explaining each option.</p> <p>These targets were also outlined in the Mayoral media release and video, and as part of an explanation of each rate rise option and in the frequently asked questions section of Council's <a href="#">engagement portal</a>.</p> <p>The LTFP adopted in January 2024 then committed to achieving these targets (expressed as a single \$2m efficiency target) as part of the preparation of the 2024/25 Operational Plan.</p>	
<p>The council's community engagement strategy for the SV must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur.</p>	<p>Council employed a wide range of activities to make the community aware of, and to encourage input into, this SV proposal.</p> <p>The exhibitions of the LTFP in May-June 2023 and November 2023 to January 2024 used traditional and well-regarded awareness-raising and engagement techniques including:</p> <ul style="list-style-type: none"> <li>• Media releases</li> <li>• Bulk emails to existing Council databases</li> <li>• Newspaper notices</li> <li>• Organic social media posts</li> <li>• Webinars or drop-in sessions</li> <li>• Have Your Say page and survey</li> <li>• Publication of frequently asked questions</li> </ul> <p>Consultation on the four rate rise options between September-November 2023 was more widespread and comprehensive, and also included:</p> <ul style="list-style-type: none"> <li>• Commissioning a survey of 419 residents which was statistically significant and was designed to reflect the age and gender characteristics of Willoughby's adult population</li> <li>• Sending 30,057 letters, accompanied by a six-page brochure, in the mail to all ratepayers, including ratepayers based overseas</li> <li>• Publication of a video, featuring the Mayor, which explained the four options and was viewed 123 times</li> </ul>	<p><i>Plan for community engagement on Willoughby City Council financial sustainability options – endorsed by Council on 28 August 2023 (Attachment 2)</i></p> <p><i>Securing Willoughby's Future engagement outcomes report – attachment to report to Council meeting of 27 November 2023 (included in Community Feedback Compendium document uploaded to IPART portal)</i></p>

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<ul style="list-style-type: none"> <li>• Providing detailed presentations to eleven online and in-person engagement events which attracted 56 people, including a stakeholder roundtable held with Willoughby's Progress Associations and business organisations</li> <li>• Directly emailing 8,042 business owners and operators, which had registered for GST and have their primary business location located in the Willoughby Local Government Area (LGA), as part of 36,000 emails issued</li> <li>• Placing 42 small and large pavement stickers at 10 town and local centres</li> <li>• Distributing at least 1,585 flyers to businesses and passers-by, and in at least seven Council venues</li> <li>• Placing designed A3 promotional posters in seven community noticeboards</li> <li>• Publishing social media posts, including paid posts, which were seen 198,853 times</li> <li>• Creating a Securing Willoughby's Future Have Your Say mini-website, which was visited 5,100 times</li> </ul> <p>During September-November 2023, special effort was made to reach the 6.8% of Willoughby's population, or 5,166 residents, who do not speak English well, or at all. This effort included:</p> <ul style="list-style-type: none"> <li>• Call-to-action text in Traditional and Simplified Chinese, Japanese and Korean on the Mayor's mailout letter and brochure</li> <li>• Pages with translated text on Council's Have Your Say portal</li> <li>• Sending the media release to 107 media contacts working for Chinese, Korean and Japanese-focussed media outlets</li> <li>• Emailing local community leaders and regular attendees of the Council's multi-cultural community centre, known as MOSAIC</li> <li>• Running a one-week promotional campaign on the Vision Times WeChat site, seeking to encourage community members to come to translated community engagement sessions</li> <li>• Holding two translated information sessions (in Cantonese and Mandarin)</li> </ul> <p>As a consequence of this work, Council received a very strong engagement response, with 1,873 people filling out an opt-in Have Your Say survey, 39 providing emailed comments and 26 making formal submissions.</p>	

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<p>The opt-in survey responses represented around some 6% of Willoughby's total residential ratepayers, and 1.9% of total business ratepayers. As noted above, Council also achieved awareness levels well above the Sydney council benchmark.</p> <p>The above effort and results underpinned Council's decision (at its 27 November 2023 meeting) to select a 15.0% rate rise option.</p>	
<p>Explain the action, if any, the council took in response to feedback from the community</p>	<p>During the engagement process on a proposed SV, Council has been responsive to community feedback.</p> <p>For instance, Council received community feedback on the LTFP exhibited between May-June 2023, which generally favoured limiting rate increases by finding savings and new revenue sources.</p> <p>In response, Council developed four rate rise options, for consultation between September-November 2023, which responded to this feedback by:</p> <ul style="list-style-type: none"> <li>• Including cost-cutting and non-rate revenue targets to limit the extent of the rate increases; and</li> <li>• Set a maximum rate rise option (20%) which was lower than the highest rate rise option (23.5%) in the LTFP.</li> </ul> <p>Council carefully considered feedback received on these options between September-November 2023, before selecting a preferred 15.0% rate increase at its November 2023 meeting.</p> <p>In making this decision, Council carefully considered the community sentiment in favour of the 15.0% option (as outlined in detail in response to the question above <i>Evidence of community need/desire for service levels/projects and limited council resourcing alternatives</i>). This sentiment is further explored in a Willingness to Pay report attached to this application.</p> <p>Council's decision was also informed by the fact that the proposed additional \$2m for public area maintenance and urban tree canopy, to be supported by the 15.0% rate increase, would help fund initiatives which feature among the services rated as most important in Council's Community Perception Research. It would also be in line with a resolution at the March 2023 meeting recommending an increase in the maintenance budget.</p> <p>Council did receive some feedback that the rate increase would cause cost of living issues.</p>	<p>Pages 9-10 (response to feedback on June 2023 LTFP) in LTFP adopted January 2024 (uploaded to IPART portal)</p> <p>Pages 4-7 of the <i>Post-exhibition report on rate rise options</i> – report to Council meeting on 27 November 2023 and minutes relating to this report (Attachment 3)</p> <p>Pages 41, 45, 50 and 53 of the <i>Willoughby City Council Community Perception Research 2022</i> (Attachment 5)</p> <p>Council resolution of 27 March 2023 relating to public area maintenance (Attachment 6)</p> <p><i>Capacity to Pay report for Willoughby City Council</i> by Morrison Low (Attachment 7)</p> <p><i>Willoughby City Council Special Rate Variation Willingness to Pay report</i> (Attachment 8)</p>

Criteria	Evidence of meeting this criterion	Reference to application supporting documents
	<p>In response to these concerns, Council commissioned a capacity to pay report by a leading local government management consultancy. This report found there was a general LGA-wide capacity to pay the proposed increases, and is discussed in more detail in answer to the question <i>How has the council addressed (or intend to address) concerns about affordability?</i> below.</p> <p>Also in response to this feedback, Council resolved in November 2023 that “irrespective of how rate payers receive their rate notifications (e.g. physically or electronically) that it is clear and obvious that there are hardship provisions available to access”</p> <p>Council is continuing to consider this issue, but intends to make hardship information more prominent on its rates notice for the 2024/25 financial year.</p>	

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

Not applicable

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

Council has prepared a detailed community engagement compendium, which lists the community engagement outcomes reports and responses to feedback, across the three engagement stages of the SV project from May 2023 to January 2024.



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

Table 8 Other Criterion 2 attachments

Attachment number	Name of document	Page references
1	<i>Special Rate Variation proposal for consultation – report to Council on 28 August 2023 (and minutes relating to this report)</i>	All
2	<i>Plan for community engagement on Willoughby City Council financial sustainability options – endorsed by Council on 28 August 2023</i>	All
3	<i>Post-exhibition report on rate rise options – report to Council meeting on 27 November 2023 (and minutes relating to this report)</i>	All
4	<i>Application for Special Rate Variation – report to Council meeting on 30 January 2024</i>	All
5	<i>Willoughby City Council Community Perception Research 2022</i>	41, 45, 50 and 53
6	Council resolution of 27 March 2023 relating to public area maintenance	All
7	<i>Capacity to Pay Report by Morrison Low for Willoughby City Council</i>	All
8	<i>Willoughby City Council Willingness to Pay report</i>	All

## 5 OLG SV Criterion 3 – Impact on ratepayers

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

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

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

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

Council sought to ensure that the impacts of any rate increases were easily understood and accessible.

During engagement which took place between September-November 2023, Council was clear that community feedback was being sought on rate rise options.

In this period, Council developed the overall promotional banner "Securing Willoughby's Future" across its promotional material, accompanied by a secondary headline "Have your say on four rate rise options". In other words, it was very clear Council was seeking feedback on potential rate increases. Graphic design icons, and the use of option names (ie: Increase Services) were also developed to draw attention to, and explain the outcome of, each option.

The reference to "have your say on rate rise options" was replicated across all community engagement material, including the community brochure, engagement session presentation, website, social media posts, pavement stickers, community noticeboard posters and two-page DL flyer.

Council then employed a range of measures to make ratepayers aware of the impact of the potential rate increases. These included:

- Sending a letter from the Mayor, to all ratepayers, outlining the relevant percentage of each of the four rate rise options, and minimum and maximum average residential rate increases. This letter was accompanied by a community brochure which went into more detail about the impact of the proposed rate increase options by major rating sub-category.
- Issuing a media release on 25 September 2023, which contained additional information by outlining the potential minimum and maximum average rate increases for all major rating sub-categories. This media release was placed online on Council's website.
- Promoting a video by the Mayor (which was available on Council's engagement portal) which listed the rate increase percentage, and average residential rate increase, for each option
- Issuing some 36,000 emails to Council email lists which referred to the rate rise option percentages and average dollar increases. This included an email sent directly to 8,000 business owners and operators, which specifically referred to average business rate increases
- Listing the percentage and average rate impact of each option, by major rating sub-category, in the webinar and in-person engagement event presentations.

These awareness-raising activities directed people to more extensive rate impact information (such as a downloadable table, average rate tables on web pages about each option and a rates calculator) which were easily accessible via our engagement portal.

The downloadable table and web pages made clear the rate increase would be ongoing. For instance, the web page explaining the 15.0% increase option stated; "The above table shows proposed rate changes in 2024/25, which would be built into the rate base and therefore stay in place permanently and increase in subsequent years in line with the NSW Government rate peg only."

This approach, in part, has helped to generate the documented high levels of awareness in relation to the rate rise options. The relevant question in the representative survey, on this issue was, "prior to this call, were you aware that Council was exploring community sentiment on rate rise options?". Nearly 50% of survey respondents confirmed this was the case.

Between December 2023 to January 2024, engagement took place on the revised Long Term Financial Plan (LTFP) and Delivery Program. As part of this engagement, Council issued a media release on 29 November 2023, which stated the average rate increase for each major rating sub-category for 2024/25, and also stated the rates would increase in line with the SV in 2024/25 and then rise in line with the NSW Government rate peg in future years. Council also issued bulk emails, social media posts and a newspaper notice which referred to the proposed 15% rate increase.

In addition, pages 36-39 of the LTFP included information on average rate increases by major rating sub-category in the four years from (and including) 2024/25. The LTFP itself said that the SV would apply in 2024/25 and then "stay in the Council's rates base in future years, when rates would typically only increase in line with the NSW Government rate peg" (page 26).

It should also be noted that we have also gone into extensive detail as to how we explained the detail of average rate changes to the community, earlier in this application in response to the question *The council need to communicate the full cumulative increase of the proposed SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category.*

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

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

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

Council commissioned management consultant Morrison Low to analyse the general capacity of Willoughby's ratepayers to pay the increases contemplated across all four options.

This report comes to the following conclusion:

- Willoughby has a relatively high socioeconomic status, a low unemployment rate, relatively low average residential rates and the lowest levels of rates outstanding among the 18 councils in the Office of Local Government's list of Group 3 councils (representing larger metropolitan councils).
- These results are indicative of a general LGA-wide capacity to pay the proposed rate increases.
- All precincts within the LGA have greater levels of advantage, and less levels of disadvantage, compared to Greater Sydney, NSW and Australia.
- The LGA's least advantaged precincts are Artarmon, St Leonards and Chatswood, but even these areas have the capacity to pay the increases.
- After the increase, Willoughby's average business rate will be the 6<sup>th</sup> highest among all larger metropolitan Sydney councils. In addition, businesses have a relatively low outstanding rates percentage. Therefore, it is considered that for business ratepayers there is capacity to pay.
- Around 6% of Willoughby's residential ratepayers are pensioners. Willoughby's pensioners have an outstanding rates percentage below the LGA's overall percentage and access to specific hardship policies (rates accumulation) and rebates, which assists capacity to pay.

- The application of a hardship policy remains an important consideration in the rollout of any rate increase.

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

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

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

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

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

Council's Hardship Policy for Rates and Annual Charges outlines a range of mechanisms in cases of genuine hardship, including:

- Council entering into payment agreements
- Writing off or reduce interest accrued on rates and charges provided that the ratepayer complies with the agreement
- Providing rate relief for residential ratepayers in the first year following general land revaluations in exceptional circumstances where rate increases resulting from the revaluation would cause substantial financial hardship
- In the case of eligible pensioners, allowing rates and interest charges to accrue against the property

Alongside receiving this SV, Council will continue to apply this policy, while noting:

- Council had an outstanding rates percentage of 2.5% (in the financial year 2022/23), which was the lowest levels of rates outstanding among the 18 councils in the Office of Local Government's list of Group 3 councils (representing larger metropolitan councils).
- Council has not had a formal application under this policy for the last five financial years.

Council will also continue to implement its concessions for pensioners and qualifying self-funded retirees, which exceed the statutory minimum. These are outlined below:

- Eligible pensioners receive a statutory reduction of 50% of the combined rates and domestic waste management charge to a maximum of \$250.
- In 2023/24, pensioners and qualifying self-funded retirees received a \$158 reduction in the domestic waste service charge. This is over and above what other councils offer and represented an increase of \$28 (21.5%) on the \$130 discount offered in 2022/23.

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

Yes, page 34 of the LTFP adopted in January 2024

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

Information about the Hardship Policy is available on the Rates Information page on Council's website (go to <https://www.willoughby.nsw.gov.au/Residents/Rate-information>)

This page states "if you are having difficulty meeting your rate payments, please contact Council's Rates Department to make alternative payment arrangements" and provides a direct link to the policy, along with an email and phone number.

Council is currently considering making changes to its rates notice, to make hardship provision information more visible. These changes will be in place for the first rates notice in 2024/25.

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

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

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

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

Not applicable..

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

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

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

Table 9 IP&R documents

IP&R Document	Exhibition dates	Link to council minutes that outlines the resolution to publicly exhibit	Adoption date	Link to council minutes that outlines the resolution to adopt	Link to the adopted IP&R document on the council's website
Community Strategic Plan	02/05/2022 to 30/5/2022	<a href="#">Link</a>	27 June 2022	<a href="#">Link</a>	<a href="#">Link</a>
Delivery Program 2022-26 (amended)	30/11/2023 to 14/01/2024	<a href="#">Link</a>	30 January 2024	<a href="#">Link</a>	<a href="#">Link</a>
Long Term Financial Plan 2023-2033	18/05/2023 to 15/06/2023	<a href="#">Link</a>	26 June 2023	<a href="#">Link</a>	<a href="#">Link</a>
Revised Long Term Financial Plan 2023-2033	30/11/2023 to 14/01/2024	<a href="#">Link</a>	30 January 2024	<a href="#">Link</a>	<a href="#">Link</a>
Asset Management Strategy	02/05/2022 to 30/5/2022	<a href="#">Link</a>	27 June 2022	<a href="#">Link</a>	<a href="#">Link (included in Resourcing Strategy)</a>

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

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

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

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

#### **Improving operational productivity**

Council has had, for many years, a focus on business improvement, to drive efficiencies in how we carry out our work. This focus has created savings in staff time or expenditure, or has provided an improved experience for the customer or staff.

This work has been underpinned by Priority 5.6 of Council's Community Strategic Plan (Our Future Willoughby), which is to *Ensure value for money and financial sustainability*.

To meet this priority Council has, in recent years:

- Reviewed under-utilised or loss-making services
- Found alternative revenue sources
- Delivered efficiencies

More detail about significant efficiency, service review and alternative revenue measures undertaken since 2014/15 is available below at Question 7.2 and at **Attachment 9**, while information on recent results on workforce efficiency is available at Question 7.4 and **Attachment 10**.

More detail about proposed future productivity and efficiency measures are listed below in answer to question 7.3.

#### **Asset management**

Willoughby City Council has more than 40,000 assets, ranging from office furniture to bridge infrastructure. To help manage these assets, Council has an Asset Management Framework, including an Asset Management Policy, Asset Management Strategy (including an Improvement Plan) and nine Asset Management Plans (AMPs) for different asset classes.

In 2021, Council's CONNECT project delivered a single cloud-based asset management module to have one source of truth for all asset data. More information on the CONNECT project is available below in the answer to Question 7.2. This project illustrates Council's commitment to ongoing advancement of asset management maturity.

Council uses its AMPs to help formulate yearly budgets for asset maintenance and renewals, and to help report on Council's performance against Office of Local Government infrastructure ratios. The AMPs identify gaps between community's expectations and what Council is providing, and include strategies to address these gaps.

Community perception surveys are carried out every two years (most recently in 2022), to provide satisfaction and importance ratings for various services including public area maintenance. These results and various other forms of consultation are used to identify these gaps and resulting risks. This strategic approach applies to a 20-year planning period and takes into account projected future demand.

Council is currently commencing a review of its Asset Management Plans. Identified demand management factors in the new AMPs include a growing population, changing demographics and increasing community expectations. The review will consider and respond to the final allocation (as part of the 2024/25 budget process) of the additional \$2m in funds for public area maintenance under this SV. By doing this, Council will ensure that funds are assigned to identified gaps in services which are considered most important to the community.

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

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

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

These initiatives are listed below.

### **Organisational review**

In June 2015, Willoughby City Council approved an organisational review, which led to a reduction in the number of Directors and Managers. This review resulted in savings of \$2.0m per annum without a change in service standards.

### **COVID-19 era savings plans**

The declaration of COVID-19 as a pandemic on 11 March 2020 ushered in a range of significant impacts on the Council's budget. At various times during the pandemic, COVID-19 worked to empty the Council's main economic activity centres and in doing so resulted in a \$20.6m revenue loss between 2019/20 and 2021/22. These losses came about through the Council providing rent relief to its tenants, closing revenue-generating facilities or waiving or reducing fees, and through other changes in consumer behaviour.

During each year of the pandemic, and as outlined in the relevant year's Operational Plan, the Council worked to find budget savings to offset the COVID-19 revenue impact. This process largely took place during the quarterly budget review and involved managers seeking to defer or reduce unnecessary costs, such as cancelling events, projects or consultant's reports or reducing the expenditure of closed facilities, along with reducing employee leave provisions.

For instance, the 2020/21 Operational Plan noted a forecast loss of revenue throughout the 2020/21 financial year of \$7m and stated the Council had focused on reducing variable costs of \$3m associated with the closed services.

The 2020/21 Operational Plan noted the ongoing impact of COVID-19 had meant the starting point for the 2021/22 budget was \$6.2m in deficit. It stated that, in response, the Council and staff had worked collaboratively to identify opportunities to reduce variable costs and to optimise revenue where possible, including \$5.5m savings in employee costs, operational expenses and by introducing controllable cost savings in areas such as consultants and materials.

### **Service reviews**

Council has been regularly reviewing under-utilised or loss-making services. For instance, Council discontinued its **Loop Bus Services** from 30 June 2022. A review of the service found that the 22-seat



Loop Bus servicing the Artarmon industrial area had, in April 2022, an average of just three passengers per trip. A separate Loop Bus service linking the Chatswood CBD with various local centres had, also in April 2022, less than two passengers per trip. Council decided such low patronage figures made the service unviable, with cessation of the service delivering Council an annual saving of \$345,000.

In May 2022, the Council decided to commence a tender process to outsource the *Devonshire St child care centre*, after receiving advice in relation to the centre's ongoing losses and high legal risk profile. In June 2023, the Council voted to outsource the centre. The ten-year benefit of this decision will be in the order of \$5.0m, via new revenue from a licence agreement with the new operator and reduced Council costs. As a result of this decision, the Council will receive an annual license fee and other benefits

Separately, Council has resolved to close two *Out of School Hours (OOSH) children's care services*, at Bales Park (closed in June 2022) and Chatswood (closed in December 2023). These services were impacted by less demand for OOSH services (as more parents worked from home) and increased competition from both not-for-profit and commercial providers which will continue to provide local services.

### **2023/24 Operational Plan**

The Council took further budget repair measures in the 2023/24 budget, namely by increasing general fees and charges by 7% (in line with inflation) and increasing the Domestic Waste Management Charge by 10% (in line with inflation and in response to increased waste volumes and NSW Government regulation). In addition, in 2023/24, the Council moved to a zero-based budgeting approach, where Managers were required to outline and justify any proposed operational expenditure, as distinct to assuming that the previous year's operational expenditure would be available. This is expected to put ongoing downward pressure on unnecessary expenditure.

### **CONNECT project**

Since 2020 Council has been delivering the CONNECT project, which has involved replacing 18 disparate and isolated technology platforms with a modern, single, cloud-based platform, making it easier for staff to find, record, share and use information which empowers their work

Specific outcomes to date have included:

- Direct integration between assets and finance management, strengthening the Council's planning for asset maintenance and renewals
- A paperless timesheet and procurement system for entire organisation, doing away with time-wasting processes and therefore releasing staff to deliver higher-level strategic and operational outcomes
- Ability to produce council-wide financial statements and projections in days instead of weeks, again allowing staff to instead concentrate on strategic outcomes rather than being required to make time-consuming manual calculations
- A centralised works management system, including crew leave planning and the ability to plan ahead for scheduled works
- New modules to support training and recruitment
- A fully centralised asset register for all asset classes, including reducing asset accounting and reporting from months to days

Further improvements will be implemented in the coming year for the customer request management system, enterprise cash receipting, property and rating, and Council Integrated Planning and Reporting (IP&R) processes.

### **External grants**

During the COVID-19 period, as Council's own revenue sources were declining, it worked to win significant grants from other levels of government to allow the Council to continue to deliver (primarily) capital works projects. These grants totalled more than \$16m in 2022/23.

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

Council has prepared a table which quantifies the outcomes from a range of significant efficiency, service review and alternative revenue measures undertaken since 2014/15. This is available at **Attachment 9**

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

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

The response should, wherever possible:

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

In the text boxes below:

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

#### Efficiency target

As part of the implementation of a SV, Council has committed to deliver a \$2m efficiency target, to be met via expenditure savings and finding new non-rate revenue in 2024/25. These savings and revenue measures would then remain in Council's budget on an ongoing basis.

The \$2m amount is equivalent to 1.48% of the projected \$135.59m expenditure from continuing operations in 2024/25 under the SV scenario (Note; Council's Form A Worksheet 10 assumptions relate only to the projected cost reduction elements of the \$2m target, which represents 0.74% of expenditure).

This target reflects a continuation of Council's existing approach to run an efficient operation and has also been designed to reduce the impact of any rate increase on ratepayers. Without this \$2m target, Willoughby's rate rise would need to be 3.7% higher (equivalent to \$40 for the average residential ratepayer).

How Council will meet this target requires detailed analysis and consideration. The draft 2024/25 Operational Plan (released in May 2024) will provide the details of what expenditure savings or revenue opportunities have been identified to achieve the \$2m efficiency target. The community will have an opportunity to comment on the detail of this draft Operational Plan through the public exhibition period, prior to Council's adoption.

#### Other future measures

Other plans for 2024/25 include to:

- Adopt and commence implementation of a Service Review Framework
- Continue implementing the final phase of CONNECT, including systems for planning processes, property and asset rating, property and land management, rates and accounts receivable, customer request management and a customer portal

- Continue to focus on business improvements for the customer and the organisation to streamline processes, reduce costs and improve customer experience.
- Undertaking early engagement on projects, in line with Council's Community Engagement Strategy adopted in May 2023, to increase the chances of project success.

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

Page 33-34 of the LTFP includes the information provided in response to 7.3a

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

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

Since 2014/15, Willoughby City Council's workforce efficiency improvement has been in line with, or exceeded, similar trends among councils in the Northern Sydney Regional Organisation of Councils (NSROC). In particular:

- Council's overall number of full-time equivalent (FTE) staff has decreased by 7.09% from 2014/15 to 2021/22, which was a greater decline than across NSROC
- The number of residents serviced by each FTE staff member has increased by 10.11%, which is in line with the NSROC trend in the same time period
- Council's percentage of employee costs as a percentage of operating expenditure has decreased by 10.83%, which is in line with the NSROC trend
- Council's average cost per employee has increased, but at a level well below the average of NSROC councils
- The overall cost of Council's agency contractor and consultancy expenses have remained stable since 2017/18.

For more information, please see the document available at **Attachment 10**.

Table 10 Criterion 5 attachments

Attachment number	Name of document	Page references
9	Willoughby City Council recent quantifiable productivity and efficiency gains	All
10	Comparative and trend-based information in relation to Willoughby City Council's workforce efficiency in recent years	All

## 8 Council certification and contact information

See CEO's submission letter

### 8.1 Council contact information

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

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

#### General Manager

<b>General Manager contact phone</b>	9777 1010
<b>General Manager contact email</b>	debra.just@willoughby.nsw.gov.au

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

#### Primary council contact

<b>Council contact phone</b>	9777 7706
<b>Council contact email</b>	mark.skelsey@willoughby.nsw.gov.au
<b>Council email for inquiries about the SV application</b>	email@willoughby.nsw.gov.au

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

#### Secondary council contact

<b>Council contact phone</b>	9777 1020
<b>Council contact email</b>	stephen.naven@willoughby.nsw.gov.au
<b>Council email for inquiries about the SV application</b>	email@willoughby.nsw.gov.au

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

## 9 List of required attachments

To complete (adding rows as necessary):

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

Table 11 Required attachments checklist

Name of attachment	The document is included	The document is not applicable
<b>Mandatory forms/attachments:</b>		
Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>	NA
Application Form Part B (this Word document)	<input checked="" type="checkbox"/>	NA
Council resolution to apply for the special variation	<input checked="" type="checkbox"/>	NA
Completed certification and declaration (see <b>Error! Reference source not found.</b> )	<input checked="" type="checkbox"/>	NA
<b>If applicable, to support the responses provided in Question 5 of Description and Context (see section 2) provide:</b>		
Instrument for expiring special variation/s	<input type="checkbox"/>	<input checked="" type="checkbox"/>
OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>If applicable, to support the responses provided in Questions 6 AND/OR 7 of Description and Context (see section 2) provide:</b>		
Declaration of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Relevant instrument(s) for past special variations (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Evidence of compliance with conditions in past instruments (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Mandatory public supporting material (i.e. to be published on IPART's website):</b>		
Community Strategic Plan	<input checked="" type="checkbox"/>	NA
Delivery Program	<input checked="" type="checkbox"/>	NA
Long Term Financial Plan	<input checked="" type="checkbox"/>	NA
Asset Management Plan(s) (required if a key purpose of the SV is related to assets and capital expenditure)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Name of attachment	The document is included	The document is not applicable
Consultation materials, e.g. copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation (combined into one document)	<input checked="" type="checkbox"/>	NA
Community feedback (including surveys and results)	<input checked="" type="checkbox"/>	NA
Willingness to pay study (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Hardship policy	<input checked="" type="checkbox"/>	NA
<b>Other public supporting materials:</b>		
Government agency's report on financial sustainability e.g. NSW Treasury Corporation (if applicable)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Special Rate Variation proposal for consultation</i> – report to Council on 28 August 2023 (and minutes relating to this report)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Plan for community engagement on Willoughby City Council financial sustainability options</i> – endorsed by Council on 28 August 2023	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Post-exhibition report on rate rise options</i> – report to Council meeting on 27 November 2023 (and minutes relating to this report)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Application for Special Rate Variation</i> – report to Council meeting on 30 January 2024	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Willoughby City Council Community Perception Research 2022</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Council resolution of 27 March 2023 relating to public area maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Capacity to Pay Report</i> by Morrison Low for Willoughby City Council	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Willoughby City Council recent quantifiable productivity and efficiency gains	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Comparative and trend-based information in relation to Willoughby City Council's workforce efficiency in recent years	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Confidential supporting material (i.e. not to be published on IPART's website):</b>		
Nil		

## 10 Checklists

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

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

Table 12 Part A Application Form Checklist

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

Table 13 SV Part B Application Form Checklist

Checklist items	Please indicate whether the items have been actioned
All required text boxes and tables have been completed.	<input checked="" type="checkbox"/>
All applicable documents per the List of Attachments (Table 11) have been provided.	<input checked="" type="checkbox"/>
The council has declared all SVs (including ASVs) approved since 2011-12 and provided annual reports that show compliance with the instrument reporting conditions, or explaining divergences.	<input checked="" type="checkbox"/>
The council's LTFP includes both the baseline (no-SV) and the SV scenario it is applying for.	<input checked="" type="checkbox"/>
The proposed SV annual and cumulative percentages agree to those used in community consultation, or if they differ, the reason has been explained.	<input checked="" type="checkbox"/>
If applying for a multi-year SV, the council has correctly calculated the cumulative percentage and dollar impact of the proposed SV using compounding – <b>Not applicable</b>	<input type="checkbox"/>
The council has referenced community consultation materials that <i>at minimum</i> show the cumulative percentage of the SV and average total dollar increase (cumulative) per rating category.	<input checked="" type="checkbox"/>
Figures presented in Application Form Part B are consistent, as relevant, with those in Application Form Part A.	<input checked="" type="checkbox"/>
The council has submitted a Minimum Rates Part B Application Form, if required – <b>Not applicable</b>	<input type="checkbox"/>
For OLG Criterion 5 (section 7), the council has provided concrete evidence and plans for past and future cost-containment and productivity strategies, as far as practicable.	<input checked="" type="checkbox"/>