

SPECIAL VARIATION APPLICATION FORM
PART B
FOR 2021-22

CENTRAL COAST COUNCIL



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Council information

Council name	Central Coast Council
Date submitted to IPART	8 February 2021
Primary Council contact person	Natalia Cowley
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About this application form

IPART has revised the Application Form to be completed by councils applying to IPART for a special variation (SV) for 2021-22, either under s 508(2) or s 508A of the *Local Government Act 1993*. The application form is in two parts:

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

The SV Application Form Part B consists of:

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

When completing the SV Application Form for 2021-22, councils should refer to the following:

- ▼ [IPART's Application Guide for SV Application Form Part B](#).
- ▼ [OLG's SV Guidelines issued in November 2020](#).

Description and Context

To complete these questions, refer to the discussion in IPART's Application Guide for SV Application Form Part B, Description and Context.

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

Indicate the type of the proposed SV - s 508(2) or 508A the council is requesting, and specify the percentage increases in each of the years in which the SV is to apply, the cumulative increase for a s 508A SV, and whether the SV is to be permanent or temporary.

Provide the information **in the text box**, or alternatively, **complete Table 0.1**.

A one-off (single year) 15% increase, effective from 1 July 2021, that remains permanently in the rate base, under section 508(2) of the Local Government Act 1993.

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

In the text box summarise the key purpose (or purposes) of the SV the council is requesting.

Council requires additional revenue generated from the special variation for the following purposes:

- Enable Council to repay restricted funds unlawfully accessed.
- Provide financial sustainability; and
- Meeting special cost pressures faced by the Council.

Central Coast Council is in a very serious financial crisis. Urgent and strong action is required to both address the current issues and build long term financial sustainability.

A rate variation is needed to help address Council's current financial situation. Council received the Q1 Business Report on progress against Council's 2020-21 Operational Plan at an Extraordinary Meeting held on Wednesday 2 December 2020.

The report indicates that Council's projected financial position at 30 June 2021 will be a loss of \$115.1M. At the end of this financial year, accumulated losses over the past four years will be \$200M. Accumulated debt will be in the order of \$565M.

Council needs to find approximately \$75m in savings / additional revenue structurally every year in order to break even and in addition to this Council needs to repay approximately \$200m in restricted reserves. As a result, Council is taking the following measures to address the financial situation including:

- Structurally reducing employment costs by \$30M;
- Structurally reducing materials and contracts by \$20M;
- Generating additional revenue of approximately \$25M through an SV;
- Reducing and capping infrastructure spending to \$170M
- Obtaining \$150M in bank loans
- Selling \$40-\$60M in underperforming assets.

These alone will not be enough to help with financial recovery and a rate variation is required for the long-term sustainability of Council finances, to repay borrowed restricted funds and for Council to be able to deliver the services the community need and want.

One of the last measures, once all other levers have been enacted, is this rate variation. The revenue that Central Coast Council generates from rates is proportionately lower than that of neighbouring local government areas. Over the long term, it is not sustainable for Council to operate effectively and provide the services that this community values without receiving additional revenue.

Council's current financial situation is due to spending more money than we had coming in. The money was not lost but rather, spent on services and infrastructure that directly benefited the community. For example, in 2019-20 \$242M was spent on a capital works, delivering 1,383 projects which included a new pipeline between Mardi and Warnervale, resurfacing of 107km of roads, drainage infrastructure and upgrade to wharves, parks, playgrounds and sporting fields. The capital expenditure of \$242m was \$69M higher than Council's capital capacity and \$158M higher than Council 2019-20 payment capacity for capital, after considering the \$89M loss.

The community has been the beneficiary of these projects.

A 15% rate variation will deliver an extra \$25.9M in ordinary rates for 2021-22.

The primary purpose of the Rate Variation is to deliver financial sustainability by reimbursing the unlawfully accessed restricted funds that have been spent on the above mentioned capital projects.

We have a legal obligation to reimburse the restricted funds that were unlawfully accessed to bring forward projects and infrastructure that has benefited the community.

Council's revised Long Term Financial Plan shows that with a 15% variation, Council will be able to repay approximately \$100M of the externally restricted funds within 10 years, with the remainder being reimbursed from asset sales and internal restriction write-offs.

There is a very real risk that should Council not obtain a 15% increase that will impact the status of the loans. This is particularly the case as another bank contacted Council to try and call in their loan book as a result of Council's financial situation.

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

Refer to OLG's SV Guidelines Attachment 4 – Increasing minimum rates, and OLG's Guidelines for a Minimum Rate Increase.

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

Does the council have an ordinary rate(s) subject to a minimum amount? Yes No

Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time? Yes No

Which rates will the increases apply to? Residential Business Farmland

If the increase will apply to only some subcategories, specify which: Also to apply to Mining

Does the council propose to increase the minimum amount of its ordinary rate(s) by:

▼ The rate peg percentage

▼ The special variation percentage

▼ A different percentage _____ (%)

What will the minimum amount of the ordinary rate(s) be after the proposed increase? \$565

Has the council submitted an application for a minimum rate increase? Yes No

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

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

What will the minimum amount of the special rate be after the proposed increase? \$565

Has the council submitted an application for minimum rate increase? Yes No

The council must ensure that it has submitted Minimum Rate (MR) Increase Application Form Parts A and Part B, if required. (not required)

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

Refer to OLG's SV Guidelines Attachment 1 – Calculation of expiring special variations.

Does the council have an SV which is due to expire on 30 June 2021? Yes No

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

If Yes to either question:

a) When does the SV expire? _____

b) What is the percentage to be removed from the council's general income? _____

c) What is the dollar amount to be removed from the council's general income? _____

Does the council have an SV which it proposes to terminate before the date which the instrument specifies as the date on which it expires? Yes No

If Yes:

a) When does the council propose it be terminated? _____

b) What is the percentage to be removed from the council's general income? _____

c) What is the dollar amount to be removed from the council's general income? _____

Has OLG confirmed the calculation of the amount to be removed? N/A Yes No



Attachments required:

- ▼ Copy of the relevant instrument
- ▼ Copy of OLG advice confirming calculation of amount to be removed from the council's general income.

Question 5: Does the council have an existing (ongoing) s 508A special variation which applies in 2021-22?

Refer to:

▼ OLG's SV Guidelines Section 5.2.

▼ IPART Fact sheet – *The Year Ahead – Special Variations in 2021-22*.

Does the council have a s 508A multi-year SV instrument that applies in 2021-22? Yes No

In the text box:

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

Not applicable



Attachments required:

- ▼ Copy of the relevant instrument(s)
 - ▼ Declaration by the General Manager as to the council's compliance with the conditions applying to the SV included in the instrument of approval issued by IPART
 - ▼ Any supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s).
-

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

Refer also to OLG's SV Guidelines Section 6.

You do not need to respond to this question if all the relevant information has been provided in council's response to Question 5.

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

In the text box, for each SV approved in the past five years, briefly:

- ▼ Specify the type of SV and the increase to general income approved.
 - ▼ Outline the council's actions in complying with conditions in the instrument approving the original SV.
 - ▼ Describe any *significant* changes of relevance to the conditions in its instrument since it was issued.
-

Not applicable

**Attachments required:**

- ▼ Copy of the relevant instrument(s)
- ▼ Declaration by the General Manager as to the council's compliance with the conditions applying to the SV included in the instrument of approval issued by IPART
- ▼ Any supporting documents providing evidence of the council's actions to comply with the conditions in the instrument(s).

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

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

If Yes, has a review been done and submitted to OLG? Yes No

Question 8: Is the council a new council created by merger in 2016?

Refer also to OLG's SV Guidelines Section 4.

Is the council a new council created by merger in 2016? Yes No

Question 9: Does the council have deferred rate increases available to it?

Does the council have deferred rate increases available to it from one or more previous years under section 511 of the Local Government Act Yes No

If Yes, has the collection of these additional rates been included in the Council's LTFP Yes No



Criterion 1 Need for the variation

Criterion 1 in the SV Guidelines is:

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

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

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

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

To complete the questions for Criterion 1: Financial need refer to IPART's Application Guide for SV Application Form Part B.

Refer also to IPART Fact sheet – *The Year Ahead – Special Variations in 2021-22* and Information Paper – Special Variations in 2021-22 in relation to the interaction of financial need and willingness to pay.

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

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

In the text box explain how the council developed the proposal to apply for the proposed SV in the context of its IP&R processes.

Determining the need for a rate variation

Council developed the proposal to apply for the proposed SV as a result of an urgent and serious financial situation. This financial situation was first reported formally to Council on 12 October 2020.

It became apparent that the situation was more serious and urgent than originally identified and on 30 October 2020, the Minister for Local Government had made the decision to suspend the Council and appoint an Administrator, Mr Dick Persson AM. The Minister subsequently determined to extend that suspension for a further 3 months.

Mr Persson AM, undertook a review of the situation facing Central Coast Council and on 2 December 2020 presented his 30 day Interim report ([Link](#)). In presenting that report, Mr Persson AM also submitted the Q1 Business Report on progress against Central Coast Council's 2020-21 Operational Plan ([Link](#))

In his report, Mr Persson AM described the current financial position of Central Coast Council as "parlous". He identified in the report that amongst other measures to address this Council would need a "substantial rate increase".

As reported in the Q1 Business Report on progress against Central Coast Council's 2020-21 Operational Plan it is the opinion of the Responsible Accounting Officer that the Quarterly Budget Review Statement for Central Coast Council for the quarter ended 30 September 2020 indicates that Council's projected financial position at 30 June 2021 will be unsatisfactory at year end because the forecast year-end consolidated operating result before capital amounts for Council is a loss of \$115.1M. The loss of \$115.1M includes \$45M of one-off structural costs (see below discussion of structural changes made).

Were Council unable to secure a rate variation the impact upon Council and service provision would be catastrophic. The cuts needed to be financially viable would have an irreparable and irrevocable impact.

To be able to make ends meet, there would need to be a further 30% of staff cuts. Cutting resources and expertise to this extent would fundamentally change Council and its services.

Consideration of community needs

In considering a possible rate variation, consideration was given to the rate levels for neighbouring Councils. It is clear from this information that residential rate payers on the Central Coast pay less in rates than neighbouring Councils of Lake Macquarie, Newcastle and Cessnock – all of whom currently have special rate variations applying.

Typical residential ratepayer	Former Gosford LGA	Former Wyong LGA	Lake Macquarie	Newcastle	Cessnock
Ordinary Rates	\$1,029.00	\$1,202.00	\$1,494.64	\$1,582.47	\$1,261.79
% variation against Central Coast Average			34% higher	42% higher	13% higher

Based on the above, even with a rate variation of 15%, average residential rates for Central Coast Council would remain lower than those for Lake Macquarie and Newcastle.

After harmonising the rates between Wyong and Gosford, the projected impact of a 15% SV on the average residential payer from Gosford is approximately \$8.00 per week.

While, the projected impact of a 15% SV on the average residential payer from Wyong is \$2.00 per week decrease.

In preparing the application for a rate variation, Council has also undertaken the work necessary to harmonise the rates across the two former local government areas. While it is noted that there is a Bill currently before the NSW Parliament, Council has progressed under the current legislative requirements.

The following impacts were considered should there not be a rate variation:

- Service closures including some library branches and community facilities
- Significant reduction in maintenance of facilities and infrastructure
- Significant deterioration of assets
- Significant reduction in road, footpath and drainage maintenance
- Significant reduction to environmental programs
- Longer processing times for customer requests, development applications, and permits, closure of service points.
- Further staff reductions and resultant service reductions
- Reduced maintenance of sporting facilities, parks and playgrounds

- No new facilities or major upgrades
- No community events run by Council
- No grants program or sponsorship of events
- Further sale of assets and land (beyond those already resolved)
- Significant increases in fees and charges

It should be noted that a variation of 15% will see some service reductions from the levels currently. This is because Council has tried to strike a balance between a rate increase and service levels. Even with a 15% increase, there remain further staff cuts to be made and this will result in some services being affected. There are likely to be slower response times to our customers and to requests for service.

For example, it may take a bit longer to undertake repairs to roads and footpaths. Works will be undertaken on a risk basis. However for urgent repairs, there will be no change in the response time. The reduced infrastructure works program will mean there will be less works visible to the community. But if Council receives grant funding that fully funds the works, that will proceed.

Should there be a rate variation, the following impacts were considered

- Maintain current opening hours and programs at pools and libraries but no new facilities
- Maintenance of sporting and community facilities, parks and gardens but no increase to mowing, planting or maintenance
- Construction of roads, footpaths, cycleways and drains to continue
- Retain environmental programs (weed removal and native vegetation)
- Same levels of customer response times for requests, applications and permits
- Continue community events but no expansion or improvement

The decision to apply for a special variation

Council originally considered applying for a 10% one-off increase to its rate income on 26 November 2020, with that increase to cease after seven years.

Since that resolution, further work was undertaken on Council's Long Term Financial Plan. This included forecasting the reductions in the levels of service to achieve sustainable

long-term financial plans and to repay the restricted reserves. As a result, it became apparent that a larger and permanent increase of 15% is necessary in order to maintain a level of service the community expect (albeit at a level lower than that currently provided), to be able to repay borrowings and to repay reserve funds accessed unlawfully.

The reason a rate variation of 15% is considered appropriate is because this is the level that secures Council's long term financial future (through the repayment of approximately \$100M of unlawfully accessed restricted cash) while continuing to provide services valued by our community at an acceptable level. It is noted that Council has considered other options (as described in Question 2) and implemented them. A rate variation is part of a suite of solutions to the financial situation. Further information is provided below.

As stated by the Administrator in his 3 Month Progress Report, *despite our focus on reducing costs, a significant rate increase is a key component of our recovery strategy.*

IP&R documentation

It is noted that it is a requirement that Council should adopt all relevant IP&R documents before applying for a special variation. This has not been possible for Central Coast Council due to the speed with which Council's financial situation has been discovered and acted upon.

On 8 February 2021, Council adopted amended IP&R documents (**D14461483**) for the purpose of public exhibition. These documents reflect both the 10% and 15% SV, as an addendum. The two options are shown as this is what Council consulted with the community regarding.

This documentation will be placed on public exhibition for four weeks as required under the legislation until March 2021.

Results of the public exhibition period will be provided as part of Council's consideration of submissions which is planned for 22 March 2021.

Other options examined and actions taken

Council's approach to the current financial situation has been to explore all available options. This has resulted in sale of assets, reduced workforce, reduced expenditure and capping the size of the infrastructure works. Further details are provided below.

There will be service reductions against current levels. This will result in slower response times to community requests for service. This reduction in service levels has been balanced against the size of a potential rate increase.

The focus has been clearly on reducing costs but it is also necessary that a proportion of the funds come from increased revenue. It is estimated that around 70% will come from reducing costs and 30% from increased revenue.

- Sale of Assets: On 30 November 2020, Council resolved to undertake the sale of assets to address Council's financial situation. A summary of the assets presented to Council is attached ([Link](#)). This sale of assets is estimated to result in one-off income of \$49M, which would be directly applied towards the repayment of restricted reserves. The process of selling the assets has commenced as a result of this resolution of Council.
- Structural reduction in staff expenses: On 30 November 2020, Council resolved a revised structure which was identified as providing significant savings to Council. While the exact savings realised will not be determined until the finalisation of the structure at all levels, initial estimates are that the structural changes will result in savings of \$31M. This program of savings has started with a voluntary redundancy program having commenced in late 2020 for implementation before 30 June 2021. Budget provisions have been made in 2020-21 for the purpose of funding redundancies. This process will result in a reduced headcount from over 2,500 staff to under 2,000 staff.

Prior to this, in October 2020, Council determined to cease recruitment where possible. At that time there were 385 vacant positions for which recruitment did not to proceed.

- Cessation of temporary employees and contractors: 51 temporary employees or contractors were terminated by 31 December 2020 resulting in savings of \$4.678M (being the difference of the amount actually paid compared to the expected contract term). Further savings of approximately \$1M will be realised over the current financial year as contracts are wound up.
 - Overtime was restricted from October 2020 to only that required for safety or emergency requirements. As a result, in Q2 of 2020-21 overtime reduced to \$440K (compared to \$1.2M for the same quarter the previous year) being a 63% reduction. Annualising these figures, Council's overtime costs will reduce from \$14.4M per annum to \$5.28M per annum, a saving of \$9.1M per annum.
 - Seeking bank loans: On 11 November 2020, Council resolved to accept a loan from one of the four major banks in Australia of \$50M on a fixed five-year term amortising over 15 years. On 18 December 2020, Council resolved to accept a loan of \$100M from one of the four major banks in Australia on a fixed 3-year term, amortising over 15 years. The loans were provided on the basis of Council seeking and receiving a 15% rate variation.
-

There is a very real risk that should Council not obtain a 15% increase that will impact the status of the loans. This is particularly the case as another bank contacted Council to try and call in their loan book as a result of Council's financial situation.

- Reduced operating expenditure. A review of general expenditure on materials and contracts has resulted in estimated structural, ongoing savings from 2021/22 of \$22M. Reduced expenditure on operating expenditure has been included in Council's long term financial planning.
- Reduced capital expenditure. Council has reduced the capital works program from \$242M in 2019-20 to \$170M in 2020-21 and this will be the amount at which infrastructure will be maintained into the future of which \$101.1M is for general fund works. Details of this reduced capital works program are set out in the amended Delivery Program.
- Reduced service levels. Some services and projects have been delayed or deleted from the Delivery Program to address Council's financial situation. Where possible this has been limited to those services with minimal impact upon the community. This information is set out in the amended Delivery Program.
- Review of fees and charges. A review of fees and charges undertaken indicated that with regard to those governed by regulation the opportunity to increase is minimal. In most cases Council is currently towards the maximum end of relevant scales.

These measures will not be enough to support the financial recovery and for this reason a rate variation is being sought for the long- term sustainability of Council finances, to repay restricted funds accessed unlawfully and for Council to be able to deliver services.

Central Coast Council is in this financial situation because it spent more money on capital projects and expenses that it had income or funds. The money was not lost but was spent on infrastructure and services.

Impact on Delivery Program and Operational Plan Actions, Measures and Capital Works Projects **Attachment – D14461483 – Delivery Program and Operational Plan 20-21**

Due to the financial situation, the program of works originally planned and adopted as part of the Operational Plan 2020-21 has been revised and this revised plan is attached. The revised plan clearly sets out each project and how the financial situation has impacted delivery.

The following information details those actions, measures and projects that have been impacted.

In summary, as at 27 January 2021, 26 out of the 108 Operational Plan actions and measures adopted for 2020-21 are impacted by the financial situation. This means that:

- Where an action / measure is noted as *Closed* it will no longer be delivered
- Where an action / measure is noted as *On Hold* it is no longer progressing but may continue in the near future
- Where an action / measure is noted as *Delayed* the target or timeline has been revised.

Status / Theme:	Belonging	Smart	Green	Responsible	Liveable	Total
Closed	0	1	0	0	0	1
On Hold	1	4	1	2	1	9
Delayed	1	3	2	10	0	17
No change	16	12	12	23	19	81
Total	18	20	15	35	20	108

As at 30 September 2020, the total capital works budget for 2020-21 has been reduced from \$224 million to \$170 million, with 291 out of 450 projects impacted by the financial situation. This means that:

- Where a project is noted as *Revised Timeline / Scope / Budget* the project scope has been revised and the budget has been reduced or the project will continue over multiple years
- Where a project is noted as *On Hold* the project the project will no longer be delivered and will be considered in future years
- Where a project is noted as *Additional budget* the budget has increased due to grant funding or the scope has increased.

Status / Theme:	Belonging	Smart	Green	Responsible	Liveable	Total
Revised Timeline / Scope / Budget	5	2	13	90	23	133
On Hold	6	18	7	58	28	117
Additional budget	1	2	1	34	3	41
No change	2	7	13	70	67	159
Total	14	29	34	252	121	450

Impact on Long Term Financial Plan **Attachment D14480010**

Special Variation of 15% including rate peg

Long Term Financial Plan - General Fund Only
Securing Your Future - SV of 15% including rate peg
Income Statement

Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Income from Continuing Operations											
Rates & Annual Charges	177,093	205,946	211,020	216,221	221,551	227,014	232,613	238,352	244,234	250,263	256,442
User Charges & Fees	61,618	61,926	62,236	62,547	62,860	63,174	63,490	63,807	64,126	64,447	64,769
Interest & Investment Revenue	821	825	829	834	838	842	846	850	855	859	863
Other Revenue	14,909	14,983	15,058	15,133	15,209	15,285	15,362	15,438	15,516	15,593	15,671
Grants & Contributions provided for Operating Purposes	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134
Grants & Contributions provided for Capital Purposes	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969
Net Internal Revenue	84,428	94,528	95,518	96,502	97,493	97,981	98,470	98,963	99,458	99,955	100,455
Other Income:											
Net gains from the disposal of assets											
Total Income from Continuing Operations	414,972	454,312	460,765	467,340	474,054	480,399	486,885	493,514	500,292	507,220	514,303
Expenses from Continuing Operations											
Employee Benefits & On-Costs	217,869	146,939	150,613	154,378	158,237	162,193	165,437	168,746	172,121	175,563	179,074
Borrowing Costs	3,481	3,342	3,130	2,966	2,857	2,724	2,592	2,461	2,323	2,187	2,050
Materials & Contracts	91,499	83,858	85,288	86,381	87,430	87,867	88,306	88,748	89,192	89,638	90,086
Depreciation & Amortisation	89,058	91,643	94,229	96,814	99,399	101,985	104,570	107,156	109,741	112,326	114,912
Other Expenses	85,286	85,713	86,141	86,572	87,005	87,440	87,877	88,317	88,758	89,202	89,648
Net Losses from the Disposal of Assets											
Total Expenses from Continuing Operations	487,193	411,495	419,401	427,111	434,929	442,209	448,783	455,427	462,135	468,917	475,770
Operating Result from Continuing Operations	(72,221)	42,816	41,364	40,229	39,125	38,190	38,102	38,087	38,157	38,303	38,533
Net Operating Result for the Year	(72,221)	42,816	41,364	40,229	39,125	38,190	38,102	38,087	38,157	38,303	38,533
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(99,191)	15,847	14,395	13,259	12,156	11,220	11,132	11,118	11,187	11,334	11,564

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan - General Fund Only											
Securing Your Future - SV of 15% including rate peg											
Statement of Financial Position											
Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
ASSETS											
Current Assets											
Cash & Cash Equivalents	21,011	20,106	20,237	19,644	19,102	19,550	19,740	19,871	20,088	20,277	19,140
Investments	38,536	43,536	48,536	50,536	51,536	55,536	54,536	58,536	57,536	56,536	57,536
Receivables	49,828	51,800	52,373	53,158	53,949	54,748	55,553	56,365	57,184	58,010	58,844
Inventories	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Other	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297
Total Current Assets	117,318	123,385	129,089	131,281	132,531	137,777	137,772	142,715	142,751	142,767	143,464
Non-Current Assets											
Investments	100,467	115,467	131,467	151,467	171,467	186,467	206,467	221,467	241,467	261,467	281,467
Loan Receivable	21,931	20,738	19,476	18,141	16,727	15,230	13,646	11,970	10,195	8,317	6,329
Infrastructure, Property, Plant & Equipment	3,511,122	3,516,386	3,522,940	3,527,961	3,533,040	3,544,841	3,550,112	3,556,677	3,561,703	3,566,814	3,578,651
Intangible Assets	26,452	26,259	26,067	25,874	25,682	25,489	25,296	25,104	24,911	24,719	24,526
Right of Use Assets	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804
Other	254	254	254	254	254	254	254	254	254	254	254
Total Non-Current Assets	3,662,029	3,680,908	3,702,008	3,725,500	3,748,973	3,774,084	3,797,580	3,817,275	3,840,334	3,863,375	3,893,031
TOTAL ASSETS	3,779,348	3,804,293	3,831,097	3,856,781	3,881,504	3,911,862	3,935,351	3,959,990	3,983,086	4,006,142	4,036,494
LIABILITIES											
Current Liabilities											
Payables	61,664	56,446	53,154	49,300	48,326	48,192	48,029	47,869	47,713	47,559	47,408
Income Received in Advance	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720
Contract Liabilities	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274
Borrowing	15,015	14,650	12,897	12,639	12,578	12,518	12,458	12,396	12,336	12,238	11,531
Lease Liabilities	966	966	966	966	966	966	966	966	966	966	966
Provisions	53,919	54,110	54,307	54,511	54,722	54,941	55,081	55,225	55,374	55,526	55,684
Total Current Liabilities	143,558	138,166	133,318	129,411	128,587	128,610	128,529	128,451	128,382	128,283	127,583
Non-Current Liabilities											
Income Received in Advance	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914
Lease Liabilities	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Borrowing	150,691	138,576	127,904	117,312	106,616	95,816	84,906	73,888	62,749	51,525	40,787
Provisions	75,795	74,606	73,451	72,283	69,299	64,882	60,429	55,950	51,508	46,911	42,771
Total Non-Current Liabilities	232,951	219,648	207,820	196,601	182,381	167,164	151,801	136,304	120,723	104,902	90,024
TOTAL LIABILITIES	376,510	357,814	341,138	326,012	310,968	295,775	280,330	264,755	249,105	233,185	217,607
Net Assets	3,402,838	3,446,479	3,489,958	3,530,769	3,570,536	3,616,087	3,655,022	3,695,235	3,733,981	3,772,956	3,818,887
EQUITY											
Retained Earnings	3,331,184	3,374,000	3,415,364	3,455,593	3,494,718	3,532,908	3,571,010	3,609,097	3,647,254	3,685,557	3,724,091
Revaluation Reserve	71,654	72,479	74,594	75,176	75,817	83,179	84,012	86,138	86,726	87,399	94,797
Total Equity	3,402,838	3,446,479	3,489,959	3,530,769	3,570,536	3,616,087	3,655,022	3,695,235	3,733,980	3,772,956	3,818,887

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan - General Fund Only
Securing Your Future - SV of 15% including rate peg

Performance Measurement Indicators

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
TARGET	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000			
Budget Performance														
1	Operating Performance Ratio	>0%	-25.56%	3.71%	3.32%	3.01%	2.72%	2.47%	2.42%	2.38%	2.36%	2.37%		
	<i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓		
2	Own Source Operating Revenue Ratio	>= 60%	81.66%	83.25%	83.48%	83.72%	83.95%	84.16%	84.37%	84.58%	84.79%	85.00%	85.20%	
	<i>measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Operational Liquidity														
3	Unrestricted Current Ratio	>= 1.5	-0.95	-0.75	-0.76	-0.80	-0.82	-0.79	-0.83	-0.81	-0.84	-0.87	-0.90	
	<i>assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</i>		x	x	x	x	x	x	x	x	x	x		
4	Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%		
	<i>assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts expressed as a percentage of total rates and charges available for collection in the financial year</i>		x	x	✓	✓	✓	✓	✓	✓	✓	✓		
5	Cash Expense Cover Ratio	>= 3 months	1.77	2.29	2.45	2.47	2.45	2.57	2.51	2.62	2.56	2.50	2.47	
	<i>liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Liability and Debt Management														
6	Debt Service Cover Ratio (OLG)	2.00x	-	1.04	6.91	7.08	8.03	8.24	8.35	8.52	8.69	8.91	9.00	9.52
	<i>measures the availability of operating cash to service debt including interest and principal.</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Asset Management														
7	Building and Infrastructure Renewals Ratio	>= 100%	108.8%	73.3%	93.1%	103.5%	103.3%	103.1%	102.9%	102.7%	102.5%	102.3%	102.2%	
	<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>		✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	
8	Infrastructure Backlog Ratio	<= 2%	3.20%	3.23%	3.24%	3.24%	3.24%	3.25%	3.26%	3.27%	3.28%	3.30%	3.32%	
	<i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>		x	x	x	x	x	x	x	x	x	x		
9	Asset Maintenance Ratio	>= 1	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	
	<i>ratio compares actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
10	Capital Expenditure Ratio	>= 1	1.15	1.10	1.10	1.10	1.09	1.09	1.09	1.09	1.09	1.08	1.08	
	<i>annual capital expenditure divided by annual depreciation</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Securing Your Future - SV of 15% including rate peg Assumptions

Type	Base Year 2021	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 6 2027	Year 7 2028	Year 8 2029	Year 9 2030	Year 10 2031
Revenue											
CPI	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rate Increase	2.6%	15.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Charges		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
User Charges & Fees		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Revenue		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Grants and Contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment Return		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Internal Revenue		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Expenses											
Employee Costs		2.5%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Materials & Contracts		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Expenses		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Baseline – Rate Peg

Long Term Financial Plan Baseline - Rate Peg Only Income Statement

Base Year 2021	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 6 2027	Year 7 2028	Year 8 2029	Year 9 2030	Year 10 2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Income from Continuing Operations											
Rates & Annual Charges	177,093	183,136	187,640	192,256	196,987	201,836	206,806	211,899	217,120	222,471	227,955
User Charges & Fees	61,618	61,926	62,236	62,547	62,860	63,174	63,490	63,807	64,126	64,447	64,769
Interest & Investment Revenue	821	825	829	834	838	842	846	850	855	859	863
Other Revenue	14,909	14,983	15,058	15,133	15,209	15,285	15,362	15,438	15,516	15,593	15,671
Grants & Contributions provided for Operating Purposes	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134
Grants & Contributions provided for Capital Purposes	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969
Net Internal Revenue	84,428	94,528	95,518	96,502	97,493	97,981	98,470	98,963	99,458	99,955	100,455
Other Income:											
Net gains from the disposal of assets											
Total Income from Continuing Operations	414,972	431,502	437,385	443,375	449,490	455,221	461,077	467,062	473,178	479,428	485,817
Expenses from Continuing Operations											
Employee Benefits & On-Costs	217,869	146,939	150,613	154,378	158,237	162,193	165,437	168,746	172,121	175,563	179,074
Borrowing Costs	3,481	3,342	3,130	2,966	2,857	2,724	2,592	2,461	2,323	2,187	2,050
Materials & Contracts	91,499	83,858	85,288	86,381	87,430	87,867	88,306	88,748	89,192	89,638	90,086
Depreciation & Amortisation	89,058	91,643	94,229	96,814	99,399	101,985	104,570	107,156	109,741	112,326	114,912
Other Expenses	85,286	85,713	86,141	86,572	87,005	87,440	87,877	88,317	88,758	89,202	89,648
Net Losses from the Disposal of Assets											
Total Expenses from Continuing Operations	487,193	411,495	419,401	427,111	434,929	442,209	448,783	455,427	462,135	468,917	475,770
Operating Result from Continuing Operations	(72,221)	20,006	17,984	16,264	14,561	13,012	12,294	11,635	11,043	10,512	10,047
Net Operating Result for the Year	(72,221)	20,006	17,984	16,264	14,561	13,012	12,294	11,635	11,043	10,512	10,047
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(99,191)	(6,963)	(8,986)	(10,705)	(12,408)	(13,958)	(14,675)	(15,335)	(15,927)	(16,458)	(16,923)

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan
Baseline - Rate Peg Only
Statement of Financial Position

Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
ASSETS											
Current Assets											
Cash & Cash Equivalents	21,011	20,436	20,192	20,663	20,587	19,887	20,300	21,010	20,146	19,576	19,986
Investments	38,536	36,536	39,536	41,536	42,536	42,536	45,536	42,536	40,536	37,536	33,536
Receivables	49,828	50,660	51,227	51,984	52,746	53,514	54,288	55,068	55,855	56,648	57,448
Inventories	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Other	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297
Total Current Assets	117,318	115,575	118,899	122,126	123,812	123,880	128,067	126,558	124,480	121,704	118,914
Non-Current Assets											
Investments	100,467	100,467	95,467	90,467	85,467	80,467	70,467	65,467	60,467	55,467	50,467
Loan Receivable	21,931	20,738	19,476	18,141	16,727	15,230	13,646	11,970	10,195	8,317	6,329
Infrastructure, Property, Plant & Equipment	3,511,122	3,516,386	3,522,940	3,527,961	3,533,040	3,544,841	3,550,112	3,556,677	3,561,703	3,566,814	3,578,651
Intangible Assets	26,452	26,259	26,067	25,874	25,682	25,489	25,296	25,104	24,911	24,719	24,526
Right of Use Assets	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804
Other	254	254	254	254	254	254	254	254	254	254	254
Total Non-Current Assets	3,662,029	3,665,908	3,666,008	3,664,500	3,662,973	3,668,084	3,661,580	3,661,275	3,659,334	3,657,375	3,662,031
TOTAL ASSETS	3,779,348	3,781,483	3,784,907	3,786,626	3,786,785	3,791,965	3,789,647	3,787,833	3,783,815	3,779,079	3,780,945
LIABILITIES											
Current Liabilities											
Payables	61,664	56,446	53,154	49,300	48,326	48,192	48,029	47,869	47,713	47,559	47,408
Income Received in Advance	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720
Contract Liabilities	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274
Borrowing	15,015	14,650	12,897	12,639	12,578	12,518	12,458	12,396	12,336	12,238	11,531
Lease Liabilities	966	966	966	966	966	966	966	966	966	966	966
Provisions	53,919	54,110	54,307	54,511	54,722	54,941	55,081	55,225	55,374	55,526	55,684
Total Current Liabilities	143,558	138,166	133,318	129,411	128,587	128,610	128,529	128,451	128,382	128,283	127,583
Non-Current Liabilities											
Income Received in Advance	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914
Lease Liabilities	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Borrowing	150,691	138,576	127,904	117,312	106,616	95,816	84,906	73,888	62,749	51,525	40,787
Provisions	75,795	74,606	73,451	72,823	69,299	64,882	60,429	55,950	51,508	46,911	42,771
Total Non-Current Liabilities	232,951	219,648	207,820	196,601	182,381	167,164	151,801	136,304	120,723	104,902	90,024
TOTAL LIABILITIES	376,510	357,814	341,138	326,012	310,968	295,775	280,330	264,755	249,105	233,185	217,607
Net Assets	3,402,838	3,423,669	3,443,768	3,460,614	3,475,817	3,496,190	3,509,317	3,523,078	3,534,710	3,545,893	3,563,338
EQUITY											
Retained Earnings	3,331,184	3,351,190	3,369,174	3,385,438	3,399,999	3,413,011	3,425,305	3,436,940	3,447,983	3,458,495	3,468,541
Revaluation Reserve	71,654	72,479	74,594	75,176	75,817	83,179	84,012	86,138	86,726	87,399	94,797
Total Equity	3,402,838	3,423,669	3,443,768	3,460,614	3,475,817	3,496,190	3,509,318	3,523,078	3,534,709	3,545,894	3,563,338

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan

Baseline - Rate Peg Only

Performance Measurement Indicators

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
TARGET	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000			
Budget Performance														
1	Operating Performance Ratio	>0%	-25.56%	-1.72%	-2.19%	-2.57%	-2.94%	-3.26%	-3.38%	-3.48%	-3.57%	-3.64%	-3.69%	
	<i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>		x	x	x	x	x	x	x	x	x	x	x	
2	Own Source Operating Revenue Ratio	>= 60%	81.66%	82.36%	82.60%	82.84%	83.07%	83.28%	83.49%	83.71%	83.92%	84.13%	84.33%	
	<i>measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Operational Liquidity														
3	Unrestricted Current Ratio	>= 1.5	-0.95	-0.83	-0.87	-0.90	-0.92	-0.95	-0.94	-0.99	-1.04	-1.11	-1.18	
	<i>assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</i>		x	x	x	x	x	x	x	x	x	x	x	
4	Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	
	<i>assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts expressed as a percentage of total rates and charges available for collection in the financial year</i>		x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	
5	Cash Expense Cover Ratio	>= 3 months	1.77	2.05	2.12	2.19	2.19	2.13	2.22	2.12	2.00	1.86	1.73	
	<i>liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Liability and Debt Management														
6	Debt Service Cover Ratio	2.00x	-	1.04	5.49	5.60	6.33	6.47	6.54	6.66	6.79	6.95	7.02	7.41
	<i>measures the availability of operating cash to service debt including interest and principal.</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Asset Management														
7	Building and Infrastructure Renewals Ratio	>= 100%	108.8%	73.3%	93.1%	103.5%	103.3%	103.1%	102.9%	102.7%	102.5%	102.3%	102.2%	
	<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>		✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	
8	Infrastructure Backlog Ratio	<= 2%	3.20%	3.23%	3.24%	3.24%	3.24%	3.25%	3.26%	3.27%	3.28%	3.30%	3.32%	
	<i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>		x	x	x	x	x	x	x	x	x	x	x	
9	Asset Maintenance Ratio	>= 1	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	
	<i>ratio compares actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
10	Capital Expenditure Ratio	>= 1	1.15	1.10	1.10	1.10	1.09	1.09	1.09	1.09	1.09	1.08	1.08	
	<i>annual capital expenditure divided by annual depreciation</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Baseline - Rate Peg Only
Assumptions

Type	Base Year 2021	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 6 2027	Year 7 2028	Year 8 2029	Year 9 2030	Year 10 2031
Revenue											
CPI	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rate Increase	2.6%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Charges		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
User Charges & Fees		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Revenue		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Grants and Contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment Return		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Internal Revenue		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Expenses											
Employee Costs		2.5%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Materials & Contracts		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Expenses		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

The difference between the baseline rate peg scenario and the 15% SV (including rate peg) is the rates indexation for 2021-22 financial year which results in additional rates income of \$22.8M. For the purposes of the modelling the rate peg assumption for 2022-23 and onwards is 2.5% in accordance with the IPART SV application.

The table below shows the additional rates income from the 15% SV (including rate peg).

Comparison of Rates Income	Current Year 2020-21	Year 1 2021-22 [^]	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27	Year 7 2027-28	Year 8 2028-29	Year 9 2029-30	Year 10 2030-31
15% Special Variation including rate peg	175,461,742	202,216,351	207,271,760	212,453,554	217,764,899	223,209,015	228,789,241	234,508,972	240,371,696	246,380,988	252,540,513
Rate Peg Only	175,461,742	179,406,325	183,881,483	188,488,770	193,200,989	198,031,014	202,981,789	208,056,334	213,257,742	218,589,186	224,063,916
Additional Income	0	22,810,026	23,390,277	23,964,784	24,563,904	25,178,001	25,807,451	26,452,638	27,113,953	27,791,802	28,486,597
[^] includes a rates catch up of \$435K											
Rates Indexation*											
15% Special Variation including rate peg	2.6%	15.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rate Peg Only	2.6%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Difference in rates indexation	0.0%	13.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
* Rate peg assumption in SV application is 2.5% from year 2 onwards. IPART determined the rate peg for each financial year.											

The impact of the additional rates income is that the General Fund operating result moves from an operating deficit excluding capital grants and contributions to an operating surplus excluding capital grants and contributions from 2021-22 financial year and onwards. This surplus will enable Council to meet its obligations under the loan agreements and repay the restricted funds unlawfully accessed.

The operating results shown in the comparison table below incorporate the reduction in staff costs and materials and contracts. Without the additional income from the 15% SV (including rate peg) Council will not be able to achieve the Operating Performance Ratio benchmark of >0% set by OLG for the General fund during the 10 year long term financial plan.

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Comparison of Operating Result excluding Capital Income	Current Year 2020-21	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27	Year 7 2027-28	Year 8 2028-29	Year 9 2029-30	Year 10 2030-31
15% Special Variation including rate peg	(99,190,800)	15,846,878	14,394,701	13,259,291	12,155,885	11,220,040	11,132,245	11,117,988	11,187,435	11,333,915	11,563,869
Rate Peg Only	(99,190,800)	(6,963,145)	(6,985,576)	(10,785,493)	(12,408,019)	(13,957,963)	(14,675,207)	(15,334,659)	(15,926,518)	(16,457,867)	(16,922,728)
Difference	0	22,810,028	23,380,277	23,984,784	24,563,904	25,178,001	25,807,451	26,452,638	27,113,953	27,781,002	28,486,597

Operating Performance Ratio - measures the extent to which a council has succeeded in containing operating expenditure within operating revenue

OLG Benchmark > 0%	Current Year 2020-21	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27	Year 7 2027-28	Year 8 2028-29	Year 9 2029-30	Year 10 2030-31
15% Special Variation including rate peg	-25.6%	-3.7%	3.3%	3.0%	2.7%	2.5%	2.4%	2.4%	2.4%	2.4%	2.4%
Rate Peg Only	-25.6%	-1.7%	-2.2%	-2.6%	-2.9%	-3.3%	-3.4%	-3.5%	-3.6%	-3.6%	-3.7%

Baseline – Rate Peg

Long Term Financial Plan Baseline - Rate Peg Only Income Statement

Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Income from Continuing Operations											
Rates & Annual Charges	177,093	183,136	187,640	192,256	196,987	201,836	206,806	211,899	217,120	222,471	227,955
User Charges & Fees	61,618	61,926	62,236	62,547	62,860	63,174	63,490	63,807	64,126	64,447	64,769
Interest & Investment Revenue	821	825	829	834	838	842	846	850	855	859	863
Other Revenue	14,909	14,983	15,058	15,133	15,209	15,285	15,362	15,438	15,516	15,593	15,671
Grants & Contributions provided for Operating Purposes	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134
Grants & Contributions provided for Capital Purposes	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969
Net Internal Revenue	84,428	94,528	95,518	96,502	97,493	97,981	98,470	98,963	99,458	99,955	100,455
<i>Other Income:</i>											
Net gains from the disposal of assets											
Total Income from Continuing Operations	414,972	431,502	437,385	443,375	449,490	455,221	461,077	467,062	473,178	479,428	485,817
Expenses from Continuing Operations											
Employee Benefits & On-Costs	217,869	146,939	150,613	154,378	158,237	162,193	165,437	168,746	172,121	175,563	179,074
Borrowing Costs	3,481	3,342	3,130	2,966	2,857	2,724	2,592	2,461	2,323	2,187	2,050
Materials & Contracts	91,499	83,858	85,288	86,381	87,430	87,867	88,306	88,748	89,192	89,638	90,086
Depreciation & Amortisation	89,058	91,643	94,229	96,814	99,399	101,985	104,570	107,156	109,741	112,326	114,912
Other Expenses	85,286	85,713	86,141	86,572	87,005	87,440	87,877	88,317	88,758	89,202	89,648
Net Losses from the Disposal of Assets											
Total Expenses from Continuing Operations	487,193	411,495	419,401	427,111	434,929	442,209	448,783	455,427	462,135	468,917	475,770
Operating Result from Continuing Operations	(72,221)	20,006	17,984	16,264	14,561	13,012	12,294	11,635	11,043	10,512	10,047
Net Operating Result for the Year	(72,221)	20,006	17,984	16,264	14,561	13,012	12,294	11,635	11,043	10,512	10,047
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(99,191)	(6,963)	(8,986)	(10,705)	(12,408)	(13,958)	(14,675)	(15,335)	(15,927)	(16,458)	(16,923)

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan
Baseline - Rate Peg Only
Statement of Financial Position

Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
ASSETS											
Current Assets											
Cash & Cash Equivalents	21,011	20,436	20,192	20,663	20,587	19,887	20,300	21,010	20,146	19,576	19,986
Investments	38,536	36,536	39,536	41,536	42,536	42,536	45,536	42,536	40,536	37,536	33,536
Receivables	49,828	50,660	51,227	51,984	52,746	53,514	54,288	55,068	55,855	56,648	57,448
Inventories	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Other	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297
Total Current Assets	117,318	115,575	118,899	122,126	123,812	123,880	128,067	126,558	124,480	121,704	118,914
Non-Current Assets											
Investments	100,467	100,467	95,467	90,467	85,467	80,467	70,467	65,467	60,467	55,467	50,467
Loan Receivable	21,931	20,738	19,476	18,141	16,727	15,230	13,646	11,970	10,195	8,317	6,329
Infrastructure, Property, Plant & Equipment	3,511,122	3,516,386	3,522,940	3,527,961	3,533,040	3,544,841	3,550,112	3,556,677	3,561,703	3,566,814	3,578,651
Intangible Assets	26,452	26,259	26,067	25,874	25,682	25,489	25,296	25,104	24,911	24,719	24,526
Right of Use Assets	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804
Other	254	254	254	254	254	254	254	254	254	254	254
Total Non-Current Assets	3,662,029	3,665,908	3,666,008	3,664,500	3,662,973	3,668,084	3,661,580	3,661,275	3,659,334	3,657,375	3,662,031
TOTAL ASSETS	3,779,348	3,781,483	3,784,907	3,786,626	3,786,785	3,791,965	3,789,647	3,787,833	3,783,815	3,779,079	3,780,945
LIABILITIES											
Current Liabilities											
Payables	61,664	56,446	53,154	49,300	48,326	48,192	48,029	47,869	47,713	47,559	47,408
Income Received in Advance	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720
Contract Liabilities	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274
Borrowing	15,015	14,650	12,897	12,639	12,578	12,518	12,458	12,396	12,336	12,238	11,531
Lease Liabilities	966	966	966	966	966	966	966	966	966	966	966
Provisions	53,919	54,110	54,307	54,511	54,722	54,941	55,081	55,225	55,374	55,526	55,684
Total Current Liabilities	143,558	138,166	133,318	129,411	128,587	128,610	128,529	128,451	128,382	128,283	127,583
Non-Current Liabilities											
Income Received in Advance	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914
Lease Liabilities	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Borrowing	150,691	138,576	127,904	117,312	106,616	95,816	84,906	73,888	62,749	51,525	40,787
Provisions	75,795	74,606	73,451	72,283	69,299	64,882	60,429	55,950	51,508	46,911	42,771
Total Non-Current Liabilities	232,951	219,648	207,820	196,601	182,381	167,164	151,801	136,304	120,723	104,902	90,024
TOTAL LIABILITIES	376,510	357,814	341,138	326,012	310,968	295,775	280,330	264,755	249,105	233,185	217,607
Net Assets	3,402,838	3,423,669	3,443,768	3,460,614	3,475,817	3,496,190	3,509,317	3,523,078	3,534,710	3,545,893	3,563,338
EQUITY											
Retained Earnings	3,331,184	3,351,190	3,369,174	3,385,438	3,399,999	3,413,011	3,425,305	3,436,940	3,447,983	3,458,495	3,468,541
Revaluation Reserve	71,654	72,479	74,594	75,176	75,817	83,179	84,012	86,138	86,726	87,399	94,797
Total Equity	3,402,838	3,423,669	3,443,768	3,460,614	3,475,817	3,496,190	3,509,318	3,523,078	3,534,709	3,545,894	3,563,338

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan
Baseline - Rate Peg Only

Performance Measurement Indicators

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
TARGET	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000			
Budget Performance														
1	Operating Performance Ratio	>0%	-25.56%	-1.72%	-2.19%	-2.57%	-2.94%	-3.26%	-3.38%	-3.48%	-3.57%	-3.64%	-3.69%	
	<i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>		x	x	x	x	x	x	x	x	x	x	x	
2	Own Source Operating Revenue Ratio	>= 60%	81.66%	82.36%	82.60%	82.84%	83.07%	83.28%	83.49%	83.71%	83.92%	84.13%	84.33%	
	<i>measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Operational Liquidity														
3	Unrestricted Current Ratio	>= 1.5	-0.95	-0.83	-0.87	-0.90	-0.92	-0.95	-0.94	-0.99	-1.04	-1.11	-1.18	
	<i>assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</i>		x	x	x	x	x	x	x	x	x	x	x	
4	Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	
	<i>assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts expressed as a percentage of total rates and charges available for collection in the financial year</i>		x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	
5	Cash Expense Cover Ratio	>= 3 months	1.77	2.05	2.12	2.19	2.19	2.13	2.22	2.12	2.00	1.86	1.73	
	<i>liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Liability and Debt Management														
6	Debt Service Cover Ratio	2.00x	-	1.04	5.49	5.60	6.33	6.47	6.54	6.66	6.79	6.95	7.02	7.41
	<i>measures the availability of operating cash to service debt including interest and principal.</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Asset Management														
7	Building and Infrastructure Renewals Ratio	>= 100%	108.8%	73.3%	93.1%	103.5%	103.3%	103.1%	102.9%	102.7%	102.5%	102.3%	102.2%	
	<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>		✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	
8	Infrastructure Backlog Ratio	<= 2%	3.20%	3.23%	3.24%	3.24%	3.24%	3.25%	3.26%	3.27%	3.28%	3.30%	3.32%	
	<i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>		x	x	x	x	x	x	x	x	x	x	x	
9	Asset Maintenance Ratio	>= 1	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	
	<i>ratio compares actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
10	Capital Expenditure Ratio	>= 1	1.15	1.10	1.10	1.10	1.09	1.09	1.09	1.09	1.09	1.08	1.08	
	<i>annual capital expenditure divided by annual depreciation</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Baseline - Rate Peg Only
Assumptions

Type	Base Year 2021	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 6 2027	Year 7 2028	Year 8 2029	Year 9 2030	Year 10 2031
Revenue											
CPI	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rate Increase	2.6%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Charges		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
User Charges & Fees		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Revenue		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Grants and Contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment Return		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Internal Revenue		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Expenses											
Employee Costs		2.5%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Materials & Contracts		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Expenses		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

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

In the text box explain how the proposed SV will:

a) Improve the council's underlying financial position for the General Fund

The intention of the application is to improve the long-term financial sustainability of Central Coast Council, with the objective of repaying restricted reserves accessed unlawfully through the delivery of operating surpluses, maintaining adequate services and delivering \$170M per annum in infrastructure.

Council is currently not financially viable and the need for the rate variation has been demonstrated by the current situation in which Council finds itself. Even with actions including staff, expenses and capital expenditure reductions and raising \$150M in external borrowings, Council's long term financial viability is not achievable without an SV.

Background

Prior to amalgamation, TCORP undertook assessments of Councils to determine whether they were fit for the future. As part of that process, both the former Gosford City Council and Wyong Shire Council were identified as not fit. These two Council were subsequently merged to create Central Coast Council.

At the beginning of amalgamation, Central Coast Council had less than \$5M in unrestricted cash (excluding the Water and Sewer Funds). In that first year, Central Coast Council achieved an operating surplus of \$65M of which \$40M was grant funding as part of the amalgamation process. Since then, Central Coast Council's operating results before capital grants and contributions has delivered cumulative losses. In addition, under the requirements of the Local Government Act there has been a freeze on the rate path for amalgamated Councils.

Current financial position

Council's current position as reported to Council in the Q1 Business Report on 2 December 2020 is a projected financial position at 30 June 2021 of a loss of \$115M (this loss includes \$45M of one-off structural costs).

Council had unlawfully accessed approx. \$200M in restricted reserves and it was this situation which resulted in Council's financial situation due to its inability to repay those reserves.

At its meeting held 20 October 2020, Council found itself in the situation where it was unable to fund the staff payroll without accessing restricted funds unlawfully. As a result of that situation, the Office of Local Government made early provision of Council's Financial Assistance Grant Payments for quarters two and three (approximately \$6.2M).

Council's financial position was considered dire.

While borrowings have been arranged and savings have been identified, Council's position remains unsustainable without a rate variation. Not only would basic services be in jeopardy but Council may be unable to meet its borrowing obligations. Without the rate variation Council would certainly be unable to repay the funds unlawfully spent from reserves.

Modelling shows that with the annual estimated increase to Council's rating income from the rate peg the General Fund will continue to generate an operating deficit excluding capital grants and contributions. This is after the reduction in staff costs and materials and contracts. The assumptions for increases in costs have been minimal, staff costs based on award and superannuation guarantee increases and other operating expenditure of 0.5%, to ensure that costs are managed and contained and efficiencies realised. Even with these caps to expenditure the General Fund is unable to return an operating surplus excluding

capital grants and contributions. This means that there are no funds available to repay the restricted funds accessed unlawfully.

Long Term Financial Plan
Baseline - Rate Peg Only
Income Statement

Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Income from Continuing Operations											
Rates & Annual Charges	177,093	183,136	187,640	192,256	196,987	201,836	206,806	211,899	217,120	222,471	227,955
User Charges & Fees	61,618	61,926	62,236	62,547	62,860	63,174	63,490	63,807	64,126	64,447	64,769
Interest & Investment Revenue	821	825	829	834	838	842	846	850	855	859	863
Other Revenue	14,909	14,983	15,058	15,133	15,209	15,285	15,362	15,438	15,516	15,593	15,671
Grants & Contributions provided for Operating Purposes	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134
Grants & Contributions provided for Capital Purposes	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969
Net Internal Revenue	84,428	94,528	95,518	96,502	97,493	97,981	98,470	98,963	99,458	99,955	100,455
<i>Other Income:</i>											
Net gains from the disposal of assets											
Total Income from Continuing Operations	414,972	431,502	437,385	443,375	449,490	455,221	461,077	467,062	473,178	479,428	485,817
Expenses from Continuing Operations											
Employee Benefits & On-Costs	217,869	146,939	150,613	154,378	158,237	162,193	165,437	168,746	172,121	175,563	179,074
Borrowing Costs	3,481	3,342	3,130	2,966	2,857	2,724	2,592	2,461	2,323	2,187	2,050
Materials & Contracts	91,499	83,858	85,288	86,381	87,430	87,867	88,306	88,748	89,192	89,638	90,086
Depreciation & Amortisation	89,058	91,643	94,229	96,814	99,399	101,985	104,570	107,156	109,741	112,326	114,912
Other Expenses	85,286	85,713	86,141	86,572	87,005	87,440	87,877	88,317	88,758	89,202	89,648
Net Losses from the Disposal of Assets											
Total Expenses from Continuing Operations	487,193	411,495	419,401	427,111	434,929	442,209	448,783	455,427	462,135	468,917	475,770
Operating Result from Continuing Operations	(72,221)	20,006	17,984	16,264	14,561	13,012	12,294	11,635	11,043	10,512	10,047
Net Operating Result for the Year	(72,221)	20,006	17,984	16,264	14,561	13,012	12,294	11,635	11,043	10,512	10,047
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(99,191)	(6,963)	(8,986)	(10,705)	(12,408)	(13,958)	(14,675)	(15,335)	(15,927)	(16,458)	(16,923)

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan
Baseline - Rate Peg Only
Statement of Financial Position

Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
ASSETS											
Current Assets											
Cash & Cash Equivalents	21,011	20,436	20,192	20,663	20,587	19,887	20,300	21,010	20,146	19,576	19,986
Investments	38,536	36,536	39,536	41,536	42,536	42,536	45,536	42,536	40,536	37,536	33,536
Receivables	49,828	50,660	51,227	51,984	52,746	53,514	54,288	55,068	55,855	56,648	57,448
Inventories	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Other	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297	6,297
Total Current Assets	117,318	115,575	118,899	122,126	123,812	123,880	128,067	126,558	124,480	121,704	118,914
Non-Current Assets											
Investments	100,467	100,467	95,467	90,467	85,467	80,467	70,467	65,467	60,467	55,467	50,467
Loan Receivable	21,931	20,738	19,476	18,141	16,727	15,230	13,646	11,970	10,195	8,317	6,329
Infrastructure, Property, Plant & Equipment	3,511,122	3,516,396	3,522,940	3,527,961	3,533,040	3,544,841	3,550,112	3,556,677	3,561,703	3,566,814	3,578,651
Intangible Assets	26,452	26,259	26,067	25,874	25,682	25,489	25,296	25,104	24,911	24,719	24,526
Right of Use Assets	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804	1,804
Other	254	254	254	254	254	254	254	254	254	254	254
Total Non-Current Assets	3,662,029	3,665,908	3,666,008	3,664,500	3,662,973	3,668,084	3,661,580	3,661,275	3,669,334	3,667,375	3,662,031
TOTAL ASSETS	3,779,348	3,781,483	3,784,907	3,786,626	3,786,785	3,791,965	3,789,647	3,787,833	3,783,815	3,779,079	3,780,945
LIABILITIES											
Current Liabilities											
Payables	61,664	56,446	53,154	49,300	48,326	48,192	48,029	47,869	47,713	47,559	47,408
Income Received in Advance	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720
Contract Liabilities	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274	9,274
Borrowing	15,015	14,650	12,897	12,639	12,578	12,518	12,458	12,396	12,336	12,238	11,531
Lease Liabilities	966	966	966	966	966	966	966	966	966	966	966
Provisions	53,919	54,110	54,307	54,511	54,722	54,941	55,081	55,225	55,374	55,526	55,684
Total Current Liabilities	143,558	138,166	133,318	129,411	128,587	128,610	128,529	128,451	128,382	128,283	127,583
Non-Current Liabilities											
Income Received in Advance	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914	4,914
Lease Liabilities	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Borrowing	150,691	138,576	127,904	117,312	106,616	95,816	84,906	73,888	62,749	51,525	40,787
Provisions	75,795	74,606	73,451	72,823	69,299	64,882	60,429	55,950	51,508	46,911	42,771
Total Non-Current Liabilities	232,951	219,648	207,820	196,601	182,381	167,164	151,801	136,304	120,723	104,902	90,024
TOTAL LIABILITIES	376,510	357,814	341,138	326,012	310,968	295,775	280,330	264,755	249,105	233,185	217,607
Net Assets	3,402,838	3,423,669	3,443,768	3,460,614	3,475,817	3,496,190	3,509,317	3,523,078	3,534,710	3,545,893	3,563,338
EQUITY											
Retained Earnings	3,331,184	3,351,190	3,369,174	3,385,438	3,399,999	3,413,011	3,425,305	3,436,940	3,447,983	3,458,495	3,468,541
Revaluation Reserve	71,654	72,479	74,594	75,176	75,817	83,179	84,012	86,138	86,726	87,399	94,797
Total Equity	3,402,838	3,423,669	3,443,768	3,460,614	3,475,817	3,496,190	3,509,318	3,523,078	3,534,709	3,545,894	3,563,338

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan

Baseline - Rate Peg Only

Performance Measurement Indicators

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
TARGET	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000			
Budget Performance														
1	Operating Performance Ratio	>0%	-25.56%	-1.72%	-2.19%	-2.57%	-2.94%	-3.26%	-3.38%	-3.48%	-3.57%	-3.64%	-3.69%	
	<i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>		x	x	x	x	x	x	x	x	x	x	x	
2	Own Source Operating Revenue Ratio	>= 60%	81.66%	82.36%	82.60%	82.84%	83.07%	83.28%	83.49%	83.71%	83.92%	84.13%	84.33%	
	<i>measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Operational Liquidity														
3	Unrestricted Current Ratio	>= 1.5	-0.95	-0.83	-0.87	-0.90	-0.92	-0.95	-0.94	-0.99	-1.04	-1.11	-1.18	
	<i>assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</i>		x	x	x	x	x	x	x	x	x	x	x	
4	Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	
	<i>assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts expressed as a percentage of total rates and charges available for collection in the financial year</i>		x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	
5	Cash Expense Cover Ratio	>= 3 months	1.77	2.05	2.12	2.19	2.19	2.13	2.22	2.12	2.00	1.86	1.73	
	<i>liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Liability and Debt Management														
6	Debt Service Cover Ratio	2.00x	-	1.04	5.49	5.60	6.33	6.47	6.54	6.66	6.79	6.95	7.02	7.41
	<i>measures the availability of operating cash to service debt including interest and principal.</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Asset Management														
7	Building and Infrastructure Renewals Ratio	>= 100%	108.8%	73.3%	93.1%	103.5%	103.3%	103.1%	102.9%	102.7%	102.5%	102.3%	102.2%	
	<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>		✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	
8	Infrastructure Backlog Ratio	<= 2%	3.20%	3.23%	3.24%	3.24%	3.24%	3.25%	3.26%	3.27%	3.28%	3.30%	3.32%	
	<i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>		x	x	x	x	x	x	x	x	x	x	x	
9	Asset Maintenance Ratio	>= 1	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	
	<i>ratio compares actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
10	Capital Expenditure Ratio	>= 1	1.15	1.10	1.10	1.10	1.09	1.09	1.09	1.09	1.09	1.08	1.08	
	<i>annual capital expenditure divided by annual depreciation</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Baseline - Rate Peg Only Assumptions

Type	Base Year 2021	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 6 2027	Year 7 2028	Year 8 2029	Year 9 2030	Year 10 2031
Revenue											
CPI	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rate Increase	2.6%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Charges		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
User Charges & Fees		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Revenue		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Grants and Contributions		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment Return		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Internal Revenue		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Expenses											
Employee Costs		2.5%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Materials & Contracts		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Expenses		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

External Assessment of Council's financial position

It is noted that Council's quantum of available unrestricted cash is still under investigation, due to the fact that Council is a Water Authority and therefore a question has been raised whether Water and Sewer's cash, could in fact be treated as unrestricted cash. This is currently under review by the Solicitor General, while Council is proceeding with treating Water and Sewer cash as restricted. This uncertainty is despite annual audits by the NSW Audit Office in accordance with the relevant legislation.

In August 2020, the NSW Audit Office published a report into *Governance and internal controls over local infrastructure contributions*. The audit found that Central Coast Council and the former Gosford City Council had spent \$13.2M on administration costs in breach of the *Environment Planning and Assessment Act 1979*. The final quantum is being independently reviewed by Council due to discrepancies in the interest rate calculation methodology.

Subsequent investigation into Council's restricted reserves, conducted by Council, identified significant issues with regard to the expenditure of restricted funds without the appropriate approvals. It is estimated that since 2019-20 over \$200M of Restricted Reserves have been used unlawfully or without the necessary Council approval.

The Administrator has identified that all of these funds must be repaid.

Impact of rate variation on financial position

Rates income represents 29% of Council's income (see diagram below). A rate variation will improve the underlying position for the General Fund. This would allow the provision

of services, the repayment of borrowings and the eventual repayment of the funds spent from restricted funds.

Without the variation, Council would need to reduce its Operating Expenses further which would mean a further reduction of the workforce by a third. This would necessarily result in significantly reduced services below acceptable levels. It would impact the ability to deliver services and works. The staff levels would be below those at amalgamation, which themselves were artificially low as identified in the Administrator's 30 day report.

Commercial loans have been secured on the basis that Council sells assets, cuts costs and increases revenue. If Council fails to meet its targets with regard to these measures, the loans can be called in.

The cost savings will largely be met through cutting staff numbers. The planned asset sales are progressing, including the sale of the former Gosford Council building and surrounding properties. However, there are limited opportunities for any Council to increase revenue without a rate rise.

Long Term Financial Plan **Attachment D14480010**

In developing the long term financial plan, Council has made the following assumptions, which will require ongoing financial management and monitoring. Even with the rate variation, Council will need to continue to reduce and manage expenditure and find efficiency gains.

- Ongoing management and monitoring of staff costs. Over the next five years, staff cost increases of 2% (being the Award provision) and 0.5% being the legislated increase in Superannuation Guarantee Contribution. No allowance has been made for further increases which will require Council to maintain a strong focus on staffing levels and costs.
- No further borrowings. It is not planned that there be any additional borrowings beyond those to date. However, it is noted that it will be necessary to re-finance balloon loan repayments.
- Ongoing management of materials and contracts. Over the long term financial plan there is a provision for 0.5% increase in the cost of materials and contracts. This is a deliberately conservative provision in an effort to drive operational efficiencies that have not been optimised since amalgamation.

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan - General Fund Only
Securing Your Future - SV of 15% including rate peg
Income Statement

Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Income from Continuing Operations											
Rates & Annual Charges	177,093	205,946	211,020	216,221	221,551	227,014	232,613	238,352	244,234	250,263	256,442
User Charges & Fees	61,618	61,926	62,236	62,547	62,860	63,174	63,490	63,807	64,126	64,447	64,769
Interest & Investment Revenue	821	825	829	834	838	842	846	850	855	859	863
Other Revenue	14,909	14,983	15,058	15,133	15,209	15,285	15,362	15,438	15,516	15,593	15,671
Grants & Contributions provided for Operating Purposes	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134
Grants & Contributions provided for Capital Purposes	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969
Net Internal Revenue	84,428	94,528	95,518	96,502	97,493	97,981	98,470	98,963	99,458	99,955	100,455
Other Income:											
Net gains from the disposal of assets											
Total Income from Continuing Operations	414,972	454,312	460,765	467,340	474,054	480,399	486,885	493,514	500,292	507,220	514,303
Expenses from Continuing Operations											
Employee Benefits & On-Costs	217,869	146,939	150,613	154,378	158,237	162,193	165,437	168,746	172,121	175,563	179,074
Borrowing Costs	3,481	3,342	3,130	2,966	2,857	2,724	2,592	2,461	2,323	2,187	2,050
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Other Expenses	85,286	85,713	86,141	86,572	87,005	87,440	87,877	88,317	88,758	89,202	89,648
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Operating Result from Continuing Operations	(72,221)	42,816	41,364	40,229	39,125	38,190	38,102	38,087	38,157	38,303	38,533
Net Operating Result for the Year	(72,221)	42,816	41,364	40,229	39,125	38,190	38,102	38,087	38,157	38,303	38,533
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(99,191)	15,847	14,395	13,259	12,166	11,220	11,132	11,118	11,187	11,334	11,564

Securing Your Future - SV of 15% including rate peg

Assumptions

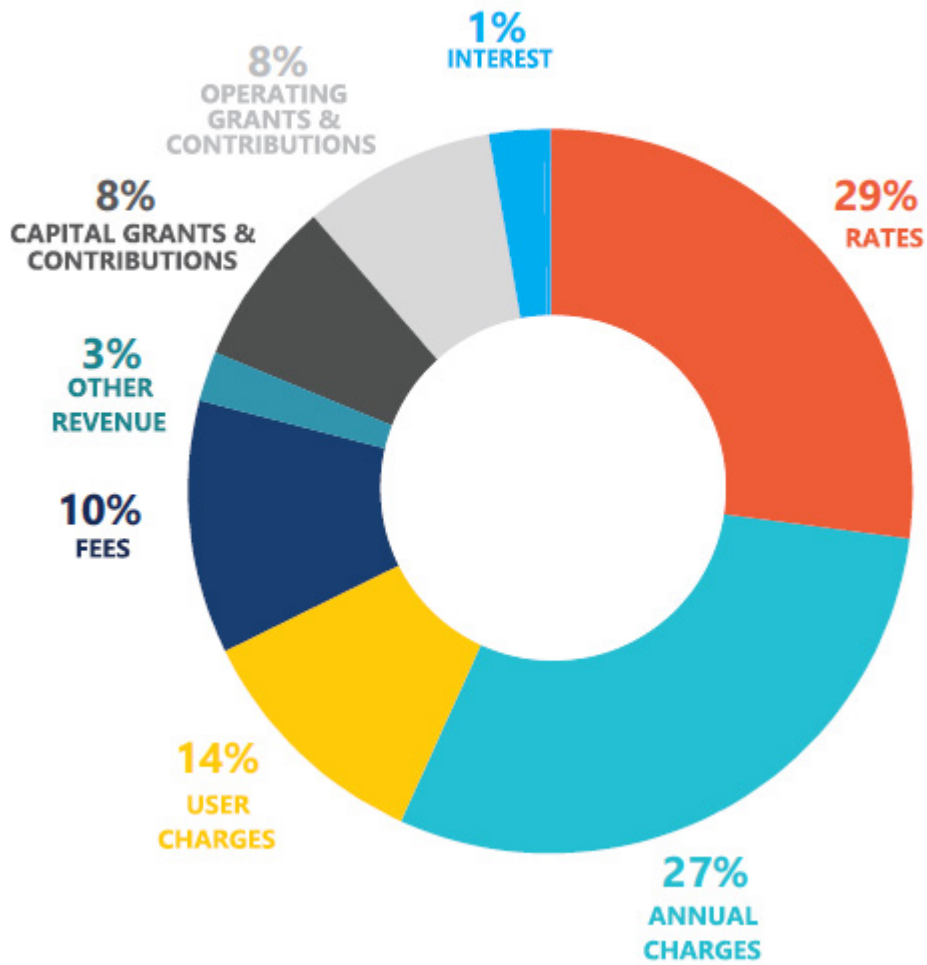
Type	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue											
CPI		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rate Increase		2.6%	15.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Charges			0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
User Charges & Fees			0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Revenue			0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Grants and Contributions			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment Return			0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Internal Revenue			0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Expenses											
Employee Costs			2.5%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%
Materials & Contracts			0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Expenses			0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan - General Fund Only
Securing Your Future - SV of 15% including rate peg
Income Statement

Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Income from Continuing Operations											
Rates & Annual Charges	177,093	205,946	211,020	216,221	221,551	227,014	232,613	238,352	244,234	250,263	256,442
User Charges & Fees	61,618	61,926	62,236	62,547	62,860	63,174	63,490	63,807	64,126	64,447	64,769
Interest & Investment Revenue	821	825	829	834	838	842	846	850	855	859	863
Other Revenue	14,909	14,983	15,058	15,133	15,209	15,285	15,362	15,438	15,516	15,593	15,671
Grants & Contributions provided for Operating Purposes	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134	49,134
Grants & Contributions provided for Capital Purposes	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969	26,969
Net Internal Revenue	84,428	94,528	95,518	96,502	97,493	97,981	98,470	98,963	99,458	99,955	100,455
Other Income:											
Net gains from the disposal of assets											
Total Income from Continuing Operations	414,972	454,312	460,765	467,340	474,054	480,399	486,885	493,514	500,292	507,220	514,303
Expenses from Continuing Operations											
Employee Benefits & On-Costs	217,869	146,939	150,613	154,378	158,237	162,193	165,437	168,746	172,121	175,563	179,074
Borrowing Costs	3,481	3,342	3,130	2,966	2,857	2,724	2,592	2,461	2,323	2,187	2,050
Materials & Contracts	91,499	83,858	85,288	86,381	87,430	87,867	88,306	88,748	89,192	89,638	90,086
Depreciation & Amortisation	89,058	91,643	94,229	96,814	99,399	101,985	104,570	107,156	109,741	112,326	114,912
Other Expenses	85,286	85,713	86,141	86,572	87,005	87,440	87,877	88,317	88,758	89,202	89,648
Net Losses from the Disposal of Assets											
Total Expenses from Continuing Operations	487,193	411,495	419,401	427,111	434,929	442,209	448,783	455,427	462,135	468,917	475,770
Operating Result from Continuing Operations	(72,221)	42,816	41,364	40,229	39,125	38,190	38,102	38,087	38,157	38,303	38,533
Net Operating Result for the Year	(72,221)	42,816	41,364	40,229	39,125	38,190	38,102	38,087	38,157	38,303	38,533
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(99,191)	15,847	14,395	13,259	12,156	11,220	11,132	11,118	11,187	11,334	11,564

Where does Council's income come from?



b) Fund specific projects or programs of expenditure, or

The specific program of expenditure the rate variation would fund is the repayment of restricted funds accessed unlawfully, as set out above.

c) Achieve both outcomes

The primary purpose of the rate variation is to improve Council's underlying financial position and long term financial sustainability and repay the restricted reserves.

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

- ▼ **In the text box** provide details on the council's key financial indicators and indicate if the proposed SV has been included in the Long Term Financial Plan.
- ▼ You may **also/alternatively** provide the information for part a) by **populating Table 1.1**, for as many years as relevant for the council's proposed SV.

a) Explain how the proposed SV would affect the council's key financial indicators (General Fund) over the 10-year planning period.

Attachment – Long Term Financial Plan (General Fund) D14480010

The additional rates income from the 15% SV (including rate peg) will result in an operating surplus excluding capital grants and contributions in the General Fund. This surplus will be used to repay the restricted funds unlawfully accessed.

The operating surplus generated in each financial year from 2021-22 in the General Fund enables Council to achieve the OLG benchmark for the Operating Performance Ratio.

Comparison of Operating Result excluding Capital Income	Current Year 2020-21	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27	Year 7 2027-28	Year 8 2028-29	Year 9 2029-30	Year 10 2030-31
15% Special Variation including rate peg	(99,190,800)	15,846,878	14,394,701	13,259,291	12,155,885	11,220,040	11,132,245	11,117,988	11,187,435	11,333,915	11,563,869
Rate Peg Only	(99,190,800)	(6,963,145)	(8,985,576)	(10,705,493)	(12,408,019)	(13,957,962)	(14,675,207)	(15,334,650)	(15,928,518)	(16,457,887)	(16,922,738)
Difference	0	22,810,028	23,380,277	23,964,784	24,563,904	25,178,001	25,807,451	26,452,638	27,113,953	27,791,802	28,486,597

Operating Performance Ratio - measures the extent to which a council has succeeded in containing operating expenditure within operating revenue											
OLG Benchmark > 0%	Current Year 2020-21	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27	Year 7 2027-28	Year 8 2028-29	Year 9 2029-30	Year 10 2030-31
15% Special Variation including rate peg	-25.6%	3.7%	3.3%	3.0%	2.7%	2.5%	2.4%	2.4%	2.4%	2.4%	2.4%
Rate Peg Only	-25.6%	-1.7%	-2.2%	-2.6%	-2.9%	-3.3%	-3.4%	-3.5%	-3.6%	-3.6%	-3.7%

All other financial performance ratios improve in comparison to the rate peg modelling but there is no change in relation to achieving or not achieving the OLG benchmarks.

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan - General Fund Only
Securing Your Future - SV of 15% including rate peg

Performance Measurement Indicators

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
TARGET	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000			
Budget Performance														
1	Operating Performance Ratio	>0%	-25.56%	3.71%	3.32%	3.01%	2.72%	2.47%	2.42%	2.38%	2.36%	2.37%		
	<i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓		
2	Own Source Operating Revenue Ratio	>= 60%	81.66%	83.25%	83.48%	83.72%	83.95%	84.16%	84.37%	84.58%	84.79%	85.00%	85.20%	
	<i>measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Operational Liquidity														
3	Unrestricted Current Ratio	>= 1.5	-0.95	-0.75	-0.76	-0.80	-0.82	-0.79	-0.83	-0.81	-0.84	-0.87	-0.90	
	<i>assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</i>		x	x	x	x	x	x	x	x	x	x		
4	Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	
	<i>assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts expressed as a percentage of total rates and charges available for collection in the financial year</i>		x	x	✓	✓	✓	✓	✓	✓	✓	✓		
5	Cash Expense Cover Ratio	>= 3 months	1.77	2.29	2.45	2.47	2.45	2.57	2.51	2.62	2.56	2.50	2.47	
	<i>liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Liability and Debt Management														
6	Debt Service Cover Ratio (OLG)	2.00x	-	1.04	6.91	7.08	8.03	8.24	8.35	8.52	8.69	8.91	9.00	9.52
	<i>measures the availability of operating cash to service debt including interest and principal.</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Asset Management														
7	Building and Infrastructure Renewals Ratio	>= 100%	108.8%	73.3%	93.1%	103.5%	103.3%	103.1%	102.9%	102.7%	102.5%	102.3%	102.2%	
	<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>		✓	x	x	✓	✓	✓	✓	✓	✓	✓		
8	Infrastructure Backlog Ratio	<= 2%	3.20%	3.23%	3.24%	3.24%	3.24%	3.25%	3.26%	3.27%	3.28%	3.30%	3.32%	
	<i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>		x	x	x	x	x	x	x	x	x	x		
9	Asset Maintenance Ratio	>= 1	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	
	<i>ratio compares actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
10	Capital Expenditure Ratio	>= 1	1.15	1.10	1.10	1.10	1.09	1.09	1.09	1.09	1.09	1.08	1.08	
	<i>annual capital expenditure divided by annual depreciation</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

SPECIAL VARIATION APPLICATION FORM PART B FOR 2021-22

Long Term Financial Plan

Baseline - Rate Peg Only

Performance Measurement Indicators

	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
TARGET	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000

Budget Performance													
1	Operating Performance Ratio	>0%	-25.56%	-1.72%	-2.19%	-2.57%	-2.94%	-3.26%	-3.38%	-3.48%	-3.57%	-3.64%	-3.69%
	<i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>		x	x	x	x	x	x	x	x	x	x	x
2	Own Source Operating Revenue Ratio	>= 60%	81.66%	82.36%	82.60%	82.84%	83.07%	83.28%	83.49%	83.71%	83.92%	84.13%	84.33%
	<i>measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Operational Liquidity													
3	Unrestricted Current Ratio	>= 1.5	-0.95	-0.83	-0.87	-0.90	-0.92	-0.95	-0.94	-0.99	-1.04	-1.11	-1.18
	<i>assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</i>		x	x	x	x	x	x	x	x	x	x	x
4	Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	<i>assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts expressed as a percentage of total rates and charges available for collection in the financial year</i>		x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Cash Expense Cover Ratio	>= 3 months	1.77	2.05	2.12	2.19	2.19	2.13	2.22	2.12	2.00	1.86	1.73
	<i>liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Liability and Debt Management														
6	Debt Service Cover Ratio	2.00x	-	1.04	5.49	5.60	6.33	6.47	6.54	6.66	6.79	6.95	7.02	7.41
	<i>measures the availability of operating cash to service debt including interest and principal.</i>		x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Asset Management													
7	Building and Infrastructure Renewals Ratio	>= 100%	108.8%	73.3%	93.1%	103.5%	103.3%	103.1%	102.9%	102.7%	102.5%	102.3%	102.2%
	<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>		✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓
8	Infrastructure Backlog Ratio	<= 2%	3.20%	3.23%	3.24%	3.24%	3.24%	3.25%	3.26%	3.27%	3.28%	3.30%	3.32%
	<i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>		x	x	x	x	x	x	x	x	x	x	x
9	Asset Maintenance Ratio	>= 1	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
	<i>ratio compares actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Capital Expenditure Ratio	>= 1	1.15	1.10	1.10	1.10	1.09	1.09	1.09	1.09	1.09	1.08	1.08
	<i>annual capital expenditure divided by annual depreciation</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

b) Indicate if this information has been included in the council's Long Term Financial Plan. Relevant key indicators could include those listed in Question 1.1.

This information has been included in Council's draft Long Term Financial Plan which was resolved by Council to be placed on public exhibition on 8 February 2021.

Table 1.1 Council's key financial indicators – see above

Ratio	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Operating performance ratio excluding capital items						
Own source revenue ratio						
Building and asset renewal ratio						
Infrastructure backlog ratio						
Asset maintenance ratio						
Debt service cover ratio						
Unrestricted current ratio						
Rates and annual charges ratio						

1.4 Deferred rate increases available under section 511 of the Local Government Act

In the text box explain:

a) The quantum, rationale and timing of any deferred rates the council has incurred.

Not applicable

b) When council plans to include these deferred rates through the catch up provisions and whether this been included in the LTFP.

Not applicable

c) How do these deferred rates impact on the council's need for the special variation and its cumulative impact on ratepayers' capacity to pay

Not applicable



Attachments for Criterion 1

List attachments relevant to your response for Criterion 1 in **Table 1.2**. Use the council assigned number shown in Table 8.1.

Table 1.2 Attachments relevant to response for Criterion 1

Council- assigned number	Name of document	Page references ^a
D14480010	Draft Long Term Financial Plan (Mandatory)	
D14461483	Delivery Program and Operational Plan 20-21 (Mandatory)	

^a If document only relevant in part.



Criterion 2

Community engagement and awareness

Criterion 2 in the SV Guidelines is:

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

To complete the questions for Criterion 2: Community awareness and engagement refer to IPART's Application Guide for SV Application Form Part B.

Refer also to the IPART publications:

- ▼ *The Year Ahead – Special Variations in 2021-22 – Fact sheet*
- ▼ *Special Variations in 2021-22 – Information Paper*
- ▼ *Community awareness and engagement for special variations – Fact sheet*

Provide relevant extracts of the IP&R documents that set out the rate rises under the proposed SV and **attach** relevant samples of the council's consultation material.

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

In the text box:

a) Outline the council's consultation strategy and timing.

The **Securing Your Future Consultation Report (D14478921)** is attached

The aim of engagement was to provide an opportunity for ratepayers and residents to learn about and have their say on the proposed options for a Special Variation (SV) application to IPART.

As the community began to gain further awareness to the extent of the financial situation, following the release of a 30-day investigation report by the Administrator Dick Persson on 2 December 2020, they were advised no evidence of theft or corruption occurred, however there had been unlawful use of restricted funds.

Council has communicated the number of savings measures that have been implemented to address the financial situation including:

- Reducing headcount back to pre-amalgamation numbers from over 2,500 to under 2,000 – cost savings of \$30M
- Reducing materials and contracts by \$20M
- Maintaining infrastructure spending at \$170M
- Obtaining \$150M in bank loans
- Selling \$40-\$60M in underperforming assets
- Generating additional revenue

The Central Coast's demographic has 27% of the region's population aged 60 years and over (state average is 22% and Greater Sydney average 19%) and around a quarter under 18. Around 24,000 households are considered in 'housing stress (paying more than 30% of their gross household income on housing costs), the unemployment rate is 4.7% and median annual income is \$41,771 (ABS). The Central Coast has a high proportion of small business owners (employ one in four people on the Coast) whose revenue has been impacted by COVID-19. Our understanding of our community, its demographics and the recent impacts of COVID-19 were all factors in developing a consultation approach to ensure the community had an ability to have their say, to have a deeper understanding of the situation and the solutions, and how they would be personally impacted. The timeframe was also a key factor to meet notification and lodgement timeframes with IPART and the consideration of our community over the Christmas and summer holiday period.

Council's engagement principles guide our approach to consultation with the Central Coast community. We would not normally consult with our community during this period as it is considered a difficult time to reach the broader community and local businesses, but our short timeframes and inability to undertake face to face engagement meant that direct and indirect communication, widespread media, social media, surveys and Council's online engagement platform were going to be the best possible approach.

Consideration of our older demographic and members of our community with limited internet access or disabilities meant that providing a direct phone service was critical in assisting them to respond to surveys and/or explaining impacts. A paper survey was not considered given impacts of COVID-19.

The Communications and Engagement Strategy was separated into three parts:

- Phase 1 (Inform) - Awareness and why a Special Variation is needed – October 2020 – February 2021
 - Phase 2 (Consult) - Seek community feedback on proposed options and resulting impacts on service levels – January – February 2021
-

- Phase 3 (Consult) - Public exhibition of draft Long-Term Financial Plan and draft Debt Recovery and Hardship Policy. Conduct telephone survey seeking feedback on the percentage increase Council will propose to IPART. – February – March 2021.

Consultation was undertaken as best as possibly could be achieved in line with the Central Coast engagement principles:

- Integrity – clear in scope and purpose
- Inclusiveness – accessible with a full range of values and perspectives and using different channels to reach target audiences
- Dialogue – promote and open up genuine discussion
- Influence – communities should be able to see and understand the impact of their involvement in consultations.

b) Indicate the different methods the council employed to make the community aware of the proposed SV and seek their feedback, and why these were selected.

The **Securing Your Future Consultation Report (D14388397)** is attached

The Central Coast community first became aware of Council's financial situation in October 2020 when Council announced it had a serious liquidity issue and had referred itself to the Office of Local Government. Central Coast Councillors were suspended on 30 October and Council placed under the Administration of Dick Persson AM.

These announcements attracted significant traditional, social and media coverage at the time.

On 26 November Council held an extraordinary meeting and resolved to consider applying for a 10% rate rise (including a rate peg). On 2 December the Administrator released an interim report detailing the financial situation facing Council and the reasons for it. In the report one of the measures he outlined to achieve a turnaround in Council's financial situation was a 'substantial' rate rise. At the 14 December Ordinary Council Meeting a further resolution to apply for a 15% rate rise (including rate peg) was agreed to as well as community consultation on both options of 10% and 15%.

All of these decisions and actions were promoted through Council-owned communications channels and received extensive local and metropolitan media coverage. Awareness that Council was considering applying for a rate rise was high in the lead up to Christmas.

Consultation on the SV options officially kicked off on Monday 11 January. On this date the survey was opened to the community and the first of the direct letters to ratepayers were delivered.

Information about the proposed rate rises achieved a potential reach of over 350,000 contacts through Council owned and third party channels over the three and a half weeks of consultation (ended 1 February 2021). Council used a wide range of communications

channels including direct mail, on-line, social media, print articles, website and direct eNewsletters to reach a broad audience.

Every local media outlet covered the issue extensively, with the Acting CEO being appointed as the main spokesperson and regularly made available for interviews.

Outside of Council's own channels, local media, politicians and community groups shared information and commentary about the SV application generating considerable reach, at times this information was not always factually correct.

This sharing of information highlighted the importance of social media in not only raising awareness of an issue but the need to monitor and adjust the messages for the community to ensure the facts are being fairly represented.

Council does not directly engage on these external social media pages and groups, however they were closely monitored (where possible) and the commentary used to guide content, update FAQs and inform media and community responses.

Letter to ratepayers

All Central Coast ratepayers received a letter (123,935 via direct mail and 6,844 by email), detailing the need for the proposed rate rise, impacts for ratepayers and providing support and assistance for those without internet to fill out Council's online survey. This was the first and main method used as it was considered the most effective way to reach every ratepayer, with the first batch mailed on 7 January 2021. The letter encouraged ratepayers to fill out an online survey that went live on Council's engagement hub, Your Voice Our Coast, on Friday 8 January. An incorrect contact phone number was included in some letters to ratepayers in the former Gosford LGA. Less than 10% of ratepayers received the letter which was corrected immediately and reissued, and a phone diversion to Council's main contact number was put in place, but there was extensive commentary on the error. However, the error did have a further effect of raising awareness of the proposed rate rise, with dialogue between community on Council's mistake.

Enews

Every week Council sends out an eNewsletter to over 10,000 subscribers. Council considers this a key communication channel as we get to directly reach those in our community who are interested in getting Council news directly. The eNews has a higher standard open rate of 45% and with 30% regularly clicking through to the news story on offer. During the consultation period 3 stories appeared in the weekly eNews with the following results:

Date	# of subscribers sent to	Click throughs to survey
12 January	10,871	936
19 January	10,881	11

28 January	10,915	1,098
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Paid advertising/advertorials

Every week Council advertises in two local Community Newspapers – the Coast Community News and Coast Chronicle. These newspapers are distributed across the Coast and can be picked up in shopping centres, community facilities and retail outlets. 20,000 of Coast Chronicle are printed and distributed in the north (population 160,000), 20,000 in the southern part of the Coast (population 110,000) and 14,000 on the Peninsula which has a population of 50,000. These community papers have become more popular following the decision by NewsLocal to stop printing their local paper (Express Advocate) in May 2020. Council regularly advertises in this paper as we understand it is a way to reach a key demographic in our community, i.e. our older residents, and it is also popular with families too that are interested in local news. During the consultation period, articles (attached) appeared in both papers on 13 and 15 January; 20 and 22 January and 27 and 29 January. From the 8 to the 27 January there were 16 articles (written by their journalists) relating to the SV application and consultation that appeared in these papers.

Media Releases

The Central Coast has an active and engaged local media comprising of four commercial radio stations (ABC Central Coast), the Express Advocate (online paper only) and Central Coast Newspapers (Coast Community News, Coast Chronicle and recently Pelican Post) who regularly cover Council news. Due to Council's financial situation and proximity to Sydney there is also often coverage in metropolitan media as well. The Central Coast community are big consumers of local news with over with the two Southern Cross Austereo stations (MMM Central Coast and HIT 101.3) reaching 121,500 each week and STAR FM reaching 73,500. ABC Central Coast which broadcasts every morning has a loyal following with about 5% of overall market share. Council news is a big part of their daily shows with the Administrator (and before him the elected Mayor) have traditionally been interviewed on almost a weekly basis, but particularly after every Council Meeting. This has proved a reliable medium to explain the need for a rate rise to the community, correct misinformation and generate community interest in the consultation. With such interest in local news, media releases, media interviews and responding to media enquiries was a key priority of the campaign. Two releases were issued during the consultation period – one on 11 January and one on 22 January when the survey changed. The Acting CEO was appointed as the official media spokesperson and was interviewed by every local media outlet after each media release was issued, generating significant coverage of the 2 options being put forward for a rate rise and the reason they were needed. 26 media mentions across local radio as well as over 50 print and online articles.

Social Media – Council

Council manages four social media channels – Facebook, Instagram, Twitter and LinkedIn. For this consultation the focus was on Facebook due to its high following (43,789 people like the page and almost 4000 more follow it) and engagement (426,600 reached during consultation period with 80,686 engagements). It is seen as a great

source of Council information and also a place where the community can (and do) have their say freely. One post was put up during the consultation period – on 27 January – reaching 26,168 with 7,669 engagements (144 reactions, 594 comments and 45 shares). The post was a great opportunity to respond directly to community questions and encourage them to complete the online survey. 525 clicked directly from the Facebook post through to the survey.

Social Media – external

Information relating to the consultation on the rate rise options, including calls to action, were shared widely across a number of established Facebook pages (including media and special interest groups) as well as within numerous community-based Facebook groups. Information was also shared across twitter from established media organisations as well as community members.

Council does not directly engage on these external social media pages, however they were closely monitored (where possible) and the commentary used to guide content, update FAQs and inform media and community responses. Council also provided information through direct messages to pages and group Admins to correct or share information.

One particular Facebook group, [Protest against extreme rates of Central Coast Council](#), demonstrates the ability for social media to gather communities together and widely share information. The group was established on 3 December with a few hundred members. Within 24 hours it had grown to over 2,000 and had 6,468 members by the end of the consultation period. Members in the group posted around 30 posts each day, which contributed to the general community awareness around the proposed options for the rate rise.

[NSW Central Coast Incidents Alerts, News and Information](#) is an established Facebook page which has over 148K likes and 156K followers. This page shared three posts specifically about the rate rise options during the consultation period which collectively generated over 5,000 reactions (reactions, comments and shares). These posts were significantly “off topic” for this page (that usually shares alerts around accidents, fire, floods for example), however the action by the administrators of this page demonstrates the high awareness of the issue within the community and the recognised importance of the issue to the community.

2.2 How did the council present the impact of the proposed special variation in the consultation material?

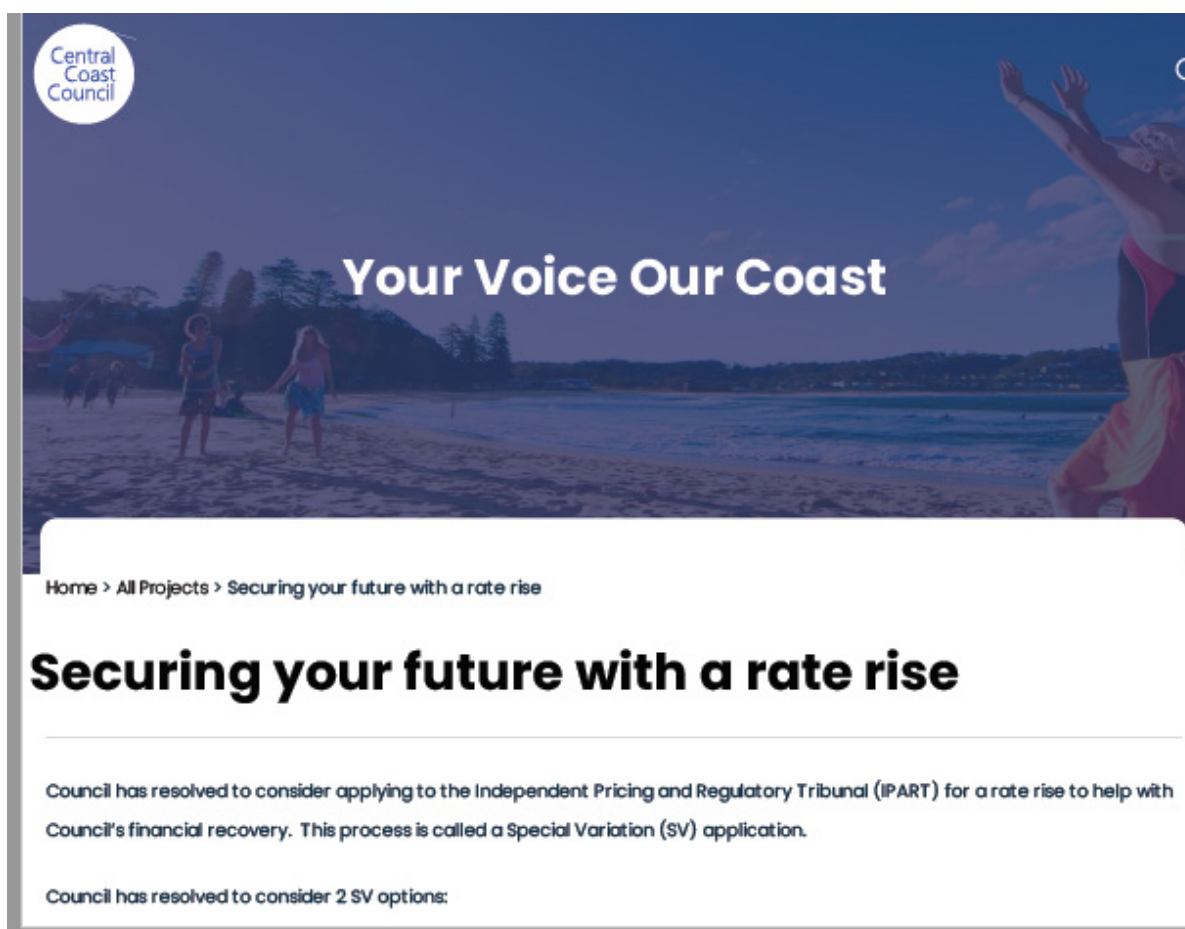
- ▼ **In the text box** provide details of the information made available to the community during consultation about the proposed rate increases.

- ▼ **Attach** representative examples of the consultation material.

Dedicated Consultation Website – Your Voice Our Coast

Central Coast Council’s engagement hub [Your Voice Our Coast](#) had a dedicated webpage – *Securing your future with a rate rise* – which was the central point (source of truth) for information on the rate rise options and also the central point for gathering feedback.

The introduction to the page went straight to the point about what Council was doing (considering applying for two options) and detailing the two options.



• **Option 1 Temporary Fix Option – 10%**

On 26 November 2020, Council considered applying for a 10% one-off increase to its rate income, remaining in the rate base for 7 years. In 2021-22 this increase would consist of the annual 2% rate peg and a further 8% SV that would be applied once in 2021-22 and will remain in the rate base for seven years. This option forecasts substantial reductions in the levels of service provided to the community and some elimination of services.

With a 10% increase the average residential increase will be \$2.13 a week and the average business increase will be \$6.11 a week.

• **Option 2 Securing Your Future Option – 15%**

On 14 December 2020, Council considered applying for 15% one-off increase to its rate income, remaining in the rate base permanently. In 2021-22 this increase would consist of the annual 2% rate and a further 13% SV that would be applied once in 2021-22 and will remain permanently in the rate base. This option forecasts the maintenance of the current levels of service.

With a 15% increase the average residential increase will be \$3.20 a week and the average business increase will be \$9.30* a week.

For detail on what you will pay under each option, please view the [Fact sheet: Impacts on rates and Council services](#).

The webpage allowed the community to:

- Read about the two options proposed for a rate rise
- Understand Council's financial situation and the need for a rate rise
- Understand impacts of the proposed options on average rates weekly, annually and cumulatively
- Understand impacts of the proposed options on service levels
- Compare average rates with neighbouring councils
- Complete an on-line survey
- Make an individual submission via email
- Make a submission direct to IPART
- View Frequently Asked Questions
- Download a Fact Sheet on impacts of a rate rise on average rates and Council services
- Find out more information about Council's financial situation
- Download a copy of the Administrator Minute where the decision was made to consider applying for two rate rises

The opportunity to email Council directly with submissions and questions was particularly popular with 378 received. Responses evolved over the length of the consultation period with the key message of ensuring that the community filled out the survey as well as provide their direct feedback.

The **impacts of the proposed rate** rise for average ratepayers was displayed in varying ways with the understanding that our community would absorb the complexity, according to their own circumstances. While a lot of effort was put into explaining the impacts textually, the impacts were also displayed in table form as well as visual representations. To give the best possible chance of the community understanding what the impacts would be.

As a merged Council it was also important to explain the changes in relation to former Gosford and former Wyong ratepayers who have been paying different rate bases due to the State Government freeze on rates for the first four years. Harmonisation of rates on the Central Coast will coincide with any approved rate rise at the start of the 2021-22 financial year. Emphasis was placed on the fact that former Wyong ratepayers on average would pay less than Gosford ratepayers on average even with a rate rise, as the disparity in the rate base had caused significant anger in the community, particularly from Wyong who felt they had (unfairly) pay more rates for far too long.

This will vary depending on where you live or the location of your business and the value of your land as determined by the NSW Valuer General.

We have calculated that the with a 10% increase the average residential increase will be \$2.13 a week and the average business increase will be \$6.11 and for a 15% increase the average residential ratepayer would pay \$3.20 a week and the average business increase will be \$9.30* a week (* Correction: Council's letter to ratepayers dated 7 January 2020 incorrectly stated that the average business increase was \$8.30 a week under Option 2).

For detail on what you will pay under each option, please view the [Fact sheet: Impacts on rates and Council services](#).

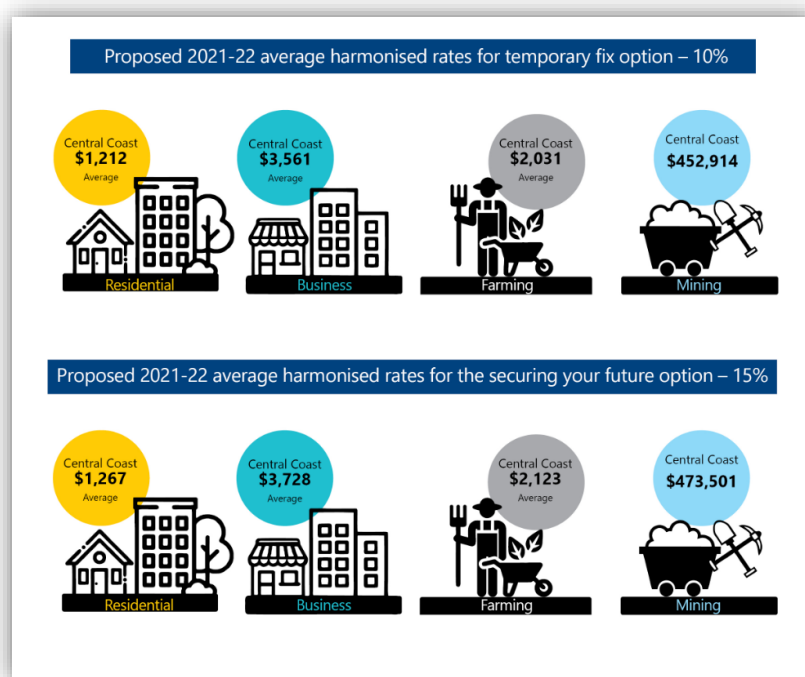
The proposed new rating system and SV is pending approval of Council and the State Government agency, Independent Pricing and Regulatory Tribunal (IPART).

The averages quoted on this page, survey and in the tables have been developed from financial modelling based on current property data and land values used as of 1 July 2020. A new set of land values will be supplied by the NSW Valuer General and applied from 1 July 2023. The final 2021-22 rates levied may vary due to Independent Pricing and Regulatory Tribunal (IPART) decisions, the specific category your property falls in and marginal movements due to model sensitivity.

With the above in mind, the impact of the proposed changes for the 2021-22 financial year, for the average ratepayer, are outlined below:

		Annual rates (average)	Temporary fix option – 10%	Securing your future option – 15%
		Current Year	2021-22	2021-22
Residential average	Gosford	\$1,015	\$1,212	\$1,267
	Wyong	\$1,194		
Business average	Gosford	\$2,593	\$3,561	\$3,728
	Wyong	\$3,997		
Farming average	Gosford	\$1,359	\$2,031	\$2,123
	Wyong	\$2,909		
Mining average	Gosford	-	\$452,914	\$473,501
	Wyong	\$412,763		
Total Council rate income increase*			10%	15%
Total Extra Council Rate Income			\$17.3 million	\$25.9 million

Note: The figures contained above are based on a harmonised rating system and the application of Special Variation (SV) to increase Council's total rate income above the rate peg. The proposal includes a permanent one-off of 15% (inclusive of 2% rate peg and 13% SV). The temporary option was a temporary 10% increase (inclusive of 2% rate peg and 8% SV).



The online survey

The online survey was specifically designed to ensure that those filling it out understood Council's financial situation, the reasons and need for a rate rise, impacts on services and then gave them a clear choice (vote) on a preferred option. It essentially walked participants through the information available online to ensure those that went straight to the survey without reading any of the content on the webpage, got the information they need to make an informed decision. It went further than the webpage information too, giving the community an opportunity to express their level of support for each options as well as select their preferred options.

Each option (including the option of no rate rise at all) was set out the same way with clear information on the impacts and participants needing to read each one before being able to proceed to the survey. It included:

- The weekly increase for average resident and business ratepayers
- The annual increase for average resident and business ratepayers
- Impacts on Council services (in dot point form)
- Tables showing the amount all ratepayers would pay (under each rating category) for four years

Rate Peg only- 2% for 2021-22 and assumed 2.5% from 2022-23 and onwards						
	Current Year		Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25
Residential average	Gosford	\$1,015	\$1,123	\$1,149	\$1,175	\$1,202
	Wyong	\$1,194				
Business average	Gosford	\$2,593	\$3,302	\$3,378	\$3,455	\$3,535
	Wyong	\$3,997				
Farming average	Gosford	\$1,359	\$1,863	\$1,906	\$1,950	\$1,995
	Wyong	\$2,909				
Mining average	Gosford	-	\$421,018	\$430,701	\$440,607	\$450,741
	Wyong	\$412,763				
Total Council rate income increase*	2.6%		2.0%	2.5%	2.5%	2.5%
Total Extra Council Rate Income (from prior year)			\$3.5 million	\$4.4 million	\$4.5 million	\$4.6 million

*Note: The figures contained above are based on a harmonised rating system (using the maximum minimum) and the application of only rate peg determined by IPART) to increase Council's total rate income. With the harmonisation of rates, general average rates for former Gosford ratepayers are likely to increase while former Wyong's will decrease.
The assumed rate peg from 2022-23 is 2.5% as per IPART's SV application. IPART determines the rate peg for each rating year and the rate peg for the future years from 2022-23 has not been determined as yet.*

Option 1: Temporary fix- 10% (2% rate peg plus 8% SV and includes harmonisation)						
	Current Year		Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25
Residential average	Gosford	\$1,015	\$1,212	\$1,241	\$1,272	\$1,304
	Wyong	\$1,194				
Business average	Gosford	\$2,593	\$3,561	\$3,650	\$3,741	\$3,834
	Wyong	\$3,997				
Farming average	Gosford	\$1,359	\$2,031	\$2,060	\$2,111	\$2,164
	Wyong	\$2,909				
Mining average	Gosford	-	\$452,914	\$465,390	\$477,025	\$488,950
	Wyong	\$412,763				
Total Council rate income increase*	2.6%		10.0%	2.5%	2.5%	2.5%
Total Extra Council Rate Income (from prior year)			\$17.3 million	\$4.8 million	\$4.9 million	\$5 million

** Note: The figures contained above are based on a harmonised rating system (using the maximum minimum) and the application of Special Variation (SV) to increase Council's total rate income above the rate peg. The proposal includes a temporary 10% increase in the first year (inclusive of 2% rate peg and 8% SV) dropping off after 7 years. With the harmonisation of rates, general average rates for former Gosford ratepayers are likely to increase while former Wyong's will decrease.
The assumed rate peg from 2022-23 is 2.5% as per IPART's SV application. IPART determines the rate peg for each rating year and the rate peg for the future years from 2022-23 has not been determined as yet.*

Option 2: Securing your future – 15% (2% rate peg plus 13% SV and includes harmonisation)						
		Year 1	Year 2	Year 3	Year 4	
Current Year		2021-22	2022-23	2023-24	2024-25	
Residential average	Gosford	\$1,015	\$1,267	\$1,295	\$1,325	\$1,355
	Wyong	\$1,194				
Business average	Gosford	\$2,593	\$3,728	\$3,808	\$3,896	\$3,985
	Wyong	\$3,997				
Farming average	Gosford	\$1,359	\$2,123	\$2,149	\$2,199	\$2,249
	Wyong	\$2,909				
Mining average	Gosford	-	\$473,501	\$485,595	\$496,763	\$508,189
	Wyong	\$412,763				
Total Council rate income increase*		2.6%	15.0%	2.5%	2.5%	2.5%
Total Extra Council Rate Income (from prior year)		\$25.9 million	\$5.0 million	\$5.1 million	\$5.2 million	

Note: The figures contained above are based on a harmonised rating system (using the maximum minimum) and the application of Special Variation (SV) to increase Council's total rate income above the rate peg. The proposal includes a permanent one-off 15% increase (inclusive of 2% rate peg and 3% SV). With the harmonisation of rates, general average rates for former Gosford ratepayers are likely to increase while former Wyong's will decrease. The assumed rate peg from 2022-23 is 2.5% as per IPART's SV application. IPART determines the rate peg for each rating year and the rate peg for the future years from 2022-23 has not been determined as yet.

Partway through the survey period, Council responded to the community when concerns were expressed that the initial survey did not provide a 'no rate rise' option. Adjustments were made with the second survey, commencing 22 January 2021, including this option. Information was updated on yourvoiceourcoast.com to communicate the changes to the survey

While the data for the first survey was able to be extracted and report on a lack of support for a rate rise, Council extended the options to provide more confidence to the community that their voice was being heard.

Securing your future with a rate rise - Survey two (22 January 2021)

* 7. If you had to choose between the two options, please tell us which one you would prefer?

- Option 1 – Temporary Fix - 10%
- Option 2 – Securing our Future – 15%

* 8. Please tell us what your preference is out of all three scenarios.

- Option 1 – Temporary Fix - 10%
- Option 2 – Securing our Future – 15%
- No rate rise – rate peg only

9. What is your reason for selecting this option?

Anyone could complete the second survey, including those who responded to the first survey. Information was updated on yourvoiceourcoast.com to communicate the changes to the survey as well as media.

Letter to residents

A letter to residents was sent directly to every ratepayer from the Acting Chief Executive Officer, Rik Hart to ensure everyone was aware that Council was considering a rate rise for the Central Coast and the impacts on ratepayers. The letter (attached) detailed the following:

- Acknowledged 2020 had been an exceptional year with natural disasters, emergencies and a global pandemic
- Talked about the reality of Council's financial situation and asked for community help in recovery with a rate rise
- Acknowledged concern in the community about the prospect of paying more rates
- Detailed decision-making about how Council decided on two proposed options (10% and 15% including the rate peg)

- Made it clear how much the average ratepayer would pay per week and also provided a table with a breakdown of average rates in the current year and then would that would look like under the two options – as well as the increase in annual income to Council that a rate rise would generate
- Promoted Council's hardship policy in relation to those who may struggle with a rate increase – particularly pensioners
- Finished with the call to action of wanting to hear from ratepayers and providing the mechanisms how that could happen – web address for online survey, phone Customer Contact to help fill out the survey or visit a Customer Contact Centre in person.

Printed advertorial

Council has a paid advertorial that appears in the local community papers (Coast Community News and Coast Community Chronicle) with over 100,000 distributed across the Central Coast. Being in a printed form, it could not directly link to the webpage or the survey but was used as an opportunity to reinforce the information provided via the letter to urge the community to be a part of the consultation on the proposed rate rises.

Three advertorial stories were published over the consultation period. The final story which appeared on 28 January urged the community to have a say before the end of the consultation and directly addressed key issues raised in submissions and online comments up to that point, including:

- Council's financial situation – no corruption – overspend on essential services and capital works
 - Council action to address the financial situation
 - No rate rise is not viable for the future of the Central Coast
 - Detailed current average rates and compared them to neighbouring Councils
 - Want to hear from you – details about how to provide feedback
 - Assurance that all feedback will be counted and provided to IPART.
-

Still time to have your say on a rate rise

Help secure the future of the Coast and have your say about a proposed rate rise for the Central Coast.

Council has been open with the community about our current financial situation - which is due to spending more money than we had coming in, both before and after amalgamation. The money came from restricted funds. The money was not lost rather, it was spent on infrastructure and services that directly benefited the community. In 2019-20 \$242M was spent on a capital works, delivering 1,383 projects including a new pipeline between Mardi and Warnervale, resurfacing of 107km of roads, drainage infrastructure and upgrade to wharves, parks, playgrounds and sporting fields.

Council are taking significant steps to help our bottom line – we are selling assets, reducing staff numbers, materials and contracts, reducing the capital works program, looking at fees and charges and in addition secured further loans. These decisions alone are not enough for us to be financially stable into the future and that is why we are asking for your help and support for a rate rise.

While we understand many in our community do not want a rate rise, this is not a viable option. Council needs a rate rise to repay the restricted funds spent on community infrastructure and services and to deliver a level of service to the community that ensures our assets and essential services are maintained. Council resolved to consider two options - a ten percent rate rise and a fifteen percent rate rise (both including the rate peg of 2%)

How much you pay will vary on where you live and the value of your land. The current average rates are \$1,194 per year (former Wyong Shire LGA) and \$1,015 per year (former Gosford LGA). With either

proposed rate rise, the rates would still be less than surrounding regions such as Newcastle (\$1,582 per year), Cessnock (\$1,261 per year) and Lake Macquarie (\$1,494 per year).

We want to hear from you. Please fill out our survey and have your say at yourvoiceourcoast.com by 1 February. If you don't have internet access you can visit one of our Libraries or Administration Buildings, or call us during business hours on 1300 463 954 and we will assist you to complete the survey.

Be assured, the written feedback you provide in the survey or to us directly will be counted and reported to IPART, including feedback that states a lack of support for a special variation.



Council meeting

To find out when the next Council meeting is and to view it online go to centralcoast.nsw.gov.au/meetings

Coast Connect

Central Coast Council's weekly news and community information

From Council

This is my 9th year as a Council Administrator. I served 6 years at Warringah Council from 2003, followed by 12 months at Port Macquarie Hastings Council. I returned to the Northern beaches in 2016 to oversee the merger of Manly, Warringah and Pittwater Councils.

Replacing an elected Council brings certain challenges, but by far the best part of the job is the amazing window you get into a 'new' community. Administrators carry out the official duties of the Mayor and Councillors. You meet with community groups and individuals, most of whom are playing important roles in making their community a better place, whether it be through our many sporting associations, through organisations delivering community services or through environmental improvement like Bush Care.

Last week I attended the Australia Day Award presentations at the Art House Theatre and had the pleasure of meeting many of the 62 award nominees before announcing the Central Coast Council Citizen of the Year, Ms Paula Hardwick.

Every nominee was asked to stand while a short summary outlining their service was read out. The depth of their contributions was truly inspiring.

These people are the best of the best. Their tireless service makes a huge difference to individuals doing it tough, and to the broader community in general. On behalf of all Central Coast residents, thank you. Happy Australia Day.

Dick Persson AM
Administrator, Central Coast Council

Still time to have your say on a rate rise

Help secure the future of the Coast and have your say about a proposed rate rise for the Central Coast. Council has been open with the community about our current financial situation - which is due to spending more money than we had coming in, both before and after amalgamation. The money came from restricted funds. The money was not lost rather, it was spent on infrastructure and services that directly benefited the community. In 2019-20 \$242M was spent on a capital works, delivering 1,383 projects including a new pipeline between Mardi and Warnervale, resurfacing of 107km of roads, drainage infrastructure and upgrade to wharves, parks, playgrounds and sporting fields. Council are taking significant steps to help our bottom line - we are selling assets, reducing staff numbers, materials and contracts, reducing the capital works program, looking at fees and charges and in addition secured further loans. These decisions alone are not enough for us to be financially stable into the future and that is why we are asking for your help and support for a rate rise.

While we understand many in our community do not want a rate rise, this is not a viable option. Council needs a rate rise to repay the restricted funds spent on community infrastructure and services and to deliver a level of service to the community that ensures our assets and essential services are maintained. Council resolved to consider two options - a ten percent rate rise and a fifteen percent rate rise (both including the rate peg of 2%)

How much you pay will vary on where you live and the value of your land. The current average rates are \$1,194 per year (former Wyong Shire LGA) and \$1,015 per year (former Gosford LGA). With either proposed rate rise, the rates would still be less than surrounding regions such as Newcastle (\$1,582 per year), Cessnock (\$1,261 per year) and Lake Macquarie (\$1,494 per year).

We want to hear from you. Please fill out our survey and have your say at yourvoiceourcoast.com by 1 February. If you don't have internet access you can visit one of our Libraries or Administration Buildings, or call us during business hours on 1300 463 954 and we will assist you to complete the survey.

Be assured, the written feedback you provide in the survey or to us directly will be counted and reported to IPART, including feedback that states a lack of support for a special variation.

Development Applications and Consents

Development Applications and Consents can be inspected at centralcoast.nsw.gov.au by searching 'Development Applications' or in person at Council offices in Gosford and Wyong 8.30am-5pm weekdays. Under the Government Information (Public Access) Act 2019, submissions on Development Applications are required to be published on our website. Submissions lodged using Council's DA Submission Form or online portal will have personal contact details and signature redacted. All other submissions will be published in full. Your submission may also be reproduced in full in Council reports or in Court proceedings.

Remember: School is back this week

Council meeting
To find out when the next Council meeting is and to view it online go to centralcoast.nsw.gov.au/meetings

Be the first to know!

Sign up today at centralcoast.nsw.gov.au/enews

Newsletters

Council's newsletter has a subscription base of over 10,000 residents and a high open rate in the featured stories. Information about the proposed rate rises featured in three newsletters over the consultation period. When the survey needed to be changed on 22 January, it was important that as many people in the community were aware the survey had been updated and of the extended consultation period to 1 February. This became the focus of this story with the change to the survey highlighted in the highlight, emphasis placed on the new closing date and with the call to action of 'Take the survey.' The main focus for any newsletter story is the click through rate to the information you want the community to read in more detail. This article resulted in almost 1200 people clicking through to complete the survey.



Securing your future with a rate rise - second survey now open with option of 'no rate rise'

Council has extended the survey options for the community to have their say on a rate rise for the Central Coast. A second survey with an additional question about the option of 'no rate rise – rate peg only' is now open for you to complete. The updated questions are numbers 7 and 8.

The survey closes 5pm, Monday 1 February 2021.

This second survey has been created in response to community feedback that many residents and ratepayers felt restricted in their opportunity to express their views about the option of 'no rate rise – rate peg only.'

The first survey closed at 9am on 22 January 2021 and over 3,300 surveys were completed. A report on the first and second survey results will be made publicly available and the feedback will be reported to Council and IPART, including feedback that states a lack of support for a special variation.

Anyone can complete the second survey, including those who responded to the first survey.

Thank you for your feedback and commentary about this important matter.

[Take the survey](#)

Social Media

Due to the already high interest and commentary in external social media channels, Council's campaign included one strategic post on Facebook page, timed for the last week of the consultation to present the options for a rate rise. As consumers of social media tend to be more likely to read a post on their phone, it was a challenge for this post due to the amount of information we wanted to convey. The information was presented to clearly communicate the impacts of each of the options on the community – with general wording in the post and then separate break out tiles that people could click on directly to read more detail. They were also colour coded to stand out and attract attention in people's feeds. There was a tile for the two options (10% and 15% and the associated service impacts) and one that showed what it would mean if Council did not get a rate rise at all. A blue tile was used as a 'fact checking' exercise on Council's financial situation which answered the key questions we have seen in other social media channels.

Fact Checking

Common misconceptions around Council's financials

"The % increase is compounding, meaning my rates will increase 15% per year from now on."

False - this will be a one-off increase, remaining in the rate base permanently.

"This rate variation is due to corruption within our Council."

False - Council's current financial situation is due to spending more money than we had coming in, both before and after amalgamation.

The money came from restricted funds so we need to repay the money spent back into the restricted fund pool. The money was not lost rather, it was spent on infrastructure and services that directly benefited the community.


"This increase will mean we are paying higher rates than other neighbouring Councils."

False - In considering a possible rate variation, Council looked at the rate levels of our neighbouring Councils. Even with a 15% rate increase, Central Coast ratepayers will still be paying less than our neighbours.

Have your say

yourvoiceourcoast.com

Comments on the post were directly answered and provided a further opportunity to help the community understand the need for a rate rise. Each tile had a call to action to have your say at yourvoiceourcoast.com with the main post including a link straight the webpage and the survey. The post reached 26,862,589 comments and 26 shares. 525 people linked through from the post to the Your Voice Our Coast webpage.



Central Coast Council

Published by HubSpot · 27 January at 14:38 · 🌐

☰

Help secure the future of the Coast and have your say about a proposed rate rise for the Central Coast. Complete our survey at <https://hubs.la/H0FwgRC0> by 1 February 2021.

While we understand many in our community do not want a rate rise, this is not a viable option. Council needs a rate rise to repay the restricted funds spent on community infrastructure and services and to deliver a level of service to the community that ensures our assets and essential services are maintained.

Council resolved to consider two options - a ten percent rate rise and a fifteen percent rate rise (both including the rate peg of 2%).

Be assured, the written feedback you provide in the survey or to us directly will be counted and reported to IPART, including feedback stating a lack of support for a special variation.

We want to hear all views and opinions so have your say today.

<p>No action on Special Rate Variation</p> <ul style="list-style-type: none"> ⊖ Service closures including some library branches and community facilities. ⊖ Significant reduction in maintenance of facilities, infrastructure and assets. ⊖ Significant reduction in road, footpaths and drainage maintenance. ⊖ Reduced bulk kerbside collections quota. ⊖ Significant reduction to environmental programs. ⊖ Longer processing times for all customer requests permits and applications. ⊖ More staff reductions and follow on service reductions. ⊖ Reduced maintenance of sporting facilities, parks and playgrounds – no new facilities or major upgrades only renewals based on safety. ⊖ No community events run by Council and no grants and sponsorship of other events. ⊖ Further sale of assets and land. ⊖ Significant increases in fees and charges. <p style="text-align: center;">Have your say yourvoiceourcoast.com</p>	<p>Option 1 -10% Rate Rise (8% special variation and 2% rate peg)</p> <ul style="list-style-type: none"> ⊖ Reduced opening hours or possible closure of facilities including leisure centres, libraries, childcare and community facilities. ⊖ Reduced maintenance of sporting facilities, parks and gardens. ⊖ Reduced maintenance of roads, footpaths, cycleways and drains. ⊖ Reduced environmental programs (e.g. weed removal and native vegetation programs). ⊖ Longer processing times for customer requests, applications and permits. ⊖ Fewer community events, limited grants and sponsorship. ⊖ Large increases in user fees and charges. <p style="text-align: center;">Have your say yourvoiceourcoast.com</p>
<p>Option 2 -15% Rate Rise (13% special variation and 2% rate peg)</p> <ul style="list-style-type: none"> ⊖ Maintaining opening hours and programs at pools, libraries, although no new facilities would be constructed. ⊖ Maintenance of sporting and community facilities, parks and gardens would remain as is, with no increase to mowing, planting or maintenance. ⊖ Construction of roads, footpaths, cycleways and drains would continue. ⊖ Environmental programs would be retained (e.g. weed removal and native vegetation programs). ⊖ Processing times for customer requests, applications and permits would remain the same. ⊖ Community events maintained, but not expanded. <p style="text-align: center;">Have your say yourvoiceourcoast.com</p>	<p>Fact Checking Common misconceptions around Council's financials</p> <p>"The % increase is compounding, meaning my rates will increase 15% per year from now on." False - this will be a one-off increase, remaining in the rate base permanently.</p> <p>"This rate variation is due to corruption within our Council." False - Council's current financial situation is due to spending more money than we had coming in, both before and after amalgamation.</p> <p>The money came from restricted funds so we need to repay the money spent back into the restricted fund pool. The money was not lost rather, it was spent on infrastructure and services that directly benefited the community.</p> <p>"This increase will mean we are paying higher rates than other neighbouring Councils." False - in considering a possible rate variation, Council looked at the rate levels of our neighbouring Councils. Even with a 15% rate increase, Central Coast ratepayers will still be paying less than our neighbours.</p> <p style="text-align: center;">Have your say yourvoiceourcoast.com</p>

26,862
People reached

7,750
Engagements

Boost Unavailable

2.3 How effectively did the council's various consultation strategies engage the community about the proposed special variation?

- ▼ In the text box provide details on the level of community involvement, consultation strategies used and feedback from the community.
- ▼ Attach survey results and other examples of feedback from the community.

a) Indicate the level of community involvement in, and response to, the various consultation strategies the council used, eg, number of participants in meetings, number of submissions received.

Your Voice Our Coast (YVOC) website pages were developed to host all consultation information and to provide the community with an opportunity to be informed and have their say. The YVOC became the source of truth for the consultation and was regularly updated as new questions were raised by the community. Information was presented in a way to appeal to all learning styles:

- Text explanations including Frequently asked questions
- Tables detailing financial and service impacts
- Pie charts detailing council income and expenditure
- Images and graphics on impacts of the different options.
- A factsheet providing a downloadable option for ratepayers to absorb the information
- Links to important documents for those wanting more detail (Administrator Minutes and more information on Council's financial situation and resolutions)
- Email address for those with specific questions or issues to convey
- Phone service for those requiring more information or support to complete the survey.

A link from the Central Coast website was also provided from the main website page via an alert banner. **1612** people clicked through from this web banner to YVOC.

11,977 people visited the Securing your future Your Voice Our Coast page between 8 January and 1 February. Some people visited more than once, with a total of **15,392** visits in the that time period.

The community's feedback was obtained through four main channels:

1. Online survey at yourvoiceourcoast.com. On 8 January 2021 an online survey was launched to understand community sentiment on the two proposed options adopted by Council (10% and 15% including rate peg). The survey stepped

respondents through the reasons why Council was applying for an SV. Information on expected service levels and average impacts for different rating categories was also presented so participants could make an informed decision before expressing their level of support for each option, and ultimately their preference of these two options. Information about service levels and average impacts for different rating categories for the 'rate peg only' scenario was also provided for comparison. Council received **3944** responses for the first survey.

On 22 January 2021 the first survey was closed and replaced with a second survey in response to community feedback that many residents and ratepayers felt restricted in their opportunity to express their preference for a no SV option in question 7. The survey closing date was extended from the original date of 29 January to 5pm 1 February.

While the data for the first survey was able to extract and report on a lack of support for a rate rise, Council extended the options to provide more confidence to the community that their voice was being heard.

The second survey contained the same content as the first survey, but with an additional question (number 8) allowing respondents to select from three scenarios:

- Option 1 - Temporary fix – 10%
- Option 2 – Securing our future – 15%
- No rate rise – rate peg only

Anyone could complete the second survey, including those who responded to the first survey. This survey closed at 5pm on Monday 1 February 2021 and Council received **6285** responses. To protect the integrity of each data set, two reports have been developed for these online surveys. This data shows that Council had the capability to identify the same data in both surveys (preference for a rate rise versus no rate rise at all) but an additional question was put into the second survey to make it clearer in response to community feedback.

2. By phone to Council's customer service team – due to the short timeframe to undertake the consultation, paper surveys were not made available and instead ratepayers were encouraged to ring Council and have someone help them go through the survey. General comments and feedback from customers were also recorded for reporting. Over **500** completed the survey this way.
3. In person at Customer Service Centres in Administration Buildings and Libraries – those without internet access at home were encouraged to fill out the survey at one of these locations.

4. By email – **IMethods used to raise awareness**

The Central Coast community first became aware of Council's financial situation in October 2020 when Council announced it had a serious liquidity issue and had referred itself to the Office of Local Government. Central Coast Councillors were suspended on 30 October and Council placed under the Administration of Dick Persson AM.

These announcements attracted significant traditional, social and media coverage at the time.

On 26 November Council held an extraordinary meeting and resolved to consider applying for a 10% rate rise (including a rate peg). On 2 December the Administrator released an interim report detailing the financial situation facing Council and the reasons for it. In the report one of the measures he outlined to achieve a turnaround in Council's financial situation was a 'substantial' rate rise. At the 14 December Ordinary Council Meeting a further resolution to apply for a 15% rate rise (including rate peg) was agreed to as well as community consultation on both options of 10% and 15%.

All of these decisions and actions were promoted through Council-owned communications channels and received extensive local and metropolitan media coverage. Awareness that Council was considering applying for a rate rise was high in the lead up to Christmas.

Consultation on the SV options officially kicked off on Monday 8 January. On this date the survey was opened to the community and the first of the direct letters to ratepayers were delivered.

Information about the proposed rate rises achieved a potential reach of over **350,000** contacts through Council owned and third-party channels over the three and a half weeks of consultation (ended 1 February 2021). Council used a wide range of communications channels including direct mail, on-line, social media, print articles, website and direct eNewsletters to reach a broad audience.

Every local media outlet covered the issue extensively, with the Acting CEO being appointed as the main spokesperson and regularly made available for interviews.

Outside of Council's own channels, local media, politicians and community groups shared information and commentary about the SV application generating considerable reach, at times this information was not always factually correct.

This sharing of information highlighted the importance of social media in not only raising awareness of an issue but the need to monitor and adjust the messages for the community to ensure the facts are being fairly represented.

Council does not directly engage on these external social media pages and groups, however they were closely monitored (where possible) and the commentary used to guide content, update FAQs and inform media and community responses.

Letter to ratepayers

All Central Coast ratepayers received a letter (**123,935** via direct mail and **6,844** by email), detailing the need for the proposed rate rise, impacts for ratepayers and providing support and assistance for those without internet to fill out Council's online survey.

This was the first and main method used as it was considered the most effective way to reach every ratepayer, with the first batch mailed on 7 January 2021. The letter encouraged ratepayers to fill out an online survey that went live on Council's engagement hub, Your Voice Our Coast, on Friday 8 January. An incorrect contact phone number was included in some letters to ratepayers in the former Gosford LGA. Less than 10% of ratepayers received the letter which was corrected immediately and reissued, but there was extensive commentary on the error.

Enews

Every week Council sends out an eNewsletter to over 10,000 subscribers. Council considers this a key communication channel as we get to directly reach those in our community who are interested in getting Council news directly. The eNews has a higher standard open rate of **45%** and with **30%** regularly clicking through to the news story on offer. During the consultation period 3 stories appeared in the weekly eNews with the following results:

Date	# of subscribers sent to	Click throughs to survey
12 January	10,871	936
19 January	10,881	11
28 January	10,915	1098

Paid advertising/advertorials

Every week Council advertises in two local Community Newspapers – the Coast Community News and Coast Chronicle. These newspapers are distributed across the Coast and can be picked up in shopping centres, community facilities and retail outlets. 20,000 of Coast Chronicle are printed and distributed in the north (population 160,000), 20,000 in the southern part of the Coast (population 110,000) and 14,000 on the Peninsula which has a population of 50,000, these community papers have become more popular following the decision by NewsLocal to stop printing their local paper (Express Advocate) in May 2020.

Council regularly advertises in this paper as we understand it is a way to reach a key demographic in our community, i.e. our older residents, and it is also popular with families too that are interested in local news.

During the consultation period, articles (attached) appeared in both papers on 13 and 15 January; 20 and 22 January and 27 and 29 January. From the 8 to the 27 January there

were **16** articles (written by their journalists) relating to the SV application and consultation that appeared in these papers.

Media Releases

The Central Coast has an active and engaged local media comprising of four commercial radio stations (ABC Central Coast), the Express Advocate (online paper only) and Central Coast Newspapers (Coast Community News, Coast Chronicle and recently Pelican Post) who regularly cover Council news. Due to Council's financial situation and proximity to Sydney there is also often coverage in metropolitan media as well. The Central Coast community are big consumers of local news with over with the two Southern Cross Austereo stations (MMM Central Coast and HIT 101.3) reaching 121,500 each week and STAR FM reaching 73,500. ABC Central Coast which broadcasts every morning has a loyal following with about 5% of overall market share. Council news is a big part of their daily shows with the Administrator (and before him the elected Mayor) have traditionally been interviewed on almost a weekly basis, but particularly after every Council Meeting. This has proved a reliable medium to explain the need for a rate rise to the community, correct misinformation and generate community interest in the consultation. With such interest in local news, media releases, media interviews and responding to media enquiries was a key priority of the campaign. Two releases were issued during the consultation period – one on 11 January and one on 22 January when the survey changed. The Acting CEO was appointed as the official media spokesperson and was interviewed by every local media outlet after each media release was issued, generating significant coverage of the 2 options being put forward for a rate rise and the reason they were needed. **26** media mentions across local radio as well as over **50** print and online articles.

Social Media – Council

Council manages four social media channels – Facebook, Instagram, Twitter and LinkedIn. For this consultation the focus was on Facebook due to its high following (43,789 people like the page and almost 4000 more follow it) and engagement (426,600 reached during consultation period with 80,686 engagements). It is seen as a great source of Council information and also a place where the community can (and do) have their say freely. One post was put up during the consultation period – on 27 January – reaching **26,168** with **7,669** engagements (144 reactions, 594 comments and 45 shares). The post was a great opportunity to respond directly to community questions and encourage them to complete the online survey. **525** clicked directly from the Facebook post through to the survey.

Social Media – external

Information relating to the consultation on the rate rise options, including calls to action, were shared widely across a number of established Facebook pages (including media and special interest groups) as well as within numerous community-based Facebook groups. Information was also shared across twitter from established media organisations as well as community members.

Council does not directly engage on these external social media pages, however they were closely monitored (where possible) and the commentary used to guide content, update FAQs and inform media and community responses. Council also provided information through direct messages to pages and group Admins to correct or share information.

One particular Facebook group, [Protest against extreme rates of Central Coast Council](#), demonstrates the ability for social media to gather communities together and widely share information. The group was established on 3 December with a few hundred members. Within 24 hours it had grown to over 2,000 and had 6,468 members by the end of the consultation period. Members in the group posted around 30 posts each day, which contributed to the general community awareness around the proposed options for the rate rise.

[NSW Central Coast Incidents Alerts, News and Information](#) is an established Facebook page which has over 148,000 likes and 156,000 followers. This page shared three posts specifically about the rate rise options during the consultation period which collectively generated over 5,000 reactions (reactions, comments and shares). These posts were significantly “off topic” for this page (that usually shares alerts around accidents, fire, floods for example), however the action by the administrators of this page demonstrates the high awareness of the issue within the community and the recognised importance of the issue to the community.

b) Outline the nature of the feedback the community provided on the proposed SV.

On 8 January 2021 an online survey was launched to understand community sentiment on the two options proposed by Council (10% and 15%). The survey stepped respondents through the reasons why Council was applying for an SV. Information on expected service levels and average impacts for different rating categories was also presented so participants could make an informed decision before expressing their level of support for each option, and ultimately their preference of these two options. Information about service levels and average impacts for different rating categories for the ‘rate peg only’ scenario was also provided for comparison. Council received **3,944** responses for the first survey.

On 22 January 2021 the first survey was closed and replaced with a second survey in response to community feedback that many residents and ratepayers felt restricted in their opportunity to express their preference for a no SV option in question 7. The survey closing date was extended from the original date of 29 January to 5pm on 1 February.

The second survey contained the same content as the first survey, but with an additional question (8) allowing respondents to select from three scenarios instead of just Option 1 and Option 2:

- Option 1 - Temporary fix – 10%
- Option 2 – Securing our future – 15%
- No rate rise – Rate peg only

While the data for the first survey was able to be extracted and report on a lack of support for a rate rise, Council extended the options to provide more confidence to the community that their voice was being heard.

Anyone could complete the second survey, including those who responded to the first survey.

This survey closed at 5pm on Monday 1 February 2021 and Council received **6,285** responses.

The total number of responses for both surveys was **10,229**.

To protect the integrity of each data set, this report presents the results of each survey separately.

Community members without internet access were encouraged to visit one of our Libraries or Administration Buildings or call us during business hours on 1300 463 954 for assistance completing the survey or discussing impacts.

A note about sampling bias: The two online surveys were 'opt-in', which means participants proactively sought to complete the surveys as opposed to a sample or respondents being selected to more accurately reflect and represent the population makeup of the Central Coast resident/ratepayer base.

Overview of respondents/demographics

The full results of both surveys are in the **Community Consultation attachments**.

Survey 1	Survey 2
<p><u>Ratepayer types*</u></p> <p><i>*Some respondents pay more than one type of rates</i></p> <p>98.2% pay residential rates</p> <p>3.4% pay business rates</p> <p>0.4% pay farming rates</p> <p>0.9% do not pay rate to Council (eg renters)</p>	<p><u>Ratepayer types*</u></p> <p><i>*Some respondents pay more than one type of rates</i></p> <p>98% pay residential rates</p> <p>3.3% pay business rates</p> <p>0.8% pay farming rates</p> <p>1.0% do not pay rate to Council (eg renters)</p>
<p><u>Primary place of residence</u></p> <p>37.0% former Wyong LGA</p>	<p><u>Primary place of residence</u></p> <p>40.1% former Wyong LGA</p>

<p>55.0% former Gosford LGA</p> <p>3.2% Outside LGA (pays rates to Council)</p> <p>4.7% Not supplied</p>	<p>52.3% former Gosford LGA</p> <p>3.0% Outside LGA (pays rates to Council)</p> <p>4.5% Not supplied</p>
<p><u>Council staff (or those in their households)</u></p> <p>5.3% of respondents work for Council, or lived with a Council employee</p>	<p><u>Council staff (or those in their households)</u></p> <p>4.3% of respondents work for Council, or lived with a Council employee</p>

The survey was open to Central Coast Council staff and their households. Staff (or those in their households) were asked to declare this at the end of the survey. The appendices contain results comparing 'Council staff households' with 'non-Council staff households' for transparency.

Respondents under the age of 18 years, or who were neither a resident nor a Central Coast ratepayer were disqualified from taking the survey.

Data collection

Data handling and analysis was carried out using Council's online survey software and spreadsheets. All responses were de-identified to ensure the anonymity of respondents.

All open-ended responses were read and then coded by theme by Council staff. A guide to how each theme was coded are in the **Securing Your Future Consultation Report in Appendix I**.

Overview of results

The full results of both surveys can be found in the **Securing Your Future Consultation Report in Appendices B and C**.

Survey 1

Survey 2

<p><u>Level of support for Option 1</u></p> <p>30.8% of respondents were either very supportive, supportive or somewhat supportive of Option 1.</p> <p>69.2% of respondents were either not supportive or not at all supportive of Option 1.</p>	<p><u>Level of support for Option 1</u></p> <p>25% of respondents were either very supportive, supportive or somewhat supportive of Option 1.</p> <p>75% of respondents were either not supportive or not at all supportive of Option 1.</p>
<p><u>Level of support for Option 2</u></p> <p>26.6% of respondents were either very supportive, supportive or somewhat supportive of Option 2.</p> <p>73.4% of respondents were either not supportive or not at all supportive of Option 2.</p>	<p><u>Level of support for Option 2</u></p> <p>20.4% of respondents were either very supportive, supportive or somewhat supportive of Option 2.</p> <p>79.7% of respondents were either not supportive or not at all supportive of Option 2.</p>
<p><u>Preference out of two options</u></p> <p>69.6%* preferred Option 1 – Temporary Fix - 10%</p> <p>30.4% preferred Option 2 - Securing our Future – 15%</p> <p>*Of those who selected Option 1, 40.9% indicated in free text they actually preferred neither option.</p>	<p><u>Preference out of two options</u></p> <p>76.3% preferred Option 1 – Temporary Fix - 10%</p> <p>23.7% preferred Option 2 - Securing our Future – 15%</p>

	<p><u>Preference out of three options</u></p> <p>10.3% preferred Option 1 – Temporary Fix - 10%</p> <p>17.4% preferred Option 2 - Securing our Future – 15%</p> <p>72.4% preferred No rate rise – rate peg only</p>
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<p><u>Reasons for selecting Option 1</u></p> <ul style="list-style-type: none"> • Prefer neither option (40.9%) • Should not pay for financial mismanagement (38.3%) • More affordable option/less impact on ratepayers (13.3%) • Other savings or revenue options should be found (11.5%) • General comments on poor Council services (9.2%)** • Lack of trust managing finances in future (7.6%) • Concerns about impact of merger (4.7%) • This option still means we get less but pay more (1.6%) • Would like continuation of services (0.4%) • Other (28.4%) • No reason given (8.7%) 	<p><u>Reasons for selecting Option 1</u></p> <ul style="list-style-type: none"> • Should not pay for financial mismanagement (24.5%) • More affordable option/less impact on ratepayers (22.0%) • Lack of trust managing finances in future (11.2%) • Prefer neither option (7.9%) • General comments on poor Council services (7.9%)** • Other savings or revenue options should be found (7.6%) • Would like continuation of services (6.2%) • This option still means we get less but pay more (1.6%) • No reason given (18.1%) • Other (31.2%)
<p><u>Reasons for selecting Option 2</u></p> <ul style="list-style-type: none"> • Would like problem fixed (28.1%) • Would like to keep service levels (25.4%) • More sustainable for long-term (14.0%) • Still should not pay for financial mismanagement (11.2%) • Prefer neither option (7.3%) • Must manage finances better in future (7.1%) • General comments on poor Council services (6.9%)** • Would like to see improved services/levels (5.8%) • Other (24.5%) • No reason given (10.1%) 	<p><u>Reasons for selecting Option 2</u></p> <ul style="list-style-type: none"> • Would like to keep service levels (28.8%) • Would like problem fixed (27.4%) • More sustainable for long-term (12.2%) • Must manage finances better in future (9.1%) • Would like to see improved services/levels (7.7%) • Still should not pay for financial mismanagement (6.6%) • General comments on poor Council services (5.9%)** • Prefer neither option (1.8%) • No reason given (10.7%) • Other (27.9%)

	<p><u>Reasons for selecting Option 3</u></p> <ul style="list-style-type: none"> • Should not pay for financial mismanagement (55.1%) • I and/or others in the community can't afford a rate rise (15.6%) • General comments on poor Council services (13.5%)** • Other savings or revenue options should be found (11.3%) • Lack of trust managing finances in future (9.3%) • Concerns about impact of merger (7.7%) • Rates are already too high (5.5%) • No reason given (8.7%) • Other (35.6%) <p>** Examples of poor services provided in responses include lack of maintenance of roads, open space and natural assets, lack of kerb and guttering, among others.</p>
<p><u>Appointment of a financial controller</u></p> <p>81.9% of respondents were either very supportive, supportive or somewhat supportive of appointing an independent financial controller.</p> <p>10% of respondents were either not supportive or not at all supportive of appointing an independent financial controller.</p> <p>8.1% of respondents were unsure.</p>	<p><u>Appointment of a financial controller</u></p> <p>80.6% of respondents were either very supportive, supportive or somewhat supportive of appointing an independent financial controller.</p> <p>10.1% of respondents were either not supportive or not at all supportive of appointing an independent financial controller.</p> <p>9.3% of respondents were unsure.</p>

Key findings from both surveys

- A majority of survey respondents do not support a rate rise.
- Those who do not support a rate rise feel that ratepayers should not shoulder the burden of Council's mistake/s.
- There is concern about the affordability of a rate rise for either themselves or others in the community.

- Some respondents feel Council's maintenance of roads, open space and natural assets is already poor.
- Some respondents feel they already don't get value for money paid due to a perceived lack of maintenance of Council assets, or lack of expected infrastructure in their immediate area, such as kerb and guttering.
- Some suggestions about alternatives to a rate rise include (but are not limited to) seeking NSW Government funds, increasing revenue from fines, selling assets, reducing staff, employee pay cuts, reduction of capital works and scaling back services and expenditure in general.
- A minority of survey respondents support a rate rise.
- The key reasonings behind support is to 'fix the problem', maintain services and/or to create a sustainable pathway forward for Council.
- Some respondents who support a rise also expressed a desire to improve the Central Coast through improved assets and economic growth and investment.
- General sentiment from respondents (either in support or against a rate rise) showed the community would like to understand who is accountable for the financial issue and what actions will be taken against these individuals or entities.
- Some respondents will continue to distrust Council, with others stating their expectations of better financial management and accountability in the future.
- There are some suggestions from respondents that corruption or fraud has occurred.
- There is overall strong support for the appointment a financial controller.

Sample of comments from surveys

Below is a small sample of comments respondents provided as reasons for their support or lack of support for a rate rise.

Lack of support for an SV

"Rates are high enough as it is. Sell more assets, it's not the ratepayers fault the council mismanaged our funds!"

"I believe that the financial impact on individuals within the community will far more impactful than you are anticipating. Landlords will pass on the increased costs to their tenants at the first opportunity. Pensioners who are already struggling will find it that much harder again for them to cope. I would prefer to see additional funds raised through paid parking at our beaches for visitors to the Central Coast and residents supplied with a parking permit in their annual rates notice with the option of purchasing a reduced rate annual parking pass if required. I think that this would raise more money than the rate increase."

"I am not supportive of penalising business with increased rate costs that are much greater than the residential rates. You need to be encouraging business to survive in the region. If the businesses are not competitive customers will shop elsewhere and your rate base will diminish. As a business owner I am suffering from a reduced income due to the economic situation. I find it very irritation [sic] that you think businesses are in a situation where they can

find an additional \$1000 +(about) without serious impact to their business. You need to bias your income recovery more towards the residential sector.”

“The whole rise is a joke. You’ve advised money was illegally accessed yet there is no legal action being taken on the people who illegally accessed it. There is no communication given about what is going to be implemented in to prevent this happening again. Our rates are already one of the highest if not the highest as they are why are these funds not being properly managed. Your backing residents into a corner of making us forcibly pick which we would prefer out of the two even after adding the option of no rise. You want an increase to cut services or keep them as the same and improve nothing at all.”

“In a year of unprecedented financial pressure, it's unconscionable to expect ordinary citizens already struggling with a global economic downturn to carry the burden of the poor choices made by people that were elected to make responsible choices for the good of the community.”

“I do not approve of either option. We elect and you employ Council staff to run the Council and manage the rates you collect from us. If there was a problem with the amalgamation of the Council you should have been contacting your higher authorities and advising them of the problems. You should absolutely not have unlawfully used any funds for any purpose and I think your comment that they have "undoubtedly benefited the community" is ridiculous - it was illegal for any reason and you should not have done it. It should not be our problem to bail your mis-management out. Do you know how many residents have been affected by COVID-19 with losing their jobs, having restricted hours, let alone dealing with a business downturn or losing their business? You should be applying to financial institutions or for assistance from your higher authorities to bail you out for your mis-management of funds, not your residents who trust you to do the right thing with the money we pay you and to manage your finances properly. In no other situation can you mis-use the money someone has paid you and then ask them to pay you more to fix your mistakes.”

“Council senior managers don't know how to manage money. There is no point allowing them to waste even more and get into greater debt than they have already created. Council needs more frontline staff and fewer managers and councillors who have had the nerve to vote for a payrise for themselves despite their incompetence. “

“Until someone is held accountable for this debacle and the root cause clearly explained, no rates should be increased. Also, why is Wyong paying more than Gosford. Gosford was the problem the first time round with \$70M in the red and Wyong \$20M up, and where is the promised \$100M from State Govt - remember? If any business was run this way, people would be held accountable and the organisation put into liquidation. So, NO support until someone goes to jail.”

Support for an SV

“A reduction in Council's services would be detrimental to our standard of living. Given the forecast increase in population, more needs to be spent on roads and active transport infrastructure.”

“Lack of trust in council's ability to effectively use the additional funds from Option 2. A rate rise needs to happen to maintain services. But council has demonstrated little evidence that the structural forces that lead to the current financial position have changed. I would be open to an

additional increase to 15% in 2-3 years, once council demonstrates it is able to effectively meet their fiscal responsibilities after a 10% increase.”

“The Coast absolutely thrives on the money council has put and needs to continuing putting in to the community. The knock-on effects of what makes the Coast attractive to both live and visit of a tightened budget would be disastrous. While I'm not exactly enthusiastic about a 15% rise, the alternative is very very worrying. With an ever increasing demand for people looking to live and work from here, this is definitely not the time to stall or deteriorate our public spaces.”

“Moving here from Blue Mountains Council I was surprised at how low my rates were compared with BMCC and although no one likes paying more I think CCC rates are too low compared with other areas.”

Preference out of three options from survey 2* results:

- **10.2%** preferred Option 1 – Temporary Fix - 10%
 - **17.4%** preferred Securing our Future – 15%
 - **72.4%** preferred No rate rise – rate peg only
- * Note: figures have been rounded. As the survey was changed to include a third option of 'No rate rise' we have presented the details for survey 2. To protect the integrity of each data set, the **Securing Your Future Consultation Report in Appendices B and C** presents the results of each survey separately.

2.4 How did the council respond to feedback from community consultation?

In the text box explain the action, if any, the council took in response to feedback from the community.

Every survey response and piece of self-initiated written feedback (including emails and letters), received was read and recorded by Council staff. All open-ended responses were read and then coded by theme. A guide to how each theme was coded are in the **Securing Your Future Consultation Report in Appendix I.**

Partway through the survey period, Council responded to the community when concerns were expressed that the feedback suggested the initial survey did not provide a sufficient opportunity to respond with a “no rate rise” option. Adjustments were made with the second survey commencing from 22 January 2021 inclusive of this option. While the data for the first survey was able to be extracted and report on a lack of support for a rate rise, Council extended the options to provide more confidence to the community that their voice was being heard. Information was regularly updated in Frequently Asked Questions to provide everyone with information that individuals had asked.

The total number of responses for both surveys was **10,229**. Self-initiated written feedback sent to Council up to 1 February totalled **378** emails and letters. **500** residents also contacted Council directly by phone asking for assistance to complete the survey or talk to an officer about the impacts.

During the consultation period, the Administrator directly responded to concerns and issues being raised directly with his Office in relation to the rate rise in regular media interviews (scheduled after Council meetings), in two [Administrator columns](#) which appeared in Council's advertorials in the local community papers, as well as his own Facebook page on 18 and 1 February. The [Administrator's Interim 30-Day Report](#), published on 2 December 2020 was used as a reliable reference point to answer questions ratepayers had in relation to Council's financial situation.

Feedback from the community, in relation to the proposed rate rises can be categorised into 13 themes:

1. Accountability – who is responsible for Council's financial situation
2. Where did the money go?
3. Corruption – why hasn't Council been referred to ICAC?
4. Ratepayers should not pay for financial mismanagement
5. Lack of trust in Council being able to manage finances into the future
6. Affordability – many said they simply could not afford a rate rise after the impact of COVID and job losses
7. Suggestions of other revenue raising options
8. Concerns about the impacts of amalgamation
9. Disparity of rates between Gosford and Wyong
10. Poor Council services already
11. Want to keep service levels or see improved service levels
12. Concerns about community consultation on rate rise
13. Concerns about the legitimacy of the financial information provided on proposed rate options

Council responses to the issues raised can be found in the table below.

Theme	Summary of theme / Example of comment	Council's response
Accountability	Will Councillors / former CEO / Executive / State Government / staff / others be made accountable for this situation?	It is important to understand that, while spending restricted funds for purposes other than what they were collected for may be a breach of the Local Government Act, it is not illegal and

	<p>Calls for investigations / prosecution / disciplinary action</p> <p>Concern over former CEO payout</p> <p>If funds were accessed unlawfully, why can't those responsible be prosecuted?</p>	<p>therefore criminal consequences do not apply.</p> <p>The consequences of unlawful spending of restricted funds may include the paying back of the restricted funds or other such sanctions to ensure the restricted funds are used in accordance with the requirements of the Act.</p> <p>Under the Act, the CEO is the 'accountable officer', with responsibility for financial management. The CEO's required performance was not met and as such his position was terminated.</p> <p>Council would like to reiterate, there is no evidence to support claims of theft or corruption. In relation to the question of why the CEO received such a large payout that is answered in the Administrator's 3 Month Progress Report on p4: 'I formed the view this was the best of bad options presented by the contract.' It is also answered in an Administrator column published on Monday 11 January: 'It is understandable that the community is angry about the 'full payout' given to the former Central Coast Council CEO following his termination.</p> <p>I was too because as I said in my 30-Day Report, the former CEO did not adequately perform key parts of the role and therefore was a major contributor to the financial decline confronting the Council.</p> <p>However, given the provisions of the contract and the laws governing employee legal rights, a full payout of 38 weeks was necessary. This was the quickest way to allow the recruitment of a new CEO (usually 3-4 months) and expediate Council's move toward financial recovery.</p>
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		<p>The path to remove a CEO for unsatisfactory performance, which would still have seen 13 weeks paid out, would have required a performance review to be conducted and the CEO an opportunity to respond. This would have taken at least eight weeks and would have been difficult given the previous Council determined his performance as “meets expectations” in the two previous CEO performance reviews.</p> <p>This timetable also assumes Mr Murphy was available to be interviewed. On the two occasions I requested a meeting he declined to meet.</p> <p>Given all this, I stand by my decision as the best for the long-term future of the Council, its ratepayers and staff. I regret I could not find a better way forward.</p>
Where did the money go?	Who made decisions to spend so much money?	<p>In the Administrator's 3 Month Progress Report, published on 3 February, the Administrator reiterates the view in his earlier Interim-Report that 'the performance of the CEO, Mr Murphy, did not meet required standards, particularly in the core requirement of sound financial management.' The CEO's contract was terminated on 30 November 2020. Further in the report the Administrator states 'I am satisfied that the former CEO did not create a culture or structure whereby the Executive Team were able to discuss the overall Council finances. The Budget process was poorly controlled and there was little leadership from the CEO or CFO (Chief Financial Officer). It is the CFO and CEO who present a budget and Operational Plan for endorsement by Council every financial year and the Council adopts that budget and Plan.</p>
	Can we get a list of projects the money was spent on?	<p>A full list of all Council projects is available through Council's annual Operational Plan which is updated every</p>

		<p>quarter. Council will make a full list of all projects delivered since amalgamation on Council's website. The Administrator Report presented to Council on 14 December 2020 highlighted a capital works program of \$242M in 2019-20 with 1,383 projects delivered. The Mardi to Warnervale Pipeline project was managed effectively in 2019-20 which meant that aspects of the around \$50 million project were brought forward and over \$14 million was expended on one of the region's most significant infrastructure projects. This 9km pipeline will boost water supply to the Central Coast's rapidly growing northern suburbs and will improve water security for the entire region.</p> <p>Not all the works undertaken were major projects, significant infrastructure renewal and improvement was undertaken through the year. This included the resurfacing of 107km of road, upgrading 82 bus stops to make them accessible, 4.9km of drainage infrastructure and the upgrade of four wharves to improve access and usability. Work was also undertaken on projects that not only maintain essential services but also enhance the amenity of open spaces on the coast. These included works at Adcock Park, EDSACC at Bateau Bay, Heazlett Park in Avoca, Don Small Oval at Tacoma and Koolewong Foreshore on which a combined total of \$7.137 million was spent. Over \$6 million was spent on the maintenance and renewal of community assets including seven child care centres, 18 library projects, 11 community halls and 18 community centre projects.</p>
Some suggestion corruption may have occurred	The Independent Commission Against Corruption (ICAC) should be investigating	This question is answered directly in the Administrator's 3 Month Progress Report (p5):

		<p>'There is a difference between unlawful and illegal. A breach of the Local Government Act is not a criminal or corrupt act. ICAC deals with matters of fraud, corruption or malpractice. The 'unlawful' use of funds would be of great concern to the Minister for Local Government and would be something the NSW Government considers when deciding the future of the council.</p>
<p>Ratepayers should not pay for financial mismanagement</p>	<p>Councillors/the former CEO/ senior staff / the NSW Government are responsible, not ratepayers</p> <p>Why should ratepayers bail out Council / pay for mismanagement</p>	<p>Answered as an FAQ on the Your Voice Our Coast - Securing your future with a rate rise page: A rate rise is on the table to help secure Council's long-term financial future. Our long-term financial plan sets out the funding needed to secure this future. The Plan includes selling assets, securing loans, reducing our workforce, materials and contracts and also a rate rise.</p> <p>Council's current financial situation is due to spending more money than we had coming in, both before and after amalgamation. Money was not lost, rather, it was spent on infrastructure and services that directly benefited the community. This money came from restricted funds. For example, in 2019-20 \$242M was spent on infrastructure and services, delivering 1,383 projects including a new pipeline between Mardi and Warnervale, resurfacing of 107km of roads, drainage infrastructure and upgrade to wharves, parks, playgrounds and sporting fields.</p> <p>To deliver this infrastructure, along with maintaining high-quality services to the community such as libraries, cultural events, aquatic centres and outdoor recreation spaces, more people have been employed at Central Coast Council than at the time of amalgamation. While this practice impacted Council's finances negatively, these staff were active and productive members of the</p>

		<p>organisation delivering services to the Central Coast.</p> <p>Our community deserves a high level of service and our goal is to continue to provide these services for the benefit of the entire community and to the standard that they expect.</p> <p>If Council does not receive an SV, we will have to close or reduce the standard and range of services provided. It would also see the condition of the Central Coast's assets deteriorate as there would be an ever-increasing gap in the funds required to maintain our existing infrastructure assets. Council's fees and charges would increase significantly, and the level of subsidies and support Council provides to many organisations would decline.</p> <p>The full detail of Council's current financial situation and the reasons for it are outlined in the Administrator's 30 Day Interim Report.</p>
<p>Lack of trust managing finances in future</p>	<p>What guarantees are there that this won't happen again?</p> <p>Council needs to improve financial management</p> <p>A temporary 10% fix means you can see if increases are required after seven years</p> <p>Council will waste the money again</p> <p>Need more oversight into Council's affairs</p> <p>Council needs better processes / systems / budgeting</p>	<p>Answered in the Administrator's 3 Month Progress Report published on 3 February 2021 on page 3: 'Mr Hart, along with our new CFO, Ms Cowley, and our new Chief Operating Officer, Mr Ryan, are well advanced with the development of new financial reporting systems which will play a major role in ensuring this does not occur again. They will provide the community with online access to Council's financial position at the end of each month. This information will show how well council is adhering to its budget and how the cash reserves are being used. On page 2 of the same Report the Administrator advises he will be 'recommending that Mr Hart then be appointed by the Minister as Financial Controller once the new CEO takes office. A Financial Controller has powers that override the</p>

	Appoint people with financial expertise/ / improve leadership	Councillors (should they return) regarding all financial matters."
Affordability	<p>Option 1 is more affordable</p> <p>I can't afford a rate rise</p> <p>Rate increases will be passed onto renters</p> <p>COVID-19 has impacted my ability / the community's ability to pay</p> <p>This will have significant impact on my fixed income</p> <p>The rate is above inflation and/or my pay increases</p> <p>I can afford the rate rise but others in the community cannot</p> <p>Will there be further rate rises?</p> <p>I can't afford any further rate rises after this one</p> <p>Can the rise be a flat fee and not a percentage?</p> <p>What happens if I don't pay, will you take my house?</p>	<p>Answered in the letter to ratepayers - 'The prospect of a rate rise will be particularly difficult news for our pensioners and those in the community who are really doing it tough. Please be assured help is at hand. Pensioner rebates will apply and we have a Debt Recovery and Hardship Policy in place for those who may have difficulty paying their rates' and in an FAQ on YVOC webpage:</p> <p>Council understands that a rate rise will hit sections of the community harder than others. Council provides rebates and hardship assistance for those having trouble paying their rates and encourage the community to refer to Council's Debt Recovery and Hardship Policy which includes pensioner rebates as well as personalised payment plans. Under the Policy, Council is committed to engaging with our customers to limit the unreasonable use of legal action in recovering any arrears in rates and look at each individual case of genuine financial hardship. Council is required to conform with regulations 133 and 213 of the Local Government Act which deals with procedures for the sale of land to recover overdue rates and charges and writing off debts to Council. Where any rate or charge is overdue and remains unpaid for more than 1 year in respect to vacant land or 5 years in respect to any other land, from the date it became payable, Council may proceed to sell the land, as a last resort. Under the Policy, Council will not reduce rates or annual charges, but will consider alternative available approaches to dealing with cases of financial hardship. This Policy has been reviewed and updated and will be presented to the 8 February 2021 Ordinary Council</p>

		Meeting for public consultation and encourages the community to have their say.
Suggestions of other revenue raising options	<p>Seek money from other levels of government</p> <p>NSW Government should pay</p> <p>Cut back on staff/project/general costs</p> <p>Reduce executive salaries</p> <p>Sell more assets</p> <p>Some assets should not be sold eg open space</p> <p>The rate rise should be more than 15% / should have been raised earlier</p> <p>Issue more fines to raise revenue</p> <p>Charge more for other services</p> <p>Reduce services like libraries, pools, childcare</p> <p>I don't mind reduced services / I don't use many services anyway</p>	<p>Rates are an important source of Council and represent 29% of Council's income. Council also receives grant funding from State and Federal Governments and from fees and charges.</p> <p>Council is already working on sourcing more income for Council, through our Business Recovery Plan, which includes the sale of underutilised assets, reducing staff numbers and our capital works program, looking closely at our fees and charges and securing more bank loans.</p>
Concerns about impact of amalgamation	<p>The Councils shouldn't have amalgamated – can we demerge?</p> <p>This is caused by amalgamation</p> <p>Wyong was better off/Gosford was worse off. Wyong have always been paying more rates than Gosford and got less.</p>	<p>Council amalgamations and demergers are a decision of the State Government. In the Administrator's 30-Day interim report the highlights that Council's rapid financial decline was due to several matters, with only the IT costs directly related to amalgamation.</p>

	Amalgamation was meant to reduce costs	
There is disparity in rates across the former Wyong and Gosford LGAs	<p>Wyong rates are already too high</p> <p>Wyong subsidises Gosford ratepayers</p> <p>Equalising rates should have happened before a rate rise was considered</p> <p>My area needs a fairer share of investment across the region</p>	<p>Answered in the FAQs on YVOC - Since the merger Council has been required to maintain two rating systems. This was due to a four-year rate freeze imposed by the NSW Government. This meant that Council could not adjust rates beyond the rate peg in the first four years after amalgamation. Under current legislation Council must maintain one consistent rating structure to ensure a fairer and more equitable system across all rating categories within the Central Coast Local Government Area. This will be a separate process to the SV and will also take effect from 1 July 2021 and will only affect general rates.</p>
General comments on poor Council services	<p>A rate rise will mean we will get less but pay more</p> <p>The Coast is already a mess – weeds and rubbish everywhere. I used to have pride in the area.</p> <p>I don't have curb/gutter/water/sewerage</p> <p>Central Coast roads are poor</p> <p>I don't get much for my rates already</p> <p>Dealing with Council is challenging/slow response time/inadequate actions</p>	<p>Council has overspent on programs in both capital works and general operations, which has actually seen more infrastructure built for the community and more services delivered. Council embarked upon a \$242m capital works program which is \$69m more than the average capital spend over the previous two financial years, based on the incorrect assumption the capital works program could be paid for from Restricted Reserves.</p> <p>A number of these projects exceeded their budget – for example the Water Fund exceeded its capital budget allocation for 2019-20 financial year by \$12m, while the Sewer Fund exceeded by \$2.6m and Drainage Fund exceeded by \$1.2m.</p> <p>Council has had to take significant steps towards financial recovery, which has included a review of service levels including reduction in staff resources across the whole organisation. Council</p>

		<p>remains committed to continuing the delivery of essential services for the community.</p> <p>Council has prioritised mowing work in order of; safety (roadsides), playability (sportsgrounds), usability (parks/playgrounds) and amenity (sports surrounds, reserves, roadsides and centre medians).</p> <p>Council has prioritised it's general funded Road and Drainage Capital Works Program in line with its Business Recovery Plan. All works were prioritised based on current stage of completion, as well as public safety and risk. From there, determinations were made regarding which projects were able to be deferred for completion at a later date when funding resources become available. Council also continues to prioritise Water and Sewer works in a similar way.</p> <p>The current Wyong rates were \$1,194 per year, while Gosford was \$1,015. With a proposed rate rise, Council rates would still be less than surrounding regions per year such as Newcastle (\$1,582), Cessnock (\$1,261) and Lake Macquarie (\$1,494).</p> <p>Council delivers many free services for the community, and for every rates payment it receives Council invests it back into:</p> <ul style="list-style-type: none">• Roads and paths• Sport, recreation and community facilities
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		<ul style="list-style-type: none"> • Waterways and natural environment • People, arts and culture and leisure • Libraries and learning • Planning, building, health and economic development <p>Council now has an improved online customer service centre for the community, which provides more self-service options when lodging a request. It can also assist customers to find information and tips on how to resolve their issue quickly and easily. Users can submit customer service enquiries, provide feedback or report any issues that you would like Council to action. Once registered, users can also track and view any updates to their service requests.</p>
<p>Would like to keep service levels or see improved services/levels</p>	<p>Expects more/improved services with increase</p> <p>Will see the Central Coast grow / get better / thrive</p> <p>A rate increase will encourage investment and grow the economy</p> <p>The area/Coast needs to improve</p>	<p>A 15% rate increase is expected to have the following impacts to service Council provides to the community:</p> <ul style="list-style-type: none"> • Maintaining opening hours and programs at pools, libraries, although no new facilities would be constructed. • Maintenance of sporting and community facilities, parks and gardens would remain as is, with no increase to mowing, planting or maintenance • Construction of roads, footpaths, cycleways and drains would continue • Environmental programs would be retained (e.g. weed removal and native vegetation programs) • Processing times for customer requests, applications and permits would remain the same • Community events maintained, but not expanded

		No rate rise (rate peg only), or a 10% rate increase is expected to result in reduced Council services. A list of impacts can be found at yourvoiceourcoast.com (Fact sheet: Impacts on rates and Council services)
Concerns about community consultation	<p>Both surveys forced participants to select either option one or two</p> <p>The data will be skewed</p> <p>Feel bullied and threatened with loss of services if we don't pay more</p> <p>Rate rise will happen regardless of objections and feedback</p> <p>The letter arrived late</p> <p>I didn't receive a letter</p> <p>Timing of consultation was too short / inappropriate over holidays</p>	<p>Answered in individual emails and in updated information on YVOC at the time.</p> <p>Council extended the survey options for the community to have their say on a rate rise for the Central Coast. A second survey with an additional question about the option of 'no rate rise – rate peg only' was open from 22 January 2021 until Monday 1 February.</p> <p>This second survey was developed in direct response to community feedback that many residents and ratepayers felt restricted in their opportunity to express their views about the option of 'no rate rise – rate peg only.'</p> <p>The first survey closed at 22 January 2021 and 3800 surveys were completed. A report on the first and second survey results will be made publicly available at the 8 February Ordinary Council Meeting and the feedback will be reported to Council and IPART, including feedback that states a lack of support for a special variation.</p> <p>Council presented information to the community on the impacts of the two proposed rate rise options (10% and 15%) as well as rate peg only, including impacts on service delivery. Council was seeking community understanding of Council's current financial situation, work Council was doing to address the financial situation and the need for a rate rise. Council delivers hundreds of services to the community each and every day and was being realistic about</p>

		the impacts on services without a rate rise. Council recognised and apologised for the issues relating to the mailing out of letters to ratepayers. Ratepayers who contacted Council directly were provided with a copy of the letter.
Concerns about content provided to the community	<p>The figures provided to the community are not correct</p> <p>How were the figures calculated?</p> <p>The impact of rates harmonisation wasn't clear</p>	<p>The average figures provided to the community have been developed from financial modelling based on current property data and land values used as of 1 July 2020. Updated land values are provided to Council regularly (due to changes in development, to correct errors or as a result of objections) which Council must use until the new set of land values are issued.</p> <p>The NSW Valuer General issues Councils with new land values every 3 years. A new set of land values will be supplied by the NSW Valuer General and applied from 1 July 2023. The final 2021-22 rate levied may vary due to IPART decisions, the specific category your property falls in and marginal movements due to model sensitivity.</p>

A full list of the responses to community feedback were included in a report to the Ordinary Council Meeting of 8 February 2020 to inform decision-making in relation to lodging an application with IPART for a Special Variation. The **Securing Your Future Consultation Report (D14388397)** is attached. Also attached is a summary of feedback received by letter and the response provided (**D14477559**). The submissions are provided as confidential attachments (**D14474039, D14474049, D14474051 and D14474055**)



Attachments for Criterion 2

List attachments relevant to your response for Criterion 2 in **Table 2.1**. Use the council assigned number shown in Table 8.1.

Table 2.11 Attachments relevant to response for Criterion 2

Council- assigned number	Name of document	Page references ^a
D14478921	Consultation Report	
D14474039	Customer Feedback – A-D - CONFIDENTIAL	
D14474049	Customer Feedback – E-L - CONFIDENTIAL	
D14474052	Customer Feedback – M-R - CONFIDENTIAL	
D14474055	Customer Feedback – S-Z – CONFIDENTIAL	
D14477559	Feedback Summary	

^a If document only relevant in part.



Criterion 3

Impact on ratepayers

Criterion 3 in the SV Guidelines is:

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

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

To complete the questions for Criterion 3: Impact on ratepayers refer to IPART's Application Guide for SV Application Form Part B.

Refer also to the IPART publications:

- ▼ *The Year Ahead – Special Variations in 2021-22* – Fact sheet
- ▼ *Special Variations in 2021-22* – Information Paper
- ▼ *Community awareness and engagement for special variations* – Information Paper

3.1 What is the impact on rates of the proposed special variation?

In the text box provide information about the impact on rates of all affected ratepayer categories.

Impact on rates of the proposed Special Variation

The following table shows the impact on rates of all affected ratepayer categories.

		Annual rates (average) – Not Harmonised	Annual rates (average) – 2% Harmonised	Annual rates (average) – 15% Harmonised
Ordinary Rates		2020-21	2021-22	2021-22
	Gosford	\$1,014	\$1,277	\$1,440

Residential average	Wyong	\$1,194	\$963	\$1,085
Business average	Gosford	\$2,601	\$3,422	\$3,863
	Wyong	\$3,535	\$2,515	\$2,829
Farming average	Gosford	\$1,359	\$1,836	\$2,069
	Wyong	\$2,909	\$1,927	\$2,175
Mining average	Gosford	-	-	-
	Wyong	\$412,763	\$421,018	\$474,677

Sub-category and special rates (under section 508(2)) are not included in the above table but are included in Part A of Council's application.

Harmonisation – Other anticipated change

As Central Coast Council is an amalgamated Council the information shows the impact on ratepayers of both the former Gosford and Wyong Councils.

As part of this process, the rates for Central Coast Council have been harmonised. As a result of this harmonisation process some ratepayers will not experience the increase in actual terms and some will have a decrease in their rates. Some ratepayers will have a larger increase than the rate variation.

As part of the harmonisation process, Council has adopted the maximum minimum rating structure. This impacts ratepayers in the former Wyong area only as that area had an adopted minimum rate \$300 across all ordinary rate categories. The former Gosford had adopted the maximum minimum which results in no change with regard to the minimum rate.

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

In the text box explain how the council considered whether the rate increases would be affordable for the community, including any socioeconomic data referred to in making its assessment.

Capacity to pay

As a result of the merger of two former Council areas (Gosford & Wyong), Council inherited two different rate structures. Due to a four-year rate structure freeze imposed by the State Government, Council could not review the rating structure within the first four years following amalgamation which saw different rates being paid in different areas.

As required by law, Central Coast Council must review the rates structure within the confines of the *Local Government Act 1993* by 1 July 2021 to align the existing rates of the two former rate systems to ensure equitable distribution among rate payers and look at options to ensure future financial sustainability.

Council does not receive any increase in rates income from rates equalisation (harmonisation). The process results in a redistribution of rating liability based on rating category and unimproved land valuations.

Land value ranges and property counts - 2019 base date						
Rateable land value ranges	Residential	Business	Business	Business	Farmland	Mining
\$0 to \$99,999	10,024	1,956	7		1	
\$100,000 to \$199,999	9,814	978	3		11	
\$200,000 to \$299,999	39,600	566	2	1	6	
\$300,000 to \$399,999	38,118	535	2	1	1	1
\$400,000 to \$499,999	17,065	462	1	3	3	
\$500,000 to \$599,999	6,898	393	1	2	5	1
\$600,000 to \$699,999	4,158	266		1	13	
\$700,000 to \$799,999	3,289	241		1	24	1
\$800,000 to \$899,999	1,948	196		2	45	
\$900,000 to \$999,999	1,410	130			51	
\$1,000,000 to \$1,499,999	2,057	421	1	3	209	1
\$1,500,000 to \$1,999,999	414	165		1	40	
\$2,000,000 to \$2,999,999	235	158	3		18	
\$3,000,000 and greater	108	102	5	7	4	1
Total Properties	135,138	6,569	25	22	431	5
Average land value	360,790	503,087	1,587,816	7,783,455	1,137,785	2,775,000

The below tables demonstrate that 70% of residential properties in the former Gosford have an unimproved land value between \$200,000 and \$599,999.

Land value ranges and property counts - 2019 base date						
Rateable land value ranges	Residential	Business	Business LRA	Business MRA	Farmland	Mining
Gosford						
\$0 to \$99,999	5,529	906			1	
\$100,000 to \$199,999	5,818	519	1		11	
\$200,000 to \$299,999	9,086	295	1		5	
\$300,000 to \$399,999	23,428	313	2		1	
\$400,000 to \$499,999	11,852	251			3	
\$500,000 to \$599,999	4,504	177			3	
\$600,000 to \$699,999	2,531	155			4	
\$700,000 to \$799,999	2,146	158			18	
\$800,000 to \$899,999	1,552	130			19	
\$900,000 to \$999,999	1,241	93			29	
\$1,000,000 to \$1,499,999	1,786	287			164	
\$1,500,000 to \$1,999,999	322	108			33	
\$2,000,000 to \$2,999,999	206	96	1		8	
\$3,000,000 and greater	81	73	4	2	2	
Total properties	70,082	3,561	9	2	301	-

While 69% of residential properties in the former Wyong have an unimproved land value between \$200,000 and \$399,999.

Land value ranges and property counts - 2019 base date						
Rateable land value ranges	Residential	Business	Business LRA	Business MRA	Farmland	Mining
Wyong						
\$0 to \$99,999	4,495	1,050	7			
\$100,000 to \$199,999	3,996	459	2			
\$200,000 to \$299,999	30,514	271	1	1	1	
\$300,000 to \$399,999	14,690	222		1		1
\$400,000 to \$499,999	5,213	211	1	3		
\$500,000 to \$599,999	2,394	216	1	2	2	1
\$600,000 to \$699,999	1,627	111		1	9	
\$700,000 to \$799,999	1,143	83		1	6	1
\$800,000 to \$899,999	396	66		2	26	
\$900,000 to \$999,999	169	37			22	
\$1,000,000 to \$1,499,999	271	134	1	3	45	1
\$1,500,000 to \$1,999,999	92	57		1	7	
\$2,000,000 to \$2,999,999	29	62	2		10	
\$3,000,000 and greater	27	29	1	5	2	1
Total Properties	65,056	3,008	16	20	130	5

The capacity to pay principle that underpins the ad valorem rating system results in properties with higher rateable land values attracting a higher rate. On average the former Gosford area has higher land valuations, harmonisation will result in a shift of the rating liability from the former Wyong area to the Gosford area. Information below shows that

this is an appropriate shift because the former Wyong area has more disadvantaged residents than the former Gosford area.

Our analysis of the community's capacity to pay an increase next year recognises that while the community will face financial challenges, Council must consider the consequences of not addressing the financial situation for future generations. In assessing these consequences Council has considered the public safety risks, social and economic impacts, and impact on essential or valued infrastructure.

When considering capacity to pay with regard to rental properties it is reasonable to consider that the vast majority are investment properties which increase the ratepayer's capacity to pay.

In 2016 33% of dwellings were fully owned and a further 33% being purchased. 22% of households were rented privately and 3.6% were in social housing. Compared to NSW and Greater Sydney there was a larger proportion of households who owned their dwelling, a larger proportion purchasing their dwelling and a smaller proportion who were renters.

The most relevant measure for understanding the difference in the comparative levels of overall advantage or disadvantage is the ABS 2016 Socio-Economic Indexes for Areas (SEIFA) -Index for Relative Socio-economic disadvantage. A lower score on the index means a higher level of disadvantage. This index is derived from Census variables such as low income, low educational attainment, high unemployment and jobs in relatively unskilled occupations. A higher score on the index means a *lower* level of disadvantage. A lower score on the index means a *higher* level of disadvantage.

In 2016 the Central Coast Council area scored 989 on the SEIFA index of disadvantage. This was relatively average, and in the least disadvantaged 40% of areas for Australia. The rate is below that for Greater Sydney and NSW but similar to Lake Macquarie, Wollongong, Blacktown and Penrith LGAs.

Comparative SEIFA scores

Council	Index of Relative Socio- economic Disadvantage
Central Coast	989
Greater Sydney	1018
New South Wales	1001

Source:

Compiled and presented by .id – informed decisions. www.id.com.au, community profile
This material is a derivative of 2016 ABS Data that can be accessed from the website of the Australian Bureau of Statistics at www.abs.gov.au

However, this masks considerable difference between the former Gosford and Wyong LGAs, with Gosford LGA in the *least* disadvantaged 30% of areas, and Wyong in the *most* disadvantaged 40% of areas.

The northern areas of the former Wyong LGA tend to be more disadvantaged than many areas of the former Gosford LGA and generally in the most disadvantaged 16% to 30% of areas in Australia. The Central Coast's demographic has 27% of the region's population aged 60 years and over (state average is 22% and Greater Sydney average 19%) and around a quarter under 18. Around 24,000 households are considered in 'housing stress' (paying more than 30% of their gross household income on housing costs), the unemployment rate is 4.7% and median annual income is \$41,771 (ABS). The Central Coast has a high proportion of small business owners (employing one in four people on the Coast) whose revenue has been impacted by COVID-19.

In considering the capacity of ratepayers to pay it is important to recognise that due to harmonisation, the impact is not applied evenly across the local government area. The impact is larger on those ratepayers in the former Gosford Council area where the level of disadvantage is lower. The impact is lower in the former Wyong Council area where the level of disadvantage is higher. This is more equitable with the burden moved to the area with the greater capacity to pay.

Further information is **Attached (D14468870 Socio-economic Summary)**

Our assessment of our community's capacity to pay included comparisons with neighbouring Councils.

Comparative data – Ordinary Rates (applying OLG comparative data 2018-19)

Compared to Councils within the same category (OLG categories) and classification, Central Coast Council consistently has one of the lowest ordinary rates for average residential and farmland. While the ordinary business rate is higher in comparison it is in the middle of the rate levels when compared to Councils within the same category and classification.

Compared to neighbour Councils, Central Coast has the lowest ordinary residential and farmland rate.

As a result, the proposed rate variation is reasonable in the context of the current ordinary rate levels and in comparison to the ordinary rate levels (excludes waste and other annual charges) of similar Councils and neighbouring Councils.

The tables extracting this comparative data is provided as an **Attachment (D14472268 - Comparative Data – Rates)**

Rates, Annual Charges and Interest Outstanding Percentage (Ratio)

At the end of December 2020 Council had collected 53.7% of the total rates levied (this includes overpayments and domestic waste) for the 2020-21 financial year. Rates collected so far have been for the Q1 and Q2 instalments (due September and November

2020 respectively). This compares to 52.9% of rates being collected for 2019-20 which is slightly higher than pre-COVID. In January 2021 the total rates collected was 56.9% while at the same time in the FY2020 rates collected was 55.1%.

Despite COVID and its impacts, ratepayers continue to pay. It is also noted that Council was unable to actively collect rates at the end of the 2019-20 financial year and had a 0% interest rate for the period 1 July 2020 to 31 December 2020 due to legislative restrictions.

This demonstrates that the ratepayers of the Central Coast are willing to pay even during unusual circumstances and without debt recovery measures.

At the end of 2019-20 Council's *Rates, Annual Charges and Interest Outstanding Percentage* for General Fund was 5.9%. While this is slightly above the Local Government Benchmark of 5.0%, it has been noted that due to COVID Council had been unable to take debt recovery actions.

Customer Experience Surveys – Customers value the services we provide

Over the last three years Central Coast Council has been focused on understanding what is important to our customers to ensure that we are meeting the current and future needs of our community. Council has conducted annual Customer Experience telephone surveys using Micromex Research since June 2018 interviewing over 600 customers each year. Participants are representative of the Central Coast community in both demographics and Ward (120 residents each), ensuring we accurately reflect our community's differing needs, opinions and backgrounds.

Each year the survey asks residents and ratepayers about:

- Satisfaction levels with current services and facilities within the community (service quality/ perceptions),
- Importance of these services and facilities,
- Overall satisfaction with Council, and
- Preferred methods of communication and engagement with Council.

Data is analysed and benchmarked against other similar Councils within NSW. The collective results since 2018 consistently reveal the importance of Trust within Council. Customers value good governance, meaning they want:

- Value for rates paid,
- Council working for the best interests of the community,
- Information about Council decisions are clear and accessible, and
- Council is a well-managed and well-run organisation.

What our customers consistently tell us they need from Council is:

- Good governance,
 - Connectivity, particularly roads, footpaths and parking, and
 - Focus on natural environment: particularly management of lakes and foreshores and the provision of parks, gardens and reserves.
-

The survey clarifies what is important to our customers (Year by year benchmark comparisons below) and we have focused on these areas to improve our customers overall satisfaction (overall satisfaction below). These results have been trending upwards since 2018 and compare well against other similar Councils.

From these results, Council has a good understanding of the services and infrastructure that the community need and value. Without a rate rise many of these services will be significantly impacted.

Year by Year and Benchmark Comparison – Importance

Q2. For each service/facility could you please rate your opinion of the importance of the service/facility to you, and your level of satisfaction with Council's performance/delivery of that service.

Measures	Importance		Micromex Regional LGA Benchmark
	2019	2020	
Trust			
Council works in the best interests of the community	4.55	✓4.74	N/A
Council manages funds well and provides good value for rates paid	4.43	✓4.65✓	4.48
Council is a well-managed and well-run organisation	4.41	✓4.58	N/A
Information about Council and its decisions is clear and accessible	4.28	✓4.51✓	4.31
Management - Development			
New developments are well planned and in keeping with local character	4.16	✓4.34	4.28
Development assessment and control processes	4.02	✓4.24✓	4.02
Revitalising and beautifying town centres and CBDs across the LGA	4.10	4.13	4.23
Management - Services/Facilities			
Household waste and recycling services	4.69	✓4.81✓	4.59
Maintaining local roads	4.69	✓4.78✓	4.66
Water and sewer services	4.59	✓4.74✓	4.48
The road network provides for efficient traffic flow	4.65	4.71✓	4.44
Management of lakes and foreshores	4.54	✓4.68✓	4.51
Provision and maintenance of parks, gardens, and reserves	4.44	✓4.61✓	4.25
There are sufficient footpaths	4.20	✓4.44✓	4.27
Availability of car parking in town centres and CBDs	4.29	4.36	4.30
Community facilities and buildings	4.17	4.23✓	3.90
Council run community events and festivals	3.83	3.80✘	3.95

Scale: 1 = low importance, 5 = high importance

✓ = significantly higher than benchmark/2019 score

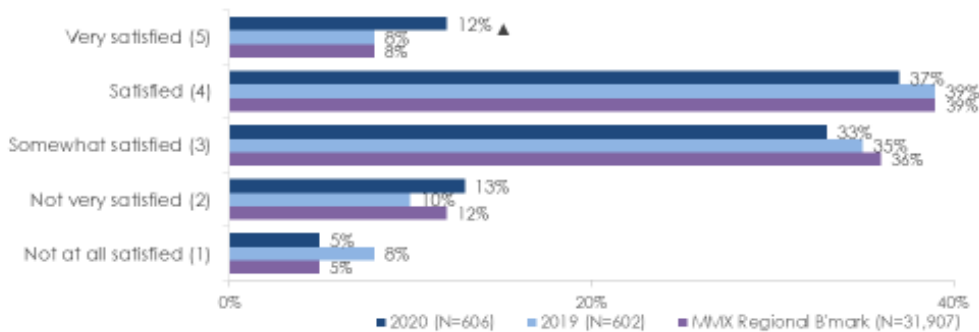
✘ = significantly lower than benchmark/2019 score

Overall Satisfaction – Performance of Council

Q3. Overall, for the last 12 months, how satisfied are you with the performance of Council, not just on one or two issues, but across all responsibility areas?

	Overall			Gender		Age				Ratepayer status	
	2020	2019	2018	Male	Female	18 – 29	30 – 49	50 – 69	70+	Ratepayer	Non-ratepayer
Mean rating	3.39	3.29	3.14	3.39 (3.31)	3.39 (3.37)	3.55 (3.36)	3.28 (3.28)	3.38 (3.29)	3.42 (3.45)	3.34 (3.36) ▼	3.58 (3.44)
Base	606	602	611	288	318	103	188	200	115	478	126

	Ward					Time lived in the LGA		
	Gosford East	Gosford West	Budgewoi	Wyong	The Entrance	≤10 years	11 – 20 years	More than 20 years
Mean rating	3.54	3.39	3.28	3.29	3.45	3.57 (3.46)	3.56 (3.38)	3.28 (3.35) ▼
Base	127	109	124	140	106	85	141	379



Figures in (purple) are Micromex Regional Benchmark scores (Note: The benchmark age breakdown differed slightly, with the 4 categories being: 18-34, 35-49 and 50-64 and 65+). Scale: 1 = not at all satisfied, 5 = very satisfied. ▲ ▼ = A significantly higher/lower level of satisfaction (by group).

Overall satisfaction continues to increase, with 82% of residents stating they were at least somewhat satisfied. The overall mean rating (3.39 out of 5) has significantly improved compared to 2018. Ratepayers and those living in the LGA for more than 20 years were significantly less satisfied – this pattern is broadly in line with our Regional norms (see purple results in brackets above).

Future Growth

With its stunning natural environment and lifestyle oriented communities, all within 80kms of Sydney and Newcastle, the Central Coast is an appealing place to live and visit.

It is currently home to over 339,196 residents. The Central Coast’s proximity to Sydney has always been a strong driver for residential and employment growth.

The critical need for more housing and employment opportunities outside of Metropolitan Sydney is putting increasing pressure on this area to accommodate population growth. In fact, the whole Central Coast Region has been identified as the centre of the State’s fastest growing corridor, from the northern edge of Sydney to Newcastle.

The projected population along this corridor is estimated to be 1.1 million by 2036. This means that the Central Coast is estimated to grow to a population of 415,050 by 2036, with as many as 75,500 new residents living in the Region. This population growth represents some natural growth within the community, but largely will come from people outside the region.

This increase in population puts greater and greater pressure on Council to deliver services and infrastructure.

3.3 How does the council intend to address hardship?

Does the council have a Hardship Policy?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If Yes, is an interest charge applied to late rate payments?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

In the text box:

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.

Debt Recovery and Hardship Policy

Central Coast Council's Debt Recovery and Hardship Policy (Attached – Reference D14459909) covers situations where ratepayers are facing financial hardship impacting their ability to pay. This policy allows for those experiencing financial difficulties to enter into an agreement with Council to pay rates by instalments.

Council has reviewed its Hardship Policy in accordance with the 23A guidelines issued by the Office of Local Government. The specific changes include additional clarity regarding the decision making and appeal process. In addition, the Policy now specifically sets out where those facing financial hardship can go to get additional advice.

On 8 February 2021, Council adopted the revised Policy for the purpose of public exhibition. The Policy will be on exhibition for 28 days after which a further report will be provided to Council for the purpose of considering submissions received.

In this way Council will be providing the public with an opportunity to comment on our proposed approach to hardship in the context of a potential rate variation.

When the Policy is presented back to Council, some changes may be made to reflect the community feedback. Once the Policy is adopted it is proposed that it will be supported by collateral to provide information to those facing financial hardship. This information will also be available on Council's website.

In addition, Central Coast Council offers all eligible pensioner ratepayers a discount of up to \$250 off ordinary rates in accordance with the legislation.

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).

As part of the Delivery Program and Operational Plan 2020-21, details on options for businesses and residents who are suffering hardship was included on page 7 (extract below). The information was in relation to COVID-19, but hardship support is still relevant to any ratepayers who are having trouble paying their rates.

Support for Residents and Businesses

Council recognises the significant stress and the toll this taking on the community, with many residents and businesses experiencing financial pressures. To support the community Council has set up a number of resources to help.

For residents experiencing hardship, specifically loss of regular income, Council is providing interest waivers on outstanding accounts until 31 August 2020, including hardship payment arrangements that allow all ratepayers to organise a payment plan over a longer period. These initiatives are offered to assist in relieving the financial pressure as a result of the current situation. If you are having trouble paying your rates or water account on time, Council can provide hardship assistance and a personalised payment plan to help you get back on track. For more information visit www.centralcoast.nsw.gov.au/residents/property/pay-rates-and-water-bills/rebates-and-hardship-assistance#hardship or call Council on 1300 463 954.

For businesses, support includes:

- A dedicated priority customer service channel for businesses seeking information from Council, including online resources
- Access to Council's one-stop Grant Finder hub to source potential financial injections
- A commitment by Council to procuring goods and services from local businesses whenever possible and to promoting its upcoming works program to local suppliers
- Online platforms which help local shoppers and businesses connect with other local businesses
- Non enforcement of delivery times specified in development approvals.

For more details, visit www.centralcoast.nsw.gov.au/business-support

A revised Operational Plan 2020-21 has been prepared and details of the Hardship Policy and how to access support is on page 7 (extract below).

Hardship Policy

It is understandable that the potential of a rate rise can be stressful, especially given the financial pressures that have been faced or still being facing as a result of the COVID-19 pandemic.

As detailed in the Operational Plan 2020-21 that was adopted in July 2020, Council recognises the hardship residents or businesses may experience and has a Hardship Policy that offers a number of resources to assist ratepayers during these times. If IPART approves the SRV, help will continue to be available to those having trouble paying their rates. For more information visit:

www.centralcoast.nsw.gov.au/residents/property/pay-rates-and-water-bills/rebates-and-hardship-assistance#hardship.

Taking into consideration the potential rate increase, revisions to the Hardship Policy have also been made and will be exhibited in February 2021.



Attachments for Criterion 3

List attachments relevant to your response for Criterion 3 in **Table 3.1**. Use the council assigned number shown in Table 8.1.

Table 3.11 Attachments relevant to response for Criterion 3

Council-assigned number	Name of document	Page references ^a
D14459909	Draft Hardship Policy	
D14468870	Socio-economic Summary	
D14472268	Comparative data - Rates	

^a If document only relevant in part.



Criterion 4 Exhibition of IP&R documents

Criterion 4 in the SV Guidelines is:

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

To complete the questions for Criterion 4: Exhibition of IP&R documents refer to IPART's Application Guide for SV Application Form Part B.

Refer also to the IPART Information Paper – *Special Variations in 2021-22*.

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

In the text box outline the council's IP&R processes as they relate to public exhibition and adoption of the IP&R documents relevant to the council's application for the SV.

In April 2020, Council placed its draft Operational Plan 2020-21 on public exhibition. The Operational Plan included details of projects, actions and measures to be undertaken in the 2020-21 financial year, income and expenditure for 2020-21, Statement of Revenue and Fees and Charges for 2020-21, and the Long Term Financial Plan. During exhibition the COVID-19 pandemic was being realised and further work was undertaken to understand the economic impacts of COVID-19 and the ability to deliver to the Central Coast community. Further information was then published alongside the draft Operational Plan 2020-21. The information provided an update of the actions and measure listed in the draft Operational Plan 2020-21 that will be impacted by COVID-19, those that won't be impacted and those where the impact is possible but exact details are not yet known. To ensure the community had adequate time to review and consider these changes, the exhibition was extended from 28 days to 35 days.

While this information did not include the full extent of Council's financial situation. The updated information did consider the lack of income and varying service changes resulting from COVID-19 and the impending need to reduce expenditure, or continued deficits would result. Further budget changes were also considered, with the final Operational Plan 2020-21 that was adopted in July 2020 differed to what was on exhibition. These changes were clearly communicated in the 27 July Council Report (links listed below).

- 27 July Council Report - [Link](#)
- Attachment 3 - [Link](#)
- Attachment 4 - [Link](#)

Again, whilst the changes between the draft Operational Plan 2020-21 and adopted Operational Plan 2020-21 did not include the extent of the current financial situation, it is important to note that changes were made and clearly communicated to the community.

As the financial situation was realised in October 2020, Council continued to communicate changes to the Operational Plan 2020-21 via its Quarterly Business Report. Whilst the proposed Special Rate Variation does not apply to the current 2020-21 financial year, understanding how the financial situation has impacted the current program of works is important. A revised Delivery Program and Operational Plan 2020-21 has been produced, and includes details of the situation, the need to apply for a Special Rate Variation and details of how the financial situation has impacted the Operational Plan 2020-21 projects, actions and measures. This was included as an attachment to the *Securing Your Future: Consideration of a Rate Rise* Council Report on the 8 February 2021.

A revised LTFP was also drafted based on the financial crisis and includes considerations of a Special Rate Variation. This was adopted as part of the *Securing Your Future: Consideration of a Rate Rise* Council Report on the 8 February 2021. It will be publicly exhibited from 9 February 2021 to 9 March 2021.

As the proposed Special Rate Variation (SRV) is to be applied for the 2021-22 financial year, the Operational Plan for 2021-22 (final year of the Delivery Program) will contain details of the Special Rate Variation, including the need, type, purpose and the service levels based on the options of a standard rate peg (Scenario 1) or a 15% SRV (Scenario 2). Development of the Operational Plan 2021-22 (including the Long Term Financial Plan) will commence mid-February 2021, with a draft to be exhibited in April 2021.

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

Complete Table 4.1 for the mandatory IP&R documents. If other IP&R documents are relevant to the council's application, also complete Table 4.2.

As required by Section 7 of the SV Guidelines, councils should provide web links to all relevant IP&R documents in Table 4.3.

Table 4.1 Mandatory IP&R documents

Document	Date(s)
Community Strategic Plan	
Exhibition	30 April 2018 – 28 May 2018
Adoption by council	25 June 2018
Placed on council website	29 June 2018
Delivery Program	
Exhibition	18 May 2018 – 14 June 2018
Adoption by council	25 June 2018
Placed on council website	29 June 2018
Long Term Financial Plan	
Revised LTFP endorsed by council	8 February 2021
Placed on council website	9 February 2021

Table 4.1 Other IP&R documents (if relevant)

Document	Date(s)
Asset Management Strategy / Plan(s)	
N/A	
Exhibition	
Adoption by council	
Placed on council website	
Operational Plan for 2020-21	
Endorsed by council	27 July 2020
Placed on council website	28 July 2020
Revised Operational Plan noted by council	8 February 2021
Placed on council website	9 February 2021

Table 4.2 Website links for council's IP&R documents

Document	Website link
Community Strategic Plan	https://www.centralcoast.nsw.gov.au/council/forms-and-publications/community-strategic-plan
Delivery Program	https://www.centralcoast.nsw.gov.au/delivery-program-and-operational-plan
Operational Plan 2020-21	https://www.centralcoast.nsw.gov.au/delivery-program-and-operational-plan
Long Term Financial Plan (Revised) – To be provided after Council resolution	https://www.yourvoiceourcoast.com/all-projects/securingyour-future-rate-rise
Asset Management Strategy / Plan(s)	https://cdn.centralcoast.nsw.gov.au/sites/default/files/Resourcing-strategy-2018.pdf

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

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

Council has not obtained feedback regarding the rate variation through the IP&R process. This is because the situation facing Council became apparent relatively recently (October 2020). Council has moved swiftly to address the critical financial situation and does not have the ability to review the IP&R documents prior to seeking this variation.

However, Council has subsequently updated the Delivery Program and Operational Plan 2020-21, and the Long Term Financial Plan. Council has resolved on 8 February 2021 to place the draft Long term Financial Plan on public exhibition and feedback as a result of that process will be collected and reported to Council in accordance with the legislation.

Community feedback from this process will be reported to Council and provided to IPART.

During exhibition of the draft Operational Plan 2020-21, the majority of submissions were positive, with support for the projects and actions listed or requests for additional projects. Previous exhibitions of the IP&R documentation is also reflective of this, with the majority of projects requested and valued by the community including:

- Roads and drainage infrastructure
- Playgrounds
- Shared pathways
- Well maintained parks, open spaces foreshores

These are also part of the community's vision, as detailed in the Community Strategic Plan.

The lack of negative feedback provided by the community demonstrates that they are generally satisfied with services and levels of service provided by the Council but are more in need of maintaining existing assets or constructing new infrastructure. The proposed Special Rate Variation aims to maintain realistic service standards.

Council has a strong IP&R process, ensuring Councillors are engaged and involved in the end-to-end process. Exhibition meets the legislative timeframes and is adequately promoted through media releases and Facebook posts, with a large number of submissions generally received. Submissions are assessed by the relevant business areas, with consideration undertaken into any requests and adjustments then made in consultation with the Councillors.

4.3 Where is the proposed special variation referred to in the council's IP&R documents?

Complete Table 4.4 with all relevant page (or section) references in the mandatory IP&R documents for material related to each criterion. Add rows for other IP&R documents if necessary.

IP&R document	Page reference(s)
Criterion 1: Financial need	
Revised Delivery Program and Operational Plan 2020-21	3,4
Revised LTFP	
Criterion 2: Community awareness and engagement	
Criterion 3: Impact on ratepayers	
Revised Delivery Program and Operational Plan 2020-21	4,5
Revised LTFP	

As part of the development of the Operational Plan 2021-22, details on the financial need, community awareness and engagement, and impact on ratepayers will be included.



Attachments for Criterion 4

List attachments relevant to your response for Criterion 4 in **Table 4.5**. Use the council assigned number shown in Table 8.1.

Table 4.35 Attachments relevant to response for Criterion 4

Council- assigned number	Name of document	Page references ^a
D14461483	Revised Delivery Program and Operational Plan 2020-21	

^a If document only relevant in part.



Criterion 5

Productivity improvements and cost containment strategies

Criterion 5 in the SV Guidelines is:

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

To complete the questions for Criterion 5: Productivity improvements and cost containment strategies refer to IPART's Application Guide for SV Application Form Part B.

Refer also to the IPART publication *Special Variations in 2021-22* – Information Paper

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

In the text box explain the council's overall approach to improving productivity, containing costs, increasing own source revenue in the context of its operations and IP&R resource planning.

Council has recently undertaken a number of steps to contain costs.

Some of these were specifically in response to Council's financial situation and are measures that will remain in place for years to come to ensure long term financial sustainability.

These include:

- Organisational restructure
- Divesting property
- Improved financial monitoring and reporting
- Renegotiating better outcomes

Council has also undertaken work to improve productivity in its approach to operations and asset management. These include work done on the following:

- Asset management
- Service Review process
- Audit program

- Customer service.

The details of these steps taken are below.

Organisational Restructure and staffing costs – Containing costs

A new organisational structure was adopted on 30 November 2020 which reduced the number of Executive Leadership Team positions from nine to five. To support this newly adopted structure, a revised leadership team structure was developed which saw the number of Unit Managers reduced from 39 to 26.

The organisational restructure process has been done in close consultation with the relevant Unions. The Unions have been very co-operative through the process and appreciate Council's dire financial situation.

In December 2020/January 2021, Council ran a voluntary redundancy program.

Following this process there will be further restructure the aim of which is to return the Central Coast Council FTE to a number similar to the pre-amalgamation levels of the combined former Gosford and Wyong Councils.

As part of the September 2020 quarterly budget review, a provision of \$45M was made for the purpose of redundancy payments to facilitate this restructure.

The aim of reducing the number of FTE is to bring staffing levels to an appropriate level and ensure Council's future sustainability. This process is planned to result in savings of an estimated \$30M per annum.

Council has also commenced an approach to reduce reliance on contractors and temporary employees. 51 temporary employees or contractors were terminated by 31 December 2020 resulting in savings of \$4.678M (being the difference of the amount actually paid compared to the expected contract term. Further savings will be realised over the coming year as contracts are wound up (Q2 - \$396,507, Q3 - \$458,898 and Q4 \$356,058)

Council has also reduced reliance on overtime to manage services. Overtime was restricted from October 2020 to only that required for safety or emergency requirements. As a result, in Q2 of 2020-21 overtime reduced to \$440K (compared to \$1.2M for the same quarter the previous year) being a 63% reduction. Annualising these figures, Council's overtime costs will reduce from \$14.4M per annum to \$5.28M per annum, a saving of \$9.1M per annum.

Renegotiating better outcomes

As noted in the Administrator's report, post amalgamation Council has spent approximately \$50M on improved and consolidated IT systems. This expenditure level is high compared to industry standards.

Council will be investigating these contracts, along with other contracts, to ensure we are obtaining the best possible deal for the Central Coast. This may involve either replacing or renegotiating.

Divesting property – Increase revenue

At its meeting held 30 November 2020, Council resolved to progress with the sale of some property assets. The first tranche is budgeted to result in \$49M in income, with expenses of around \$1.5M.

A further tranche of 40 properties with a range of complex issues are currently being investigated with appropriate due diligence to confirm whether they are eligible for sale. A report regarding these properties is planned for the Ordinary Council meeting of 22 March 2021.

Further tranches are also being developed.

Improved financial reporting – Containing costs

From November 2020, improved financial report has been implemented.

This new process requires monthly review of expenditure at a Unit level with clear forecasting and remediation actions to be identified monthly. The reporting focusses on the areas of control for Managers to increase accountability and good financial outcomes.

All variations against budget required commentary and where appropriate, recommended actions to mitigate. These reports will soon be made available online increasing Council's accountability and working towards restoring some public confidence.

In addition, from October 2020 all overtime ceased with the exception of that required in response to an emergency. The same restriction was applied to the accrual of time in lieu.

Expenditure controls were tightened. From October 2020, expenditure delegations were removed for all staff with Unit Managers having financial delegation up to \$10,000. Expenditure was specifically limited to the following:

- Emergency repairs to assets
- Expenses related to immediate health and safety issues
- Projects that are 100% funded from external grants
- Critical business as usual activities
- Purchases for goods or services already provided or performed

When progressing payments for approval, the approver is required to set out the reasons for the decision in accordance with the above.

Asset Management

Since amalgamation, Central Coast Council has been actively working to improve strategic asset planning through the adoption of an asset governance framework, consolidation and harmonisation of asset data, implementation of a corporate technical asset register and investment in region-wide asset condition audits and data improvement projects.

As part of this process, Council also prepared the amalgamated organisations first Asset Management Strategy and consolidated Asset Management Plans for each asset category to support strategic infrastructure planning and optimised decision making.

To address the infrastructure backlog reported at the time of amalgamation, a detailed backlog reduction strategy was developed including investment in industry leading data capture, improvements to operational methodologies and implementation of a best practice pavement management system to support preparation of optimised works programs and to minimise the whole of life cost associated with operating and maintaining the organisations assets.

Internal Audit program

Central Coast Council has an Internal Audit program adopted by the Audit, Risk and Improvement Committee annually.

The program results in identified audit actions and outcomes to drive improved outcomes and performance. Below is a snapshot of the audit actions by risk level since 2018-19. It is noted that NSW Audit Office actions were not captured in reporting until 2020-21 as this is when the NSW Audit Office became Council's external auditor.

	Extreme	High	Medium	Low	Total	Date	
2020/2021	0	66	50	9			
Water Quality and Supply Mgmt	0	8	9	3	20	Dec-20	Internal Audit
Purchase cards	0	13	7	2	22	Nov-20	Internal Audit
Payroll	0	2	4	0	6	Nov-20	Internal Audit
Contractors, Temps, Labour Hire	0	13	3	0	16	Oct-20	Internal Audit
Contract Management	0	6	6	0	12	Jun-20	Internal Audit
Leadership Allowance and Expense	0	11	6	1	18	Sep-20	Internal Audit
Complaints Management	0	11	6	1	18	Pending	Internal Audit
IT Governance	0	2	9	2	13	Sep-20	Internal Audit
2019/2020	0	42	54	15			
Procurement of IT Goods	0	11	1	0	12	Jul-19	Internal Audit
NHV Accreditation (2017/18)	0	3	4	1	8	Jul-19	Internal Audit
Cash Management (Waste Services)	0	11	3	0	14	Jul-19	Internal Audit
Seniors Centres	0	11	6	0	17	Sep-19	Internal Audit
Cash Management (Library Services)	0	2	4	0	6	Oct-19	Internal Audit
Interim Audit 30/6/19	0	0	16	7	23	Jan-20	NSW Audit Office
Final Audit 30/6/19	0	2	9	3	14	Mar-20	NSW Audit Office
Infrastructure contributions	NA	NA	NA	NA	*13	Mar-20	NSW Audit Office
Councillor Expenses and Facilities	0	2	11	4	17	Apr-20	Internal Audit
2018/19	0	20	10	0			
CCTV	0	11	3	0	14	Aug-18	Internal Audit
RMS Drives (2017/18)	0	9	7	0	16	Sep-18	Internal Audit

Details of the management actions are reported to the Audit, Risk and Improvement Committee every meeting.

Service Review process – Attachment D14454394 - Services Review

In December 2020, Council undertook a report on a Service Delivery Review and the report is **attached**. The process commenced in February 2020 and the report is provided as an attachment. The completion of this process was expedited once Council's financial position became apparent. Now that the report has been prepared, consideration is being given to the best way to implement the recommendations following completion of the structural review. Council is also having the report reviewed by the University of Newcastle to have the model's robustness established.

As the report is a work in progress and not finalised it is provided as a Confidential Attachment.

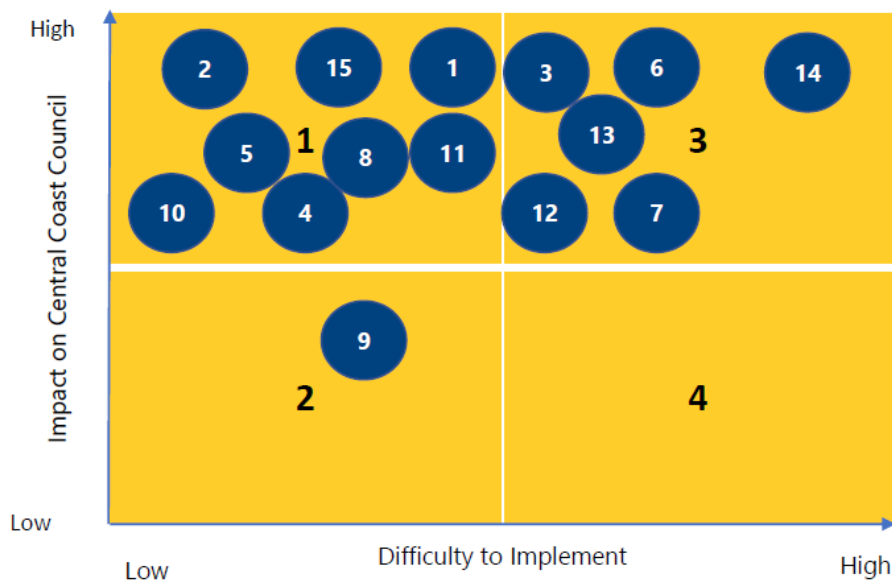
The Service Review process produced a list of 15 top opportunities. It was then considered whether each opportunity affected internal customers, external customers or a combination of both. Accordingly, the 15 top opportunities were categorised as internal, external and internal/external opportunities for improved productivity in Central Coast Council's operations.

These 15 top opportunities may offer Central Coast Council the prospect of improving its productivity; they are not opportunities that will produce immediate cash savings.

Given the significant growth facing the region in the short and medium term, the opportunities identified in this report are seen as required investments to avoid greater costs and risk associated with an over-resourced organisation.

The review also incorporated benchmarking and comparative analysis against two comparator communities based on population growth, characteristics and geography.

Top 6 Internal Opportunities	1.	Implement lean process re-engineering
	2.	Develop strategic workforce plan
	3.	Conduct an organisational design review
	4.	Review and update human resource policies
	5.	Develop IT Strategy
	6.	Implement API management platform software system
Top 2 External Opportunities	7.	Review future implications of water & sewer service provision
	8.	Establish policy with alternate providers and strengthen partnerships
Top 7 Internal/External Opportunities	9.	Upgrade corporate strategic plan and IP&R documents
	10.	Develop communication strategy addressing both internal and external parties
	11.	Streamline development application review and approval process
	12.	Establish and formalise service levels
	13.	Develop digital strategy to improve and expand online services
	14.	Move forward with a new administration facility and begin process with education session on leading practice considerations in developing a long term accommodation strategy
	15.	Conduct Fleet Management Study



Improving our customer service experience

Council is committed to using customer experience data to drive decision making and productivity.

Using the results from each annual Customer survey we have been working to improve the existing service offerings by making changes to the way our customers interact with council, understanding our customers end to end experience through customer journey mapping and trying to make it simple and easy to interact with us.

We have made significant improvement in our online Customer Service Centre providing 24/7 access to submit requests for service as well as find information about the most frequent Council transactions.

We have also created a Customer Charter outlining what customers can expect from us and how customers can work with Council.

However, if we are not successful in receiving a Special Variation (SV) then our ability to follow through with our commitments in the Charter will be in jeopardy. As a result, we've not yet released the Charter to the community but have been using it within Council to ensure staff are meeting the commitments.



Our commitment to you

Introducing our Customer Charter

Our Customer Charter sets out our commitment to you. It outlines what you can expect from us and how we can work together as partners in customer experience.

What is our commitment?

- **We are approachable**
It is easy to interact with us – we are friendly, helpful and treat everyone with respect
- **We are responsive**
We respond to requests quickly and provide updates along the way
- **We are clear and consistent**
We provide easy access to information in the way you wish to receive it
- **We are collaborative and engaging**
We build a relationship with you and we ask the community about their perspective on issues, projects and initiatives
- **We are safe and responsible**
We consider community concerns and views when making decisions
- **We are invested**
We are working in the best interest of the community

What can you expect from us?

- ✓ We answer calls to the Contact Centre within 2 minutes
- ✓ We respond to urgent issues within 1 business day
- ✓ We respond to non-urgent issues within 5 business days
- ✓ We respond to private social media messages within 4 business hours
- ✓ We will let you know the actions we'll take, and keep you updated on any progress along the way

How can you work with us?

- Work with us to solve challenges and help make improvements
- Become involved in community engagement opportunities
- Treat our staff how you would like to be treated – with courtesy and respect
- Keep your contact information up to date and provide us with an email address
- Provide honest, constructive feedback
- Let us know when staff have done a good job

Do you have feedback?

Visit our **Customer Portal**: centralcoast.nsw.gov.au

Email us: ask@centralcoast.nsw.gov.au

Phone us: 1300 463 954

Social media:   



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

In the text box:

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

Council has implemented a number of initiatives over the past few years to improve productivity and contain costs.

It is recognised that in some areas, the expenditure on improvements was not financially sustainable and decisions are now being made to reduce expenditure.

However, where money has been spent on efficiencies, Council is committed to leveraging those benefits to ensure a good return on investment.

Business Recovery Plan and Actions – Immediate response to current financial situation

Council adopted a Business Recovery Plan to address Council's financial situation. Fortnight reports on progress against the plan have been provided to Council and those reports are attached. As at 22 January 2021 progress against Stage 2 of the plan was as follows:

Governance	97% complete – 33 of 34 tasks complete
Finance	71% complete – 34 of 48 tasks complete
Operations	50% complete – 14 of 28 tasks complete
Assets	48% complete – 11 of 23 tasks complete

Stage 1 of the Business Recovery Plan commenced, upon becoming aware of the financial situation, Council took a number of immediate actions:

- Recruitment was ceased for all roles, except those for which there was a safety requirement or those required due to statutory reasons (such as child care ratios)
- All staff delegations were significant reduced and only Unit Managers had the authority to spend.
- All unnecessary operational expenditure immediately ceased

- The contingent workforce was reviewed and where possible and practicable temporary staff and contractors were ceased
- Overtime ceased with the exception of that required for safety or emergencies
- Daily monitoring of Council's cash balance commenced
- Dashboard reporting of key financial indicators commenced for management.

In addition, there were a number of controls implemented over Council's financial system.

The above actions constituted Stage 1 of Council's Business Recovery Plan and were completed on 30 October 2020.

Reports against the Business Recovery Plan are available here:

9 November 2020:

https://cdn.centralcoast.nsw.gov.au/sites/default/files/Council/Meetings_and_minutes/amendeditem21businessrecoveryplan-statusreport_0.pdf

23 November 2020:

https://cdn.centralcoast.nsw.gov.au/sites/default/files/Council/Meetings_and_minutes/item21businessrecoveryplan-statusreport-amendeditem.pdf

14 December 2020:

https://cdn.centralcoast.nsw.gov.au/sites/default/files/Council/Meetings_and_minutes/amendeditem-21-businessrecoveryplan.pdf

27 January

2021: https://cdn.centralcoast.nsw.gov.au/sites/default/files/Council/Meetings_and_minutes/amendeditem-31-businessrecoveryplan.pdf

Information Management and Technology

While it is noted above that there has been significant expenditure on IT since amalgamation, which will be reviewed the systems implemented have resulted in improved productivity.

Since amalgamation, a number of technological initiatives have been implemented to improve productivity. Some were required to bring the organisation onto common platforms while at the same time taking the opportunity for system improvements or upgrades.

It should be noted, that as an amalgamated Council, there were significant inefficiencies post merger as the organisation ran two different systems in many instances.

In response to COVID and the need to facilitate remote working, Council was able to implement provisions for this within 48 hours. Over 1,500 users were able to work remotely due to the

- Rapid deployment of Microsoft Teams to the whole organisation to enable improved collaboration across the working from home environment
-

- Construction and deployment of a staff location app within seven days including additional insights/reports to assist with managing duty of care
- Provision of upgraded geospatial services to all support emergency activities utilising the recently consolidated GIS environment and applications (Bushfires, Floods)

To date Council has completed consolidation of 11 out of the 12 major core systems and the final system is anticipated for completion by May 2021. Consolidation after amalgamation was also achieved to move to one Windows 10 and Office 365 operating environment to improve customer experience, accessibility and reliability.

Upon amalgamation, Council also consolidated four data centres to two data centres including transformation to enable to scalability and security for future need.

Work was also undertaken to consolidate multiple printing contracts into a single, unified solution which resulted in annual savings of \$300K.

Digitisation work was also undertaken of 1.3 million former Wyong Shire Council documents which were stored on 124,000 microfiche. This process included image correction, separation, indexing and quality assurance. The outcome has resulted in increased efficiency when access historical records and a reduced demand on storage space. Additional work also undertaken to consolidate the electronic document management systems after amalgamation. This involved migrating and securing workflows for 28M documents to an upgraded platform.

Council's mapping system has been upgraded and the two former systems consolidated. As a result, Council is able to present service updates in a pictorial format, such as Development application location and status.

Council has also developed internal capacity to create solutions to digitise paperwork with the development of mobile applications to manage staff location data, asset distribution data, Councillor requests and forms for Work, Health and Safety.

Strategic Procurement

Over the past 6 months Council has completed work in the strategic procurement space. This includes the release and implementation initiatives intended to improve our procurement capabilities, increase compliance with our governance requirements and to drive good value outcomes.

These improvements are a combination of planned work and actions in response to Council's financial position and the need for improved accountability and oversight.

The key initiatives include:

- Procurement and Contract Management Manuals released – both documents contain comprehensive details on procurement and contract management principles, process and governance requirements

- Implemented Basic Procurement training that is held within our e learning platform. To date 140 staff have completed this training. The training focuses on key governance requirements, procurement principals and how to conduct simple procurements
- Developed and communicated a simple to read guide that highlights the Do's and Don'ts of procurement. The document focuses on our key governance requirements including when quotations are required, getting a purchase order raised prior to committing to goods and services and WHS/Env considerations
- Update of the Procurement SharePoint site to facilitate the flow of information and ensure appropriate documentation is used
- Established a Tender performance tracker that incorporates levels of service and key performance indicators
- Providing quarterly spend analysis and compliance reports to management to allow greater visibility and oversight.

Energy management

Since implementing energy management practices in 2012, Council has achieved an estimated cumulative saving of \$8.7M or an average of \$970k per annum.

By implementing holistic energy management we not only undertake projects that reduce our energy costs (such as solar or energy efficiency) but actively undertake invoice analysis, account management and strategic procurement to identify savings on our ~\$17M portfolio.

The estimated savings achieved from energy management initiatives since 2012 outweigh the staff cost by about 3.5 times, making it a sensible investment.

As a secondary benefit to financial savings, many energy management initiatives also result in a reduction in Council's carbon footprint.

Waste Management

Council has identified a number of opportunities to improve productivity in relation to the delivery of waste management services at the time of amalgamation and swiftly set out to transform the services and internal business.

These include:

- Developing a single set of waste collection service specifications which would meet the objectives of delivering safe, reliable, cost effective and environmentally responsible waste services, adapting to changes in industry standards, responding to technological advances and reflecting community expectations.
- Procuring and implementing a 10 year contract for the delivery of a range of integrated waste management services within 20 months of amalgamation delivering significant financial and service level benefits. Services included domestic waste collections, public waste bin collections, customer call centre, and waste education delivered and promoted under the '1Coast' brand. Benefits have

included both increased levels of service to the community and contract savings of approximately \$1.5M per annum (or more than \$15M over the 10 year term) and \$220K in administration savings per annum.

- Development of a single garden organics and sewage biosolids transport and processing contract which has delivered an estimated \$1.5M per annum in contract savings and increased alignment with community expectations as the products are processed into high quality soil conditioning products.
- Improved staff productivity at Councils waste management facilities through the creation of multidisciplinary workforce whom are trained and competent across a wide range of functions ranging from weighbridge operation to truck and machinery operation thereby allowing the site to operate with reduced staffing.
- Council has implemented a wide range of waste avoidance and resource recovery activities to divert increased volumes of waste away from landfill, reduce associated costs, and increase income. Item include new technology and methodologies for recovering scrap metal, soft plastics, and e-waste.

Plant and Fleet

In July 2020, Council fit 620 of its business use vehicles with GPS. The benefits of this program have been that it is now possible to send corporate, road safety team, and defect acknowledgement messages directly to drivers – improving efficiency and communication. The system has replaced paper based systems for pre-start checks and reporting asset defects.

The program also makes it more efficient to investigate complaints against our mobile workforce and investigate safety incidents.

The data being collected has been used to inform the Council's capital replacement program for the fleet to ensure vehicles are being used effectively and efficiently.

The GPS project costs have been offset through a review of usage and to date there has been the disposal of 20 under-utilised fleet assets. Another 12 assets have been relocated to other areas. Around 21 more under-utilised assets are pending sale. It is expected that there will be further asset sales as a result of under utilisation.

The program will continue and it is estimated that the deployment of GPS to the remainder of the fleet could result in savings of \$3M.

A car sharing program was introduced at Council two years ago. This program is seeing the replacement of around 40 vehicles, spread around the organisation, with 21 share cars.

In October 2020, Council introduced our first fully electric tipper truck. This is a first for any NSW local government or private fleet.

b) Outline the outcomes which have been achieved.

The attached Past and Future Productivity spreadsheet provides details of the outcomes that have been achieved to date with regard to savings, efficiencies and increased revenue.

Key outcomes include the following:

- The development, procurement and implementation of a new ten year domestic waste collection service which is estimated to have delivered 1.5M in savings over 10 years and increased efficiencies.
- By undertaking onsite excavation/quarrying of cell construction, road and cover material for use at waste materials, Council has achieved savings of \$4M.
- Council has proactively identified Federal and State funding opportunities to deliver capital infrastructure. \$14.5M was obtained in 2019-20 with an additional election promise of \$90M
- Council has closed the Kincumber Waste Management Facility resulting in savings of \$600,000 per annum.
- Council had a number of Town Centre Cleaning contracts. The review of these resulted in savings of \$500,000 per annum

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

The estimated savings per annum from past initiatives is estimated at over \$12M which represents 2% of Council's 2020-21 forecast Operating Expenditure. In addition, there are approximately \$100M identified which was achieved as one off savings. This is 15% of Council's 2020-21 forecast Operating Expenditure. These significant one-off savings includes actions taken in immediate response to Council's financial situation.

The estimate when quantifying efficiency gains from past initiatives is \$3.7M.

In addition, the past initiatives are estimated to have generated additional include of 2.3M.

Further detail is set out in the attached Past and Future Productivity spreadsheet which is attached **(D14478925)**

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

In the text box summarise the council's ongoing efficiency measures.

a) Explain the initiatives which the council intends to implement.

Improved financial reporting

A key concern raised as part of the community engagement process was ensuring that Council manages its finances to ensure this does not occur again. To address this, Council's interim CEO, Responsible Accounting Officer and Chief Operating Officer are well advanced in developing new financial reporting systems.

To build community confidence over time, the community will have online access to information about Council's financial position at the end of each month. This way rate payers will be able to see how whether Council is managing the budget and where cash reserves are being spent.

There will be financial information as well as commentary to explain any variances against the budget.

This reporting will also be provided to the State Government.

Fees and Charges

In January 2021, Council completed a desktop audit of fees and charges. This review has revealed there has not been a consistent approach to the annual process of setting fees and charges. It is evident there needs to be a requirement for each business unit to undertake annual benchmarking - whether through industry/business analysis or a comparative analysis of neighbouring or similar Councils - to ensure Council is maximising the revenue that can be generated while considering capacity to pay. As part of future consideration of fees and charges annual comparative information will be provided and included.

It was identified as part of this review that income opportunities were missed in the first few years after merger. Generally, Council had proceeded with the lower fee of the two former Councils. This continues to be gradually rectified with reviews of fees and charges against value for money and capacity to pay.

Waste Management

In accordance with the recently adopted Central Coast ~~Waste~~-Resource Management Strategy, Council intend to implement a wide range of opportunities to increase the recovery of resources and reduce the associated cost of waste to landfill.

This includes the diversion of food organics away from landfill through implementation of a combined food organics and garden organics collection service, increased diversion of

resources from bulk kerbside waste, and increasing the range of products households can deposit in their household recycling bins.

Enterprise Risk Management approach

An Enterprise Risk Management Framework assists staff in developing a portfolio view of risks which threaten the ability of the organisation to meet its objectives.

To assist Central Coast Council develop a risk management methodology the Enterprise Risk Management Framework Project commenced in January 2018 and was completed in March 2019.

The framework is comprised of a risk management policy, explanation of risk management concepts, allocation of risk management responsibilities across the organisation, and a detailed explanation about the risk management process.

An Enterprise Risk Manager was appointed in June 2020 to coordinate and progress the development of risk management throughout the organisation including a regular cycle of formal risk reviews across the organisation, risk management training, risk workshops, and general risk management support.

Continuous improvement is a discipline involving the planned, ongoing incremental or breakthrough improvement of products, services or processes over time.

The approach taken in Central Coast Council to Enterprise Risk Management is one of continuous improvement. Every aspect of the framework and the organisations approach to risk management is subject to review allowing users to find opportunities to improve. This approach has already yielded a Risk Management Users Guide which provides a step by step approach the Councils risk management, additions to the consequence categories of the risk tables allowing greater details about risks to be captured, the development of a specialist group focussed on integrating the organisation's risk management approach and a change management program to address the impact that the implementation of risk management will have on the organisation.

Further continuous improvement of risk management for Central Coast Council includes the development of a Unit Managers Risk Group representing Departments across Council, an improved risk management reporting process, implementation of risk management across Council. Additional work includes undertaking risk management refresher training, improving the risk management software to make it easier to use and more comprehensive in its functionality and improving the effectiveness of risk management through integrating risk management into business planning and operations.

Strategic Procurement

Future initiatives planned with regard to Strategic Procurement include real time procurement and compliance activity reporting to be available through the Dashboard. This is expected to be available in the coming months.

Basic Contract management training will be released through Council's E-learning platform in early 2021. Advance procurement training (to support training already provided) will also be made available in the middle of 2021.

Future training will be developed around Purchase Cards and general expenses management.

It is also proposed to investigate a contract management software solution to allow greater visibility and accountability around contract management across the organisation.

Energy saving initiatives

Council aims to reduce electricity charges, maintenance costs and greenhouse gas emissions by replacing approximately 9,000 older streetlights with energy efficient LED luminaries. (Saving of approximately \$1M per annum). Further to this, Council may be able to obtain Energy Saving Certificates as a result of this program with an additional ongoing revenue stream of around \$20K per annum.

b) Estimate their financial impact.

The estimated savings per annum from future initiatives is estimated at over \$10M which represents 2% of Council's 2020-21 forecast Operating Expenditure. In addition, there are approximately \$6M identified which was achieved as one off savings.

The estimate when quantifying efficiency gains from future initiatives is \$895K.

In addition, the future initiatives are estimated to have generated additional include of approximately 1.5M.

Further detail is set out in the attached Past and Future Productivity spreadsheet which is attached **(D14478925)**

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

The reduced staffing levels have been incorporated into the Council's Long Term Financial Plan. There is no proposed increase in staffing costs beyond the Award increases and Superannuation increases.

The efficiencies that will impact materials, contracts and other expenses are incorporated into Council's Long Term Financial Plan. There is not proposed increase in expenditure beyond 0.5% which is lower than CPI. As a result, in real terms the Long Term Financial Plan anticipates that Council's costs will reduce due to increased efficiencies.

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

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

NSW Productivity Commission comparators

In November 2020, the NSW Productivity Commission released the *Review of Infrastructure Contributions in NSW*. In the release of the report it was noted that the average per capita local government rate in NSW is \$591. For Central Coast Council that is \$494 being well below the average. Even with a 15% increase the average for Central Coast would be below the NSW state average.

In addition, the average for all other Australia States is significantly higher at \$835.

Staffing levels

Employee costs at Central Coast Council have risen from \$154M at amalgamation to \$221M as at 30 June 2020.

This increase was driven by a number of factors including an increase in FTE from 1,875 in May 2017 to 2,117 in October 2020 (an increase of 242). The other factors are:

- \$12.5M due to Local Government Award increases
- \$25.3M as a result of harmonising salaries across the two Councils and related claims/allowances
- \$12.7M in termination payments and related costs such as annual leave and long service leave.

It is also noted that just prior to amalgamation the two former Councils had recently undergone restructures and were holding vacancies in the lead up to amalgamation.

The following table compares the population to FTE levels for Central Coast Council compared to neighbouring Councils, and Councils in the same OLG category or group. IN all instances Central Coast Council has the highest ratio supporting the structural changes being implemented.

Council The councils listed are those that continued operations and reported for the financial year 1 July 2018 to 30 June 2019	Full Time Equivalent Staff	Population/Equivalent Full Time Staff
Hills	518	333
Hornsby	499	302

Campbelltown	625	269
Hawkesbury	314	214
Wollondilly	247	211
Camden	453	208
Lake Macquarie	1104	186
Penrith	1067	196
Cessnock	310	191
Blue Mountains	537	148
Central Coast	2549	134

To respond to the increased staff levels, Council has already taken significant steps and will continue to do so.

A new organisational structure was adopted on 30 November 2020 which reduced the number of Executive Leadership Team positions from nine to five. To support this newly adopted structure, a revised leadership team structure was developed which saw the number of Unit Managers reduced from 39 to 26. This revised structure was endorsed by the Acting Chief Executive Officer in late January 2021 and reported to the Consultative Committee in early February 2021.

In December 2020/January 2021, Council ran a voluntary redundancy program.

Following this process there will be further restructure the aim of which is to return the Central Coast Council FTE to a number similar to the pre-amalgamation levels of the combined former Gosford and Wyong Councils.

As part of the September 2020 quarterly budget review, a provision of \$45M was made for the purpose of redundancy payments to facilitate this restructure.

The aim of reducing the number of FTE is to bring staffing levels to an appropriate level and ensure Council's future sustainability. This process is planned to result in savings of \$30M per annum.



Attachments for Criterion 5

List attachments relevant to your response for Criterion 5 in **Table 5.1**. Use the council assigned number shown in Table 8.1.

Table 5.11 Attachments relevant to response for Criterion 5

Council- assigned number	Name of document	Page references ^a
D14454394	Services Review Report - CONFIDENTIAL	
D14478925	Productivity Past and Future - CONFIDENTIAL	

a If document only relevant in part.



Criterion 6 Other relevant matters

Criterion 6 in the SV Guidelines is:

Any other matter that IPART considers relevant.

6.1 Reporting requirements SV compliance

In the text box propose additional SV compliance community awareness in addition to the requirements in the IP&R documentation.

In addition to the requirements in the IP&R documentation Council will be providing monthly online reporting to the community. This reporting will show performance against the budget with commentary where there is a variation. This way Council will demonstrate how it is performing against the budget.

This reporting will also be provided to the State Government.

Further, the Administrator has indicated that upon the conclusion of his term that he will be recommending to the Minister that she appoint a Financial Controller to have oversight of Council and it's financial decision making. If a Financial Controller is appointed, this will provide additional SV compliance community awareness and may increase community confidence.

The Guidelines provide further that:

IPART will assess each application based on its merits against the assessment criteria. In doing so, IPART may consider:

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

To complete the question for Criterion 6: Other relevant matters refer to IPART's Application Guide for SV Application Form Part B.

In the text box the council **may** provide information in addition to that provided elsewhere in the Application Form which it would like IPART to consider when assessing its proposed SV.

Water, sewerage, stormwater drainage and trade waste services

The Council's rapid financial decline is in part due to several matters including the \$39M loss of revenue (compared to 2018-19 from the 2019 IPART pricing determination for water, sewerage, stormwater drainage and trade waste services.

Leadership

Central Coast Council has undergone significant change in the past few months and further drastic change is required to ensure the viability and financial sustainability of the Council.

Under the Administrator, Dick Persson AM and Acting Chief Executive Officer Rik Hart significant steps have been taken to 'right the ship'.

The future leadership of the Central Coast is likely to look very different. Recruitment has commenced for a new Chief Executive Officer and it is planned to ensure that person is an experienced local government operator. The Administrator will be recommending that Mr Hart be appointed by the Minister as Financial Controller to be able to override Council decisions regarding financial matters. This is detailed in the Administrator's 3 Month Progress Report. ([Link](#))

A key community concern has been how will Council ensure this situation does not happen again. A significant change in leadership is considered a key element in ensuring this situation does not happen again.

Council is also considering its leadership structure at an elected level. At the meeting held 3 February 2021, Council resolved to conduct a referendum to consider a reduction in the number of Councillors from 15 to nine. In addition, Council is consulting on the possibility of a referendum to remove the Wards for Central Coast.

Mr Persson AM identified in his 30 Day Progress report that to be successful, Councils need to operate like governance bodies of a large business enterprise rather than as political adversaries. He states that he believes that *this dynamic contributed significantly to the financial disaster that now confronts the residents of the Central Coast.*

These actions demonstrate the shift change being made at Central Coast Council to decisively respond to the dire financial situation. Council has not applied for a rate

increase as a first resort, but after many other actions have been commenced. It remains the simple fact that the income structure for local government in NSW means that any steps to address the financial situation must include a rate increase.



Attachments for Criterion 6

List attachments relevant to your response for Criterion 6 in **Table 6.1**. Use the council assigned number shown in Table 8.1.

Table 6.11 Attachments relevant to response for Criterion 6

Council- assigned number	Name of document	Page references ^a
	Nil	

a If document only relevant in part.

Council certification and contact information

To prepare the Council certification and provide council information refer to IPART's Application Guide for SV Application Form Part B.

Certification of application

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

Application for a Special Rate Variation

To be completed by General Manager and Responsible Accounting Office

Name of council: Central Coast Council

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

General Manager (name): Rik Hart

Signature and Date: X

Responsible Accounting Officer (name): Natalia Cowley

Signature and Date: X

Council contact information

Complete Table 7.1.

Table 6.2 Council contact information

General Manager	Rik Hart
General Manager contact phone	4350 1662
General Manager contact email	Rik.hart@centralcoast.nsw.gov.au
Primary council contact	Natalia Cowley
Council contact phone	0455105054
Council contact email	Natalia.cowley@centralcoast.nsw.gov.au
Council email for inquiries about the SV application	Securingyourfuture@centralcoast.nsw.gov.au

List of attachments

To prepare the List of attachments refer to IPART's Application Guide for SV Application Form Part B.

Table 8.1 is the list of all attachments to the council's SV Application Form Part B.

To complete Table 8.1 (adding rows as necessary):

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

Table 6.3 List of Attachments to the council's application

Council-assigned number	Name of Attachment	Is the document included in the application as submitted?
Mandatory forms/attachments		
	Application Form Part A (Excel spreadsheet)	<input type="checkbox"/>
	Application Form Part B (this Word document)	<input type="checkbox"/>
	Council resolution to apply for the proposed special variation	<input checked="" type="checkbox"/>
D14479299	Certification	<input checked="" type="checkbox"/>
If applicable for Description and Context Question 4		
NA	Instrument for expiring special variation	<input type="checkbox"/>
NA	OLG advice confirming calculation of amount to be removed from the council's general income	<input type="checkbox"/>
If applicable for Description and Context Questions 5 and 6		
NA	Declaration of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
NA	Relevant instrument(s) for past special variations (if applicable)	<input type="checkbox"/>
NA	Evidence of compliance with conditions in past instruments (if applicable)	<input type="checkbox"/>
Mandatory public supporting material (ie, to be published on IPART's website)		
Nil	Community Strategic Plan – Relevant extracts	<input type="checkbox"/>
D14461483	Delivery Program – Relevant extracts	<input checked="" type="checkbox"/>
D14480010	Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format	<input checked="" type="checkbox"/>

Council- assigned number	Name of Attachment	Is the document included in the application as submitted?
D14478921	Consultation material, eg copies of media releases, notices of public meetings, newspaper articles, fact sheets used to consult on rate increase and proposed special variation	<input type="checkbox"/>
D14477559	Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>
NA	Willingness to pay study (if applicable)	<input type="checkbox"/>
D14459909	Hardship Policy	<input checked="" type="checkbox"/>
Other public supporting material		
	Asset Management Strategy / Plan(s) (if applicable)	<input type="checkbox"/>
	Operational Plan for 2020-21 (ie, not for 2021-22) (if applicable)	<input type="checkbox"/>
	NSW Treasury Corporation report on financial sustainability (if applicable)	<input type="checkbox"/>
D14468870	Socio-economic Summary	<input checked="" type="checkbox"/>
D14472268	Comparative data - Rates	<input checked="" type="checkbox"/>
Confidential supporting material (ie, not to be published on IPART's website)		
D14474039	Customer Feedback – A-D - CONFIDENTIAL	<input checked="" type="checkbox"/>
D14474049	Customer Feedback – E-L - CONFIDENTIAL	<input checked="" type="checkbox"/>
D14474052	Customer Feedback – M-R - CONFIDENTIAL	<input checked="" type="checkbox"/>
D14474055	Customer Feedback – S-Z – CONFIDENTIAL	<input checked="" type="checkbox"/>
D14454394	Services Review – CONFIDENTIAL	<input checked="" type="checkbox"/>
D14478925	Productivity Past and Future - CONFIDENTIAL	<input checked="" type="checkbox"/>

Important information for completing and submitting Special Variation Application Form Part B for 2021-22

Submitting the application online

Applications must be submitted through the Council portal by Monday, 8 February 2021.

- ▼ A file size limit of 10MB applies to the Part B Application Form.
- ▼ For supporting documents (Attachments) a file size limit of 70MB applies to public documents, and another 50MB to confidential documents.

Confidential content in applications

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

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as CONFIDENTIAL.

Publishing the council's application

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