



ATTACHMENTS

WORKSHOP MEETING

**Wednesday 23 November 2022
at 6:30pm**



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OFFICE OF THE GENERAL MANAGER

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ATTACHMENT/S

REPORT NO. GM34/22

ITEM 1

1. SRV COMMUNITY ENGAGEMENT OUTCOMES REPORT



ATTACHMENT 1 - ITEM 1

Special Rate Variation – Community Engagement Outcomes Report

Hornsby Shire Council

November 2022



ATTACHMENT 1 - ITEM 1

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Introduction

Hornsby Shire Council ('Council') undertook a robust community engagement process on Council's financial sustainability and the need for a special rate variation (SRV). This Community Engagement Outcomes Report outlines the process Council used and the outcomes and success of the engagement.

Project background

Hornsby Shire Council's 2022-32 Long-Term Financial Plan (LTFP), adopted in July 2022, demonstrates a consolidated operating result which moves into increasing deficits over the ten-year forecast period.

With a continuous focus on ongoing and one-off measures that have successfully reduced Council's costs over an extended period, Hornsby Shire Council, unlike the majority of councils, has been able to avoid seeking a Special Rate Variation (SRV) for more than a decade.

However, while Council has made efforts to contain costs and find savings over several years, the LTFP identified that Council must now consider growing rates income through an SRV to maintain financial sustainability.

In August and September 2022, Council reviewed the need for an amount of a proposed SRV. At the Council Meeting on 28 September, Council considered a permanent cumulative SRV of 31.05% over four years as set out in the table below.

Table 1 Proposed rate increases

	2023-24	2024-25	2025-26	2026-27	Cumulative
Permanent increase above the rate peg	4.80%	4.00%	3.50%	3.00%	
Forecasted rate peg	3.70%	3.50%	3.00%	2.50%	
Total increase	8.50%	7.50%	6.50%	5.50%	31.05%

In October and November 2022, Council sought the community's feedback on the proposed SRV.

The SRV Community Engagement Action Plan outlined the approach, key messages and timeline for community consultation on the potential SRV. The plan was developed to meet the SRV assessment criteria set out by the NSW Office of Local Government (OLG) and the Independent Pricing and Regulatory Tribunal (IPART), who will assess any SRV application submitted. It was also developed in line with Council's Community Engagement Plan, as well as the International Association for Public Participation (IAP2) Australasia Quality Assurance Standard.

Engagement objectives

The purpose of this community engagement was to ensure that the community has been adequately informed and consulted about the impact of the proposed special rate variation and the impact of not applying for a special rate variation.



The objectives of this community engagement process included:

- To present the proposed SRV
- To identify the impact of the SRV on the average rates across each rating category
- To exhibit an updated LTFP demonstrating the impact of the proposed SRV on Council's operating results from 2023-24 for feedback and final endorsement by Council
- To communicate to the community the timeline and process for any potential SRV application
- To gather and consider the community's feedback to inform Council's final decision on whether and how to move forward with an SRV application.

This Community Engagement Outcomes Report provides:

- outcomes of the engagement process
- extent to which the community engagement activities reached all relevant stakeholder groups
- level of reach and participation in the engagement process.

Engagement approach

Given the complexity of the project and proposed level of engagement, Council's Community Engagement Plan outlined the following as possible mechanisms for community engagement that have been considered relevant to this consultation:

- print: reports, fact sheets, letters, flyers, advertisements, direct mail
- online: e-newsletters, emails, web pages, social media, survey, submissions, online forum
- face-to-face: community roadshow, council meetings, public forums, information sessions
- interactive: public forums, drop-in sessions.

The engagement approach undertaken was in line with Council's seven core engagement principles:

- strategy-led
- proactive
- open and inclusive
- easy
- relevant
- timely
- meaningful.

The engagement was defined as 'high impact', which meant the issues would have a real or perceived impact across the whole LGA. The issue would have the potential to create controversy and a high level of potential community interest.

It was also considered to have 'high complexity', as the information presented to the community was based on relatively complex financial analysis and needed to be expressed in terms that were easily understood.



The level of engagement has been defined from the IAP2 Spectrum of Public Participation (Figure 1), which is in line with the guidelines set by the NSW Office of Local Government and the information papers provided by IPART. It also reflected Council's Community Engagement Policy. This spectrum outlined the level of engagement required depending on the purpose and desired outcome of the project.

Figure 1 IAP2 Spectrum of Public Participation¹

INCREASING IMPACT ON THE DECISION					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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To meet IPART's assessment criteria for an SRV application, Council must:

1. Demonstrate that the **need and purpose** of a different rate path for Council's General Fund is clearly articulated and identified in Council's Integrated Planning and Reporting (IP&R) documents
2. Show evidence that the **community is aware** of the need for and the extent of a rate rise
3. Show that the **impact on affected ratepayers** is reasonable
4. Exhibit, approve and adopt the relevant **IP&R documents**
5. Explain and quantify the **productivity improvements and cost containment** strategies in its IP&R documents and/or application
6. Address any other matter that IPART considers relevant.

To meet criterion two, three and five, Council would only need to undertake engagement at the "inform" level, but a "consult" level would ensure it more fully meets criteria one and four.

While the LTFP adopted in July 2022 identified the need for an SRV, it did not model any SRV. These steps are expected to partly meet criteria one and four of the SRV assessment criteria. To meet these criteria more

¹ International Association for Public Participation (IAP2) Australasia, 2018. *IAP2 Spectrum of Public Participation*. Retrieved from: https://iap2.org.au/wp-content/uploads/2020/01/2018_IAP2_Spectrum.pdf.



fully, an updated draft LTFP, which includes the proposed SRV, has been exhibited by Council in parallel to this community engagement process.

Mechanisms – how did Council engage?

Council undertook a number and variety of engagement activities throughout the consultation period from 4 October to 8 November 2022. The process involved:

- A direct mail out to all ratepayers
- Newspaper advertisements and in-language information e.g. via printed inserts in local newspapers
- E-newsletters
- Social media channels
- Council's webpage – Your Say Hornsby
- Digital banner on Hornsby Footbridge and in all Council staff email signatures
- Community 'roadshow' – face-to-face forums (including an online option for some) with a variety of community groups
- Four public forums – three face-to-face and one online public forum, with one of the face-to-face forums targeted at members of the business community
- A video recording of the presentation provided at the public forums was also made available online, and later replaced with the recording of the online public forum which included both the presentation and the question and answers session that followed
- Library drop-in session with translators (Korean, Mandarin and Farsi interpreters available)
- One presentation to Council staff (hybrid face-to-face and via Teams).

During the engagement period, Council decided to schedule the fourth public forum (only three were originally planned), which was held at the Hornsby RSL on 31 October 2022. This was to provide members of the community a further opportunity to find out more and ask questions on the SRV proposal.

Key messages in community communications, presentations and collateral included:

- The amount of the proposed SRV, what it will fund and the reasons for it
- How community members can seek further information or have their questions answered
- How would it impact ratepayers
- How community members can provide their feedback on the proposed SRV
- What to expect after the community engagement activity is completed, including IPART's public submission and assessment process.

To support key messages to inform and explain to the community, a background information paper was developed. A set of frequently asked questions on the SRV was also prepared.

In addition, Council has developed the following reports:

1. A Capacity to Pay report that investigated, analysed and reported on the community's capacity to pay against Council's rating categories and proposed SRV
2. An updated LTFP and financial sustainability analysis that demonstrated the impact of the SRV on the



ongoing financial sustainability of Council

3. A comparison of average rates to neighbouring councils (Northern Sydney Regional Organisation of Councils) and other councils in Category 7.

This community engagement built from inform to consult:

1. Inform: to raise awareness and inform all stakeholder groups of the proposed SRV being considered
2. Consult: to seek considered community feedback on the proposed SRV to inform Council in their final deliberations on a potential SRV application.

As a result, this community engagement process met both the inform and consult levels of engagement.

The information documents in the appendices, the Council's webpage 'Your Say Hornsby' (<https://yoursay.hornsby.nsw.gov.au/srv>) and the recorded Zoom session of the SRV presentation to the public forum with the Q&A (<https://youtu.be/UWgdeJ9pM3o>), demonstrated Council's transparency in this community engagement with explaining:

- The proposed permanent cumulative SRV of 31.05% over four years – including the rate peg for each major rating category (in percentage and dollar terms)
- Annual increase in average rates (in percentage and dollar terms) that will result if the proposed SRV is approved
- Productivity enhancements or cost containment strategies
- Community's capacity to pay analysis.

Council presented information that allowed community members to understand why the SRV is proposed and how it will affect the rates they pay. Council disclosed relevant information to the community and identified the impact of the proposed SRV on the various categories of ratepayers that will be affected.

Council provided the public with objective information to assist them in understanding the problem, alternative and preferred solution, and to obtain the public's feedback. Council kept the public informed, listened to and responded to questions, concerns and aspirations, and provided feedback on how public input will inform the decision-making of Council.



Audience – who did Council engage?

This consultation program was designed to ensure that it reached all parts of the community.

Table 2 Stakeholder groupings identified in the Community Engagement Action Plan

Stakeholder group	Who is in the group	Specific considerations
Resident ratepayers	Homeowners who are residents of Hornsby LGA	Proposed rate increases will be directly incurred by these stakeholders.
Residential Renters	Renters who are residents of Hornsby LGA	It will be a decision of the landlord on whether and when any rate increases are passed on to renters.
Landlord ratepayers	Investment property owners of property within Hornsby LGA	It will be a decision of the landlord on whether and when any rate increases are passed on to renters.
Business, Hornsby CBD and Major Retail Shopping Centre ratepayers	Business property owners within Hornsby LGA	Proposed rate increases will be directly incurred by these stakeholders. Where there are commercial leases in place, it will depend on the contract terms as to whether and when any increase will be passed to tenants.
Culturally and Linguistically Diverse (CALD) members	Ratepayers, renters, landlords and business operators with CALD backgrounds	Council's Translation Information Page will be included in all relevant materials. Ensure that non-English collateral and media are included in the communications on the SRV.
Community stakeholders	Residents' groups, sports and recreation groups, environmental groups, cultural groups and local business/industry.	These groups have a direct interest in their members/ residents and therefore, they need to understand why Council is proposing an SRV.
Council's consultative committees	Hornsby Aboriginal and Torres Strait Islander Consultative Committee (HATSICC) and Hornsby Advisory Committee (HAC)	These committees need to be informed and consulted.



The mechanisms used for this engagement are outlined in the table below.

Table 3 Engagement mechanisms

Mechanism	Level of consultation	Reach (stakeholder groups)
Direct mail-out	Inform	All ratepayers
Newspaper advertisements (Mayor's Message)	Inform	All residents
In-language information. via printed inserts in local newspapers and translated invitations to the drop-in session	Inform	CALD communities
Emails to ratepayers and businesses	Inform	ABN business registers, business and residential ratepayers
e-newsletters	Inform	Approx. 27,000 subscribers – local residents and businesses
Video content	Inform	Your Say Hornsby visitors, Facebook Followers
Social media channels	Inform	Facebook: 24,493 followers
Your Say Hornsby page	Inform and consult	All residents and ratepayers
Community roadshow – face-to-face and online forums	Inform and consult	Key community, residents and sporting groups
Public forums (one online and three face-to-face)	Inform and consult	General community and business ratepayers
Consultative committees	Inform	Members of each committee
Library drop-in sessions with translators	Inform and consult	CALD communities, general community

The external community engagement mechanisms were coupled with internal communications to inform all staff about the proposed SRV and process and provided them with information to direct questions from members of the public that may arise in their day-to-day interactions. This included:

- A managers' briefing
- Information and scripting for customer service and frontline teams
- Updates to staff via e-newsletter
- Presentation to staff.



Engagement results

Who did Council reach?

Council undertook a variety of engagement activities during the consultation period from 4 October to 8 November 2022. The extensive consultation program was designed to maximise the reach to all parts of the community.

The process included:

- A direct mail out to ratepayers
- Newspaper advertisements and in-language information e.g. via printed inserts in local newspapers
- E-newsletters
- Social media channels
- Council's webpage – Your Say Hornsby
- Community 'roadshow' – face-to-face and online forums with a variety of community groups and consultative committees
- Four public forums – three face-to-face and one online public forum, with one face-to-face targeted at members of the business community
- A recording of the presentation provided at the public forums was also made available online
- Library drop-in session with translators.

This engagement process resulted in high reach to all parts of the community, for example:

- Email sent to 22.4K businesses (ABN registered businesses database)
- Email sent to 28.6K business and residential ratepayers
- Email to 160 Bushcare volunteers
- Email to 87 community organisations and sporting clubs
- Translated invitations to Hornsby Library Drop-In Session: sent to 14 Culturally and Linguistically Diverse Communities (CALD) (Mandarin, Korean, Farsi)
- 35,000 distribution of The Post, Bush Telegraph, Galston and Glenorie Community News and Dooral Roundup to residents with the Mayor's Message in October and November online and print editions, plus a translated insert in the November print edition
- 27,211 reach (11,822 opened and 525 link clicks) – eNews subscribers (email newsletter)
- Facebook followers: Council Meeting for the SRV (papers) – 7,345 reached; and consultation go-live video: 5,691 reach, 194 reactions/comments/shares
- 47,600 posted SRV letter mail-out
- Digital Banner on Hornsby Footbridge: estimated that 21,648 vehicles per day would have exposure to the billboard.

Over the consultation period, Council received 1,977 contributions from 1,841 contributors via the online surveys and 506 written or emailed submissions. This is a total of 2,483 submissions received during the exhibition period and 18 late submissions received up until 5pm Friday 11 November.



The SRV Community Forums attracted a total of 265 attendees (including 118 online participants).

The Council's SRV Your Say Hornsby page received 8,821 visits from 6,428 visitors, with 3,249 visitors clicking through to the Special Rate Variation Survey page.

Council also recorded 90 calls to the customer service, planning and rates and debtors' teams from ratepayers in relation to the proposed SRV.

The variety of engagement mechanisms ensured diverse groups, age-groups, and those with family and/or work commitments were able to access the information about the proposed SRV.





To demonstrate the high extent of reach to the community, results on the communications coverage, the age and gender of survey respondents, the engagement pathways for finding out about the SRV and the survey, and the social media and website visitations (reach) are outlined in the following section.

Communications coverage and reach

The following series of summary figure tables highlight a high reach to the community was achieved through the extensive communications campaign using multiple print, digital and face-face channels.

The following figures show the reach from Facebook, the distribution of the Mayor's Message as print advertisements (The Post, Bush Telegraph, Galston and Glenorie Community News, Dooral Roundup), a media interview with Channel 9 News and the online Your Say Hornsby page.

Figure 2 Summary of reach by social and printed media

Audience	Channel	Description	Date	Outcomes
Followers		Council Meeting for SRV (papers)	20 Sep	<ul style="list-style-type: none"> 7,345 reach 91 reactions/comments/shares 17 link clicks
All residents		Mayor's Message – October print ads (The Post, Bush Telegraph, Galston & Glenorie Community News, Dooral Roundup)	26-30 Sep	<ul style="list-style-type: none"> 35k+ distribution
Followers		Council Meeting for SRV (reminder)	26 Sep	<ul style="list-style-type: none"> 3,607 reach 23 reactions/comments/shares 33 link clicks
Media		Post Council media release	29 Sep	<ul style="list-style-type: none"> GM interview with CH9 News Published in local papers

Council also had 14,373 view, 8,821 visits and 6,428 visitors to its SRV Your Say Hornsby webpage. Details of activity and visitation on the page is provided in the *Social media and website statistics* section on page 14 below.

Communications focused on the beginning of engagement to provide the community with as much time to have their say and attend a forum or the drop-in.

The following figure reflects the reach of the e-news, Facebook video, and invitation to a business ratepayer forum, as well as the availability of hard copies of the relevant documents about the proposed SRV in the library and at Customer Service.



Figure 3 Summary of reach by e-newsletter, Facebook, library and customer service, business forums

Audience	Channel	Description	Date	Outcomes
Subscribers		eNews (email newsletter)	4 Oct	<ul style="list-style-type: none"> 27,211 recipients 11,822 opened 525 link clicks (most clicked link)
Followers		Consultation go-live with video	5 Oct	<ul style="list-style-type: none"> 5,691 reach 194 reactions/comments/shares 99 link clicks
Businesses		Invitation to Business Ratepayers Forum	5 Oct	<ul style="list-style-type: none"> 22,431 from ABN register 10,377 opened 154 clicks to SRV HYS page 77 clicks to registration page
Library & Customer Service visitors		Hard copies of documentation (5 reports) – 2 copies to each library and to customer service	5 Oct	<ul style="list-style-type: none"> n/a

Widespread chatter was observed on Facebook community groups and other online discussion channels, including in culturally and linguistically diverse communities (CALD).

Figure 4 Summary of reach by emails, Facebook, letters and translated CALD invitations to library drop-in sessions

Audience	Channel	Description	Date	Outcomes
HSC ratepayers with email		SRV Overview and invitations to forums	6 Oct	<ul style="list-style-type: none"> 28,569 recipients 17,121 opened 1,276 clicks to SRV HYS page 389 clicks to registration page
All Staff		Headline News (dedicated to SRV)	6 Oct	<ul style="list-style-type: none"> n/a (<i>sent to a broadcast email address</i>)
Followers		Facebook event post (Community Forums, Hornsby RSL)	6 Oct	<ul style="list-style-type: none"> 1,400 reach 3 attendees going or interested in going
All HSC ratepayers		SRV letter lodged for mailing	13 Oct	<ul style="list-style-type: none"> 47,600 posted First letters dropped 17 October
CALD		Translated invitations to Hornsby Library Drop-in Session (Mandarin, Korean, Farsi)	From 17 Oct	<ul style="list-style-type: none"> Sent to 14 CALD community groups

Reminder emails were also sent to Forum attendees (for both in-person and online forums). An invitation to the Hornsby Library Drop-in Session was translated into three community languages and distributed via email to CALD community groups. An A4 flyer was also translated into three languages and inserted in November print editions of local papers.



Figure 5 Summary of reach by translated inserts in print ads, emails, e-newsletter and Facebook

Audience	Channel	Description	Date	Outcomes
All residents		Mayor's message & translated insert – November print ads	24-28 Oct	<ul style="list-style-type: none"> 35k+ distribution
All Staff		Headline News (SRV update included)	28 Oct	<ul style="list-style-type: none"> n/a (sent to a broadcast email address)
Subscribers		eNews (email newsletter)	3 November	<ul style="list-style-type: none"> 27,127 recipients 10,940 opened 380 link clicks on Your Say tile (2nd highest link clicks)
Followers		Final Have Your Say reminder	4 November	<ul style="list-style-type: none"> 920 reach 5 reactions/comments/shares 1 link clicks

The following outlines the media coverage along with the general sentiment through the media monitoring, showing positive sentiments from the Triple H interview, the Hornsby Advocate (for Shire residents); and The Post, Galston and Glenorie Community News, Doorall Roundup articles (for Shire residents).

There were both positive and negative comments observed from the multiple posts on social media platforms (Facebook, Reddit and Nextdoor).

Figure 6 Summary of media communications coverage

Audience	Channel	Description	Sentiment (through media monitoring)
Broadcast		Channel 9 News – interview with GM	<ul style="list-style-type: none"> Neutral
Broadcast		Triple H – interview with GM	<ul style="list-style-type: none"> Positive
Broadcast		2GB discussion with listener	<ul style="list-style-type: none"> Neutral
Shire residents		Hornsby Advocate	<ul style="list-style-type: none"> Positive
Shire residents		The Post, Galston & Glenorie Community News, Doorall Roundup – articles based on our media release	<ul style="list-style-type: none"> Positive
Shire residents		Multiple posts and threads on social media platforms including Facebook, Reddit and <u>Nextdoor</u>	<ul style="list-style-type: none"> Both positive and negative comments observed

In summary, the above figures highlight that the community has been sufficiently informed through the wide reach of the community engagement and communications campaign using multiple print, digital and face-face channels.

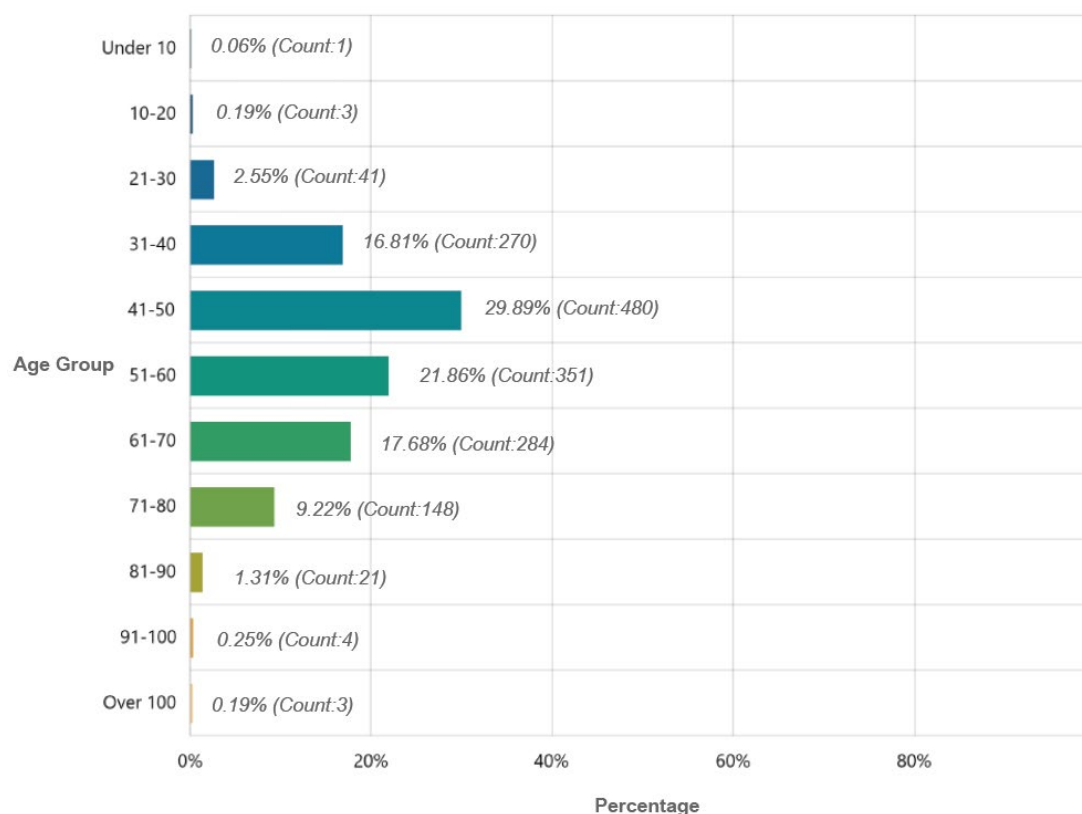


Profile of survey participants

Out of the 1,977 survey responses, the majority of ratepayers who responded were residents (98.43%) as compared to businesses (2.58%) or other (0.91%).

The age of the survey respondents fell more within the older age range, as outlined in figure seven, however, this is reflective of the Hornsby Shire community, which has a higher number of older residents and families than in Greater Sydney.

Figure 7 Age group of online survey respondents



Skipped: 371 | Answered: 1,606 (81.2%)

The gender of respondents was evenly distributed, with slightly more male respondents (51.10%) than female respondents (44.25%). 4.29% of respondents preferred not to say and 0.36% identified as non-binary.



Table 4 Gender

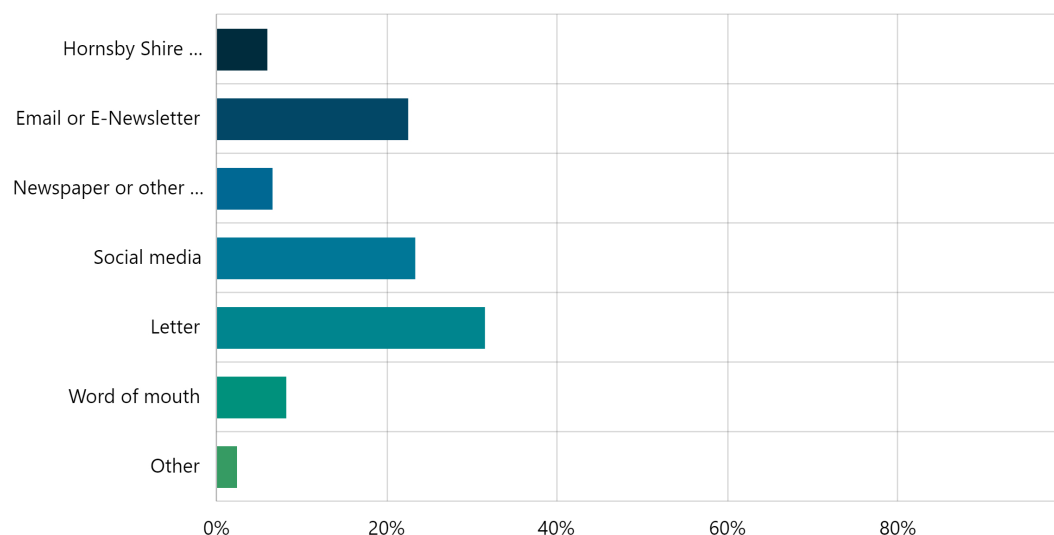
Gender	Percent	Count
Male	51.10%	857
Female	44.25%	742
Non-binary	0.36%	6
Prefer not to say	4.29%	72
Total	100.0%	1,677

Skipped: 300 | Answered: 1,677 (84.8%)

Engagement pathways for finding out about the SRV and survey

The most popular engagement pathways that reached the community and led to community awareness of the proposed SRV and survey participation largely consisted of letter (31.44%), social media (23.26%), followed closely by emails or e-newsletters (22.43%), word of mouth (8.12%), newspaper or other printed material (6.51%) and Council's website (5.90%).

Figure 8 How did you find out about this project?



Skipped: 180 | Answered: 1,797 (90.9%)

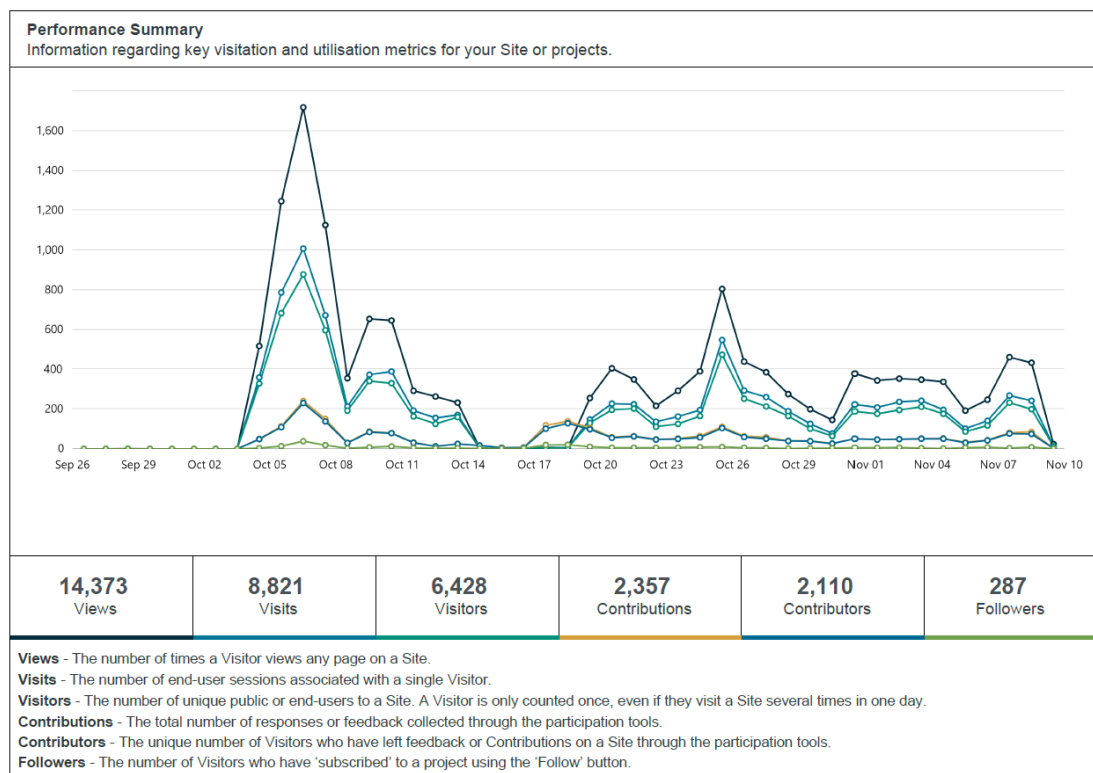


Social media and website statistics

Council had 6,428 visitors to its SRV webpage, with a total of 8,821 visits. The graph below shows the level of traffic to the site from the date the webpage went live on 4 October to the morning of 9 November 2022.

Note – no visit data was recorded on 26 October due to issues with the webpage provider, however surveys and registrations were still received.

Figure 9 Council's SRV website performance report



Council's most visited webpages

Council's most visited webpages (from 4 October to the morning of 9 November 2022) were the main webpage on the SRV, which attracted the most visitation (76.3%), followed by the SRV Survey (43.62%) and the SRV Community Forums Registration Form (7.12%).

Referral traffic methods to website

The most popular referral traffic method was by direct traffic (37.59%), where visitors arrived at Council's webpage by entering the direct web address or URL.

This was followed by campaigns (28.74%) (newsletters and emails).

Social media (19.88%) represented the third most common referral traffic method.



Digital banner on Hornsby Footbridge

In addition to the above referral traffic methods to the website, Council also provided advertisement on the physical digital footbridge located on George Street, Hornsby about the proposed SRV. The digital advertisement was visible to vehicles driving north and south along George Street, Hornsby, where the banner was on alternate display with other advertising. It is estimated that 21,648 vehicles per day would have had exposure to the billboard.

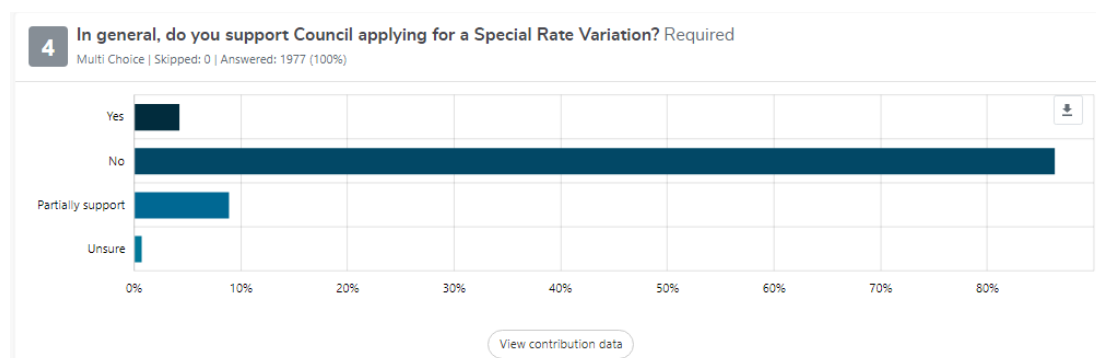
What did our community say?

Survey results

There were 1,841 respondents to the survey, who made 1,977 contributions. The majority of survey responses (65.74%) chose to provide feedback on the proposed SRV; 37.30% chose to provide feedback on both the proposed SRV and the draft Long Term Financial Plan (LTFP), and only 7.94% chose to provide feedback solely on the draft LTFP. (Noting, that of this 7.94%, most comments were still related to the SRV component.)

An overwhelming majority (86.29%) of the responses (1,977) did not support Council applying for an SRV, with 8.85% (175) as partially supporting, and 4.20% (83) indicated support for Council applying for an SRV.

Figure 10 Response to question on whether survey respondents supported the SRV

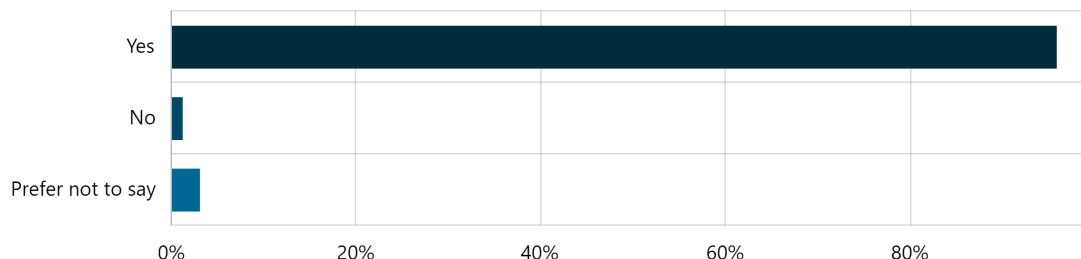


There is demonstrated awareness of the proposed SRV or understanding of the proposed process, even though the majority of responses were not supportive of the proposed SRV.

The following graph for the consultation period (4 October to 8 November 2022) shows that out of all the 1,977 survey responses the overwhelming majority (95.8%) of responses (1,894) indicated they have read the available information about the SRV on Council's Your Say Hornsby website. Only 23 (1.16%) have not read the information.



Figure 11 Have you read the available information about the SRV on Your Say Hornsby?



Skipped: 0 | Answered: 1,977 (100%)

Of the total 1,977 survey responses, a clear majority (63.48%) of the responses (1,255) said they understood why Council needs to apply for an SRV as compared to 19.32% (382) who said they did not understand why Council needs to apply for an SRV, and 9.16% (181) who were unsure and 8.04% (159) who preferred not to say.

Submissions received

In addition to the online survey, Council invited the community to make submissions about the proposed SRV, by email or by letter, during the consultation period and 506 submissions were received. The majority of the submission feedback reflects that there is knowledge and awareness around the proposed SRV and the process that Council is undergoing as part of its potential SRV application.

The following table outlines the top themes from the submissions. Examples of feedback and comments from the submissions are provided in Appendix H.

Table 5 Key themes within submissions

Themes from submissions
Unaffordability and timing: SRV increase is too high – cost of living pressures, inflation, interest rate, economic conditions, energy bills, rent rise, mortgages
Suggested solution – increase efficiencies, increase productivity or savings, reduce wastage, reduce overhead costs
References to having received information about the SRV
SRV will have a harder impact on retirees, pensioners, the elderly
Supportive due to awareness of rising prices
Development growth should be providing enough income for Council
Suggested solution – prioritise essential projects (not wish list) or defer non-essential projects
Council is expected to tighten its belt – live within its means – or just focus on Council's essential services



Themes from submissions

Suggested solution – better financial management

Out of step with the community

Dissatisfied with current levels of maintenance, services, facilities, planning, traffic, overdevelopment, congestion (waste, roads, pathways, parks, trees, stormwater, public amenities etc)

SRV rate increase should not be above the CPI, inflation, wage growth or the IPART rate.

Although a majority of submissions opposed the SRV, there was still some support and agreement within the community for the proposed SRV. This included awareness that rising prices were affecting Council as well as the community, and an understanding of why the SRV would be required to maintain the service levels that the community is currently receiving. There was further support if Council utilised the SRV for particular purposes, such as facility maintenance, retaining services or maintaining or improving assets and if Council considered a reduced rate rise.

The overwhelming feedback, however, was not supportive of the proposed SRV. Some of the major common themes from the 506 submissions included concerns that the SRV increase was too high and would be unaffordable, especially in the current economic conditions of inflation, interest rate rise, and general cost of living pressures. It is seen as bad timing with the rising costs and financial stress on the community or as a waste of money or a money grab. The feedback was that Council has to understand how the community feels due to the current economic environment and financial stress.

Some submissions referred to the impact of the proposed SRV on retirees and pensioners, who may find it harder to pay the rate increases and the context of COVID-19 and its impact on cost of living and businesses, which would be further exacerbated by an introduction of an SRV. Several submissions also commented on the growth in development (units and apartments) and how it should be providing a base for increased rates and levies.

Some of the suggestions referred to reducing services, prioritising projects, increasing productivity and efficiency, reducing staff salaries or overhead costs, better financial management and enhancing savings, rather than applying for an SRV. Some commented that the nominated priorities are not what the community wants and that only essential projects should be funded, by concentrating on the core services.

There were also comments made in relation to expectations on Council to tighten its belt in times of economic pressure and comments on wasted costs in relation to Hornsby Quarry. Some ratepayers also expressed that they are not personally benefitting from paying rates as they don't use or receive the services or benefits of facilities; and perceptions of the burden on rural residents as compared to those on suburban residents.

The following word cloud highlights similarities within the submissions received.



Figure 12 Word cloud from submissions



As outlined in the themes above and the number of responses and submissions received from the community, there was a high level of community interest, understanding and engagement with the SRV consultation process. The multiple engagement methods, including the survey and the submissions received, demonstrate that Council's engagement process adequately informed and consulted widely throughout the community, even though generally the overall sentiment was not supportive of the SRV. This reflects that the community has been made aware and informed of the proposed SRV.

Facebook posts

Facebook posts, reactions and comments also featured prominently within this community engagement process. A dedicated Facebook post was published on Wednesday, 5 October 2022, and Council also created Facebook events for the community forums and the library drop-in session. There were 53 comments on the dedicated Facebook post with similar sentiments to the survey topics, along with 31 reactions, and 3,200 views of the SRV video: <https://www.facebook.com/HornsbyCouncil/videos/629374121898891/>.

Council's ratepayer email was also posted to at least two community groups on Facebook with further discussion being had on this.

The following table presents the Facebook event posts to show the reach and community interest.



Table 6 Facebook event posts

Post (by date)	Attendees	Interested	Reach
6 October 2022 – Hornsby Shire Council Special Rate Variation Community and Business Forums	2	2	1,400
18 October 2022 – Special Rate Variation Drop-In Info Session	2	13	6,346

The table below presents the Facebook engagement results.

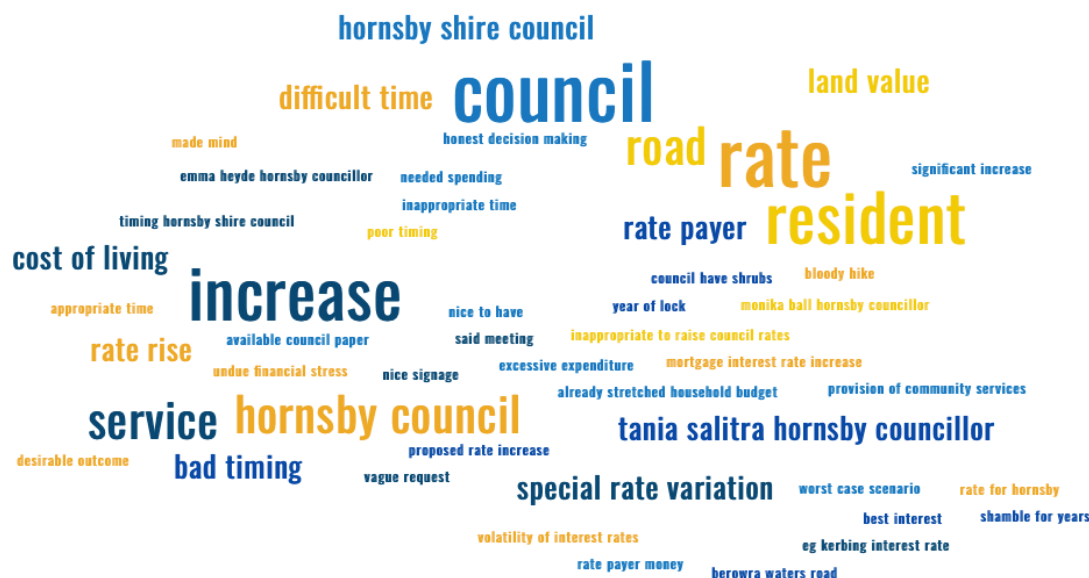
Table 7 Facebook engagement

Post (by date)	Reach	Reactions, comments and shares	Results/CTR-click through rate (if applicable)
20 September 2022 – Council Meeting	7,345	91	17
26 September 2022 – Council Meeting including SRV	3,607	23	33
05 October 2022 – Special Rate Variation video launch	5,691	194	99
04 November 2022 – Have Your Say reminder	920	5	1

The following word cloud was generated from the 55 comments on the SRV video post on Facebook (5 October 2022). From this was derived a list of 15 relevant keywords ranked by frequency of appearance. Overwhelmingly, the dominant sentiment that appears is “poor or bad timing”.



Figure 13 Word cloud – SRV video post on Facebook



Community forums

Since consultation commenced, along with the varied engagement methods, Council also held the following forums (including an internal Council session for staff) and community stakeholder presentations. Each of these included a presentation by Morrison Low or Council executives, followed by a question-and-answer session.

The general community forums indicated an overall negative sentiment, or partially supportive (or neutral) sentiment toward the SRV. The business ratepayer forum indicated an overall supportive sentiment.

Importantly though, where Council had the opportunity to fully articulate the background and necessity of the SRV, the response was generally more positive – particularly with organisations that have frequent and ongoing contact with Council and therefore arguably a deeper understanding of Council's activities.

Table 8 Summary of community forums

Presentation	Date	Attendees	Overall sentiment
Business Ratepayers Forum, Hornsby RSL	Monday 10 October	6	Supportive
Community Ratepayers Forum #1, Hornsby RSL	Monday 17 October	53	Partially supportive (many would support reduced amount)
Online Community Forum, via Zoom	Tuesday 25 October	118 total (81 at one time)	Negative
Hornsby Library Drop-In Session	Thursday 27 October	23	Negative/neutral/some positive



Presentation	Date	Attendees	Overall sentiment
Community Ratepayers Forum #2, Hornsby RSL	Monday 31 October	71	Negative (some accepting of need and advocate for a lower amount)
5 Forums / Sessions		265 total attendees	

The community stakeholder groups presented below have indicated more overall supportive sentiment on the SRV than the general community forums.

Table 9 Summary of community stakeholder presentations

Community Stakeholder	Date	Attendees	Overall sentiment
Westleigh Waterboard Alliance	Tuesday 4 October	30	Supportive
Beecroft Cheltenham Civic Trust	Thursday 6 October	13	Supportive
Glenorie Progress Association	Thursday 13 October	19	Neutral
Pennant Hills District Civic Trust, Westleigh Progress Association and Beecroft Cheltenham Civic Trust	Thursday 13 October	30	Supportive
Arcadia Galston Residents Association	Tuesday 18 October	50	Neutral (some negative)
Sporting groups (peak groups)	Thursday 20 October	9	Supportive
Brooklyn Community Association	Saturday 22 October	16	Supportive
Berowra Progress Association	Sunday 6 November	40	Supportive
8 Community Stakeholders Presentations		207 total attendees	

Table 10 Summary of staff presentation

Presentation	Date	Attendees	Overall sentiment
Staff Presentation	Wednesday 2 November	116	n/a

The major topics were consistent with the ones from the submissions.



Conclusion

Considerable effort and resources were used to inform and consult the community for the SRV engagement and the draft LTFP. The use of a variety of engagement mechanisms (digital, print, community forums, letters, e-newsletters, emails, survey, submissions) demonstrated that there was sufficiently wide reach to all segments of the community, to be informed and given the opportunity to provide feedback.

The high extent of reach, for example, included:

- Translated invitations to Hornsby Library Drop-In Session: sent to 14 Culturally and Linguistically Diverse Communities (CALD) (Mandarin, Korean, Farsi)
- Mayor's Message and translated flyers in print advertisements (The Post, Bush Telegraph, Galston and Glenorie Community News, Dooral Roundup): 35,000 distribution for residents
- eNews subscribers – email newsletter: 27,211 (11,822 opened and 525 link clicks)
- Facebook followers: 7,345 reach – Council Meeting for the SRV (papers); and consultation go-live video: 5,691 reach, 194 reactions/comments/share
- All ratepayers with emails – SRV overview and invitations to forums: 28,569 recipients (17,121 opened)
- SRV letter mail-out: 47,600 posted to all ratepayers
- Banner on digital footbridge: estimated that 21,648 vehicles per day would have exposure to the digital advertisement.

The multiple engagement mechanisms ensured the greatest number of Hornsby Shire residents and ratepayers could access the information about the proposed SRV and were given the opportunity to make a submission via a variety of channels or methods (e.g. printed newspapers, flyers, letters, emails, website, social media, in-person and online, as well as multiple forums at different dates and times).

The SRV Community Forums and Drop-in Session had attracted a reasonable number of 265 attendees, the community stakeholders' presentations sessions had 207 attendees and there were 116 staff at the internal presentation; in total, 588 people were engaged face-to-face. Due to the high level of interest in the proposed SRV, Council responded to the community's request and held an additional community forum. Council's online survey received a total of 1,841 respondents, who made 1,977 contributions, and Council also received 506 submissions (including emails and letters).

The high reach of the engagement approach has shown that the community is aware of the need for and the extent of the SRV. This community engagement effectively reached all parts of the community through the multiple channels.

Productivity improvements and cost containment strategies were explained and presented to the community. Key documents (papers, reports and presentations) in the Appendices and the Your Say Hornsby webpages, video about the SRV, and recording of the public presentation clearly explained the need and purpose of the proposed SRV to the community. The Capacity to Pay Report (in Appendix E) has outlined the impact on affected ratepayers.

Overall, the submissions and feedback clearly demonstrated community awareness or understanding of the proposed SRV even though the general sentiment was not supportive of the SRV.



Appendix A SRV Community Engagement Action Plan

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Special Rate Variation – Community Engagement Action Plan

Hornsby Shire Council

August 2022



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Document status

Job #	Version	Written	Reviewed	Approved	Report Date
7624	1.0	J.McKenzie	G.Smith	G.Smith	31 Aug 2022

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1 Context

Morrison Low Consultants has been engaged by Hornsby Shire Council ('Council') to provide support and advice through the proposed special rate variation (SRV) process.

1.1 Background

Hornsby Shire Council's (Council) 2022-32 Long-Term Financial Plan (LTFP), adopted in July 2022, demonstrates a consolidated operating result which moves into increasing deficits over the ten-year forecast period. While Council has made efforts to contain costs and find savings over several years, the LTFP identified that Council must now consider growing rates income through a Special Rate Variation (SRV) to maintain financial sustainability.

In August and September 2022, Council reviewed the need for an amount of a proposed SRV. At the Council Meeting on 28 September, Council will consider a permanent cumulative SRV of 31.05% over four years as set out in the table below.

Table 1 Proposed rate increases

	2023-24	2024-25	2025-26	2026-27	Cumulative
Permanent increase above the rate peg	4.60%	4.00%	3.50%	3.00%	
Forecasted rate peg	3.90%	3.50%	3.00%	2.50%	
Total increase	8.50%	7.50%	6.50%	5.50%	31.05%

If supported, Council will seek the community's feedback on the proposed SRV.

This community engagement action plan outlines the approach, key messages and timeline for community consultation on the potential SRV. This plan has been developed to ensure that it meets the SRV assessment criteria set out by the NSW Office of Local Government, who sets policy and oversees the local government industry, and the Independent Pricing and Regulatory Tribunal (IPART), who will assess any SRV application submitted. It has also been developed in compliance with Council's Community Engagement Policy and Community Engagement Plan, as well as the International Association for Public Participation (IAP2) Australasia Quality Assurance Standard.

1.2 Engagement purpose and goals

The purpose of this community engagement is to ensure that the community is adequately informed and consulted about the impact of the proposed special rate variation and the impact of not applying for a special rate variation.

The objectives of this community engagement process include:

- To present the proposed SRV.
- To identify the impact of the SRV on the average rates across each rating category.
- To exhibit an updated LTFP demonstrating the impact of the proposed SRV on Council's operating results from 2023-24 for feedback and final endorsement by Council.
- To communicate to the community the timeline and process for any potential SRV application.



- To gather and consider the community's feedback to inform Council's final decision on whether and how to move forward with an SRV application.

1.3 Stakeholder analysis

The key impacted stakeholders are those that pay rates in the Hornsby Shire Local Government Area (LGA) or are renting property in Hornsby Shire, where there may be rent increases passed to cover the proposed rate increases fully or partly.

Stakeholder groups have been identified below to ensure that the specific considerations of these groups can be integrated into the community engagement plan. These groupings are not mutually exclusive, that is individuals may fall into a number of different stakeholder groups. For example, individuals who own multiple properties in the LGA may be both resident ratepayers and landlord ratepayers.

Table 2 Stakeholder groupings

Stakeholder group	Who is in the group	Specific considerations
Resident ratepayers	Homeowners who are residents of Hornsby LGA	Proposed rate increases will be directly incurred by these stakeholders.
Residential Renters	Renters who are residents of Hornsby LGA	It will be a decision of the landlord on whether and when any rate increases are passed on to renters.
Landlord ratepayers	Investment property owners of property within Hornsby LGA	It will be a decision of the landlord on whether and when any rate increases are passed on to renters.
Business, Hornsby CBD and Major Retail Shopping Centre ratepayers	Business property owners within Hornsby LGA	Proposed rate increases will be directly incurred by these stakeholders. Where there are commercial leases in place, it will depend on the contract terms as to whether and when any increase will be passed to tenants.
Culturally and Linguistically Diverse (CALD) members	Ratepayers, renters, landlords and business operators with CALD backgrounds	Council's Translation Information Page will be included in all relevant materials. Ensure that non-English collateral and media are included in the communications on the SRV.
Community stakeholders	Residents' groups, sports and recreation groups, environmental groups, cultural groups and local business/industry.	These groups have a direct interest in their members/ residents and therefore, they need to understand why Council is proposing an SRV.
Council's consultative committees	Hornsby Aboriginal and Torres Strait Islander Consultative Committee (HATSICC) and Hornsby Advisory Committee (HAC)	These committees need to be informed and consulted.

Within each stakeholder group, there will be a range of socio-economic factors that will be considered through a capacity to pay analysis and report; this will further inform not only the affordability of any SRV, but also may provide further insight to improve the consultation plan and key messages.



2 Approach

The defined approach to engagement has been crafted in line with Council's seven core engagement principles:

- Strategy-led
- Proactive
- Open and inclusive
- Easy
- Relevant
- Timely
- Meaningful

2.1 Impact and complexity of the engagement

This engagement is defined as 'high impact', which means that the issues will have a real or perceived impact across the whole LGA. The issue has the potential to create controversy and has a high level of potential community interest.

It is also considered to have 'high complexity', as the information presented to the community will be based on relatively complex financial analysis and needs to be expressed in terms that are easily understood.



2.2 Levels of engagement

The level of engagement is defined from the IAP2 Spectrum of Public Participation in the figure below, also included in Council's Community Engagement Policy. This spectrum outlines the level of engagement required depending on the purpose and desired outcome of the project.

Figure 1 IAP2 Spectrum of Public Participation¹

INCREASING IMPACT ON THE DECISION					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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To meet the assessment criteria for an SRV application, Council must:

1. Demonstrate that the **need and purpose** of a different rate path for Council's General Fund is clearly articulated and identified in Council's Integrated Planning and Reporting (IP&R) documents.
2. Show evidence that the **community is aware** of the need for and the extent of a rate rise.
3. Show that the **impact on affected ratepayers** is reasonable.
4. Exhibit, approve and adopt the relevant **IP&R documents**.
5. Explain and quantify the **productivity improvements and cost containment** strategies in its IP&R documents and/or application.
6. Address any other matter that IPART considers relevant.

To meet criterion two, Council would only need to undertake engagement at the "inform" level, but a "consult" level would ensure it more fully meets criteria one and four.

¹ International Association for Public Participation (IAP2) Australasia, 2018. *IAP2 Spectrum of Public Participation*. Retrieved from: https://iap2.org.au/wp-content/uploads/2020/01/2018_IAP2_Spectrum.pdf.



While the LTFP adopted in July 2022 identified the need for an SRV, it did not model any SRV. These steps are expected to partly meet criteria one and four of the SRV assessment criteria. To meet these criteria more fully, an updated LTFP, which includes the proposed SRV, will be exhibited, approved and adopted by Council in parallel to this community engagement process.

As a result, this community engagement action plan is drafted to meet both the **inform** and **consult** levels of engagement. This means that Council will provide the public with balanced and objective information to assist them in understanding the problem, alternatives, and preferred solution and to obtain the public's feedback on analysis and alternatives. Council will keep the public informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision made by Council.

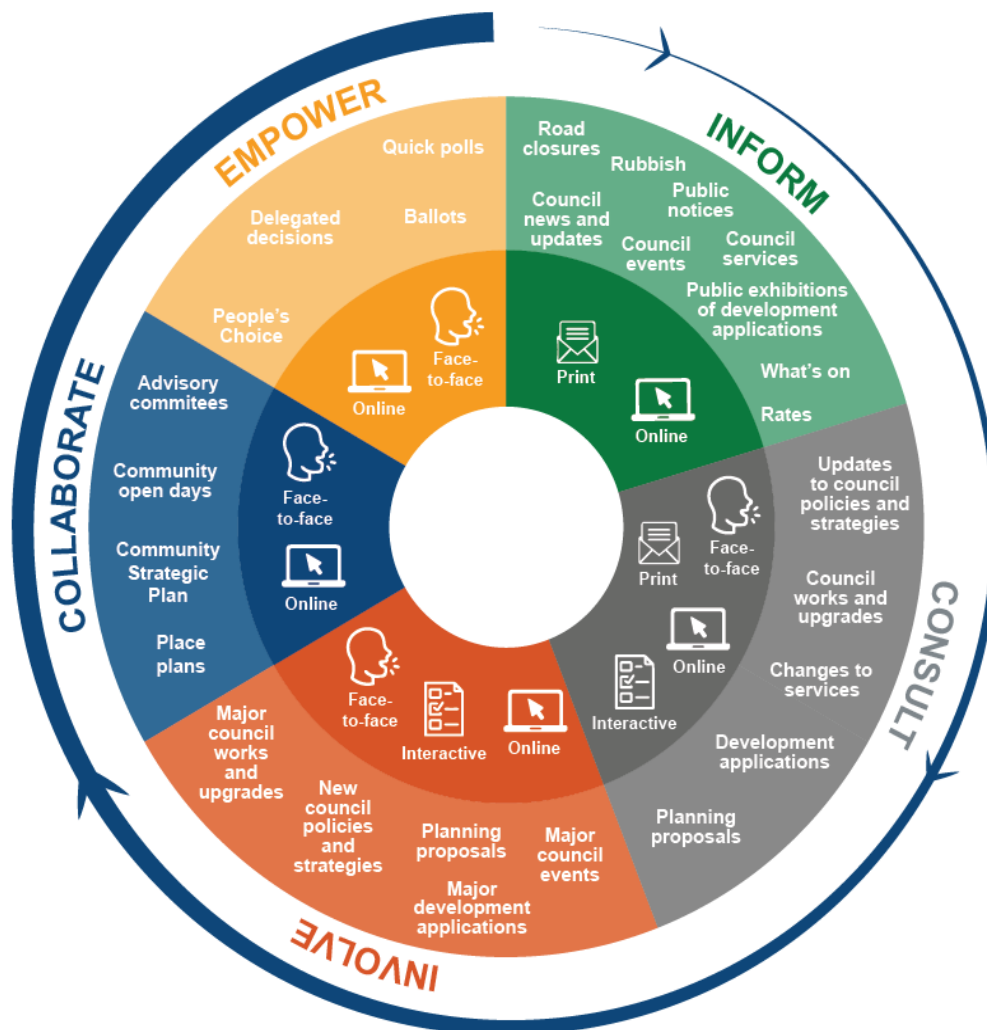
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2.3 Engagement mechanisms

The mechanisms that best fit with the level of engagement are outlined in Council's Community Engagement Plan.

Figure 2: Council's engagement framework





Given the complexity of the project and proposed level of engagement, Council's Community Engagement Strategy outlines the following as possible mechanisms for community engagement that are considered relevant to this consultation:

- Print:
 - Reports, fact sheets, letters, flyers
 - Advertisements
 - Media releases
 - Billboard, banner, poster, signage
 - Direct mail, rate notices
- Online:
 - Newsletters, emails, bulk text messages
 - Web pages, campaign/project microsites
 - Social media
 - Surveys (phone and online)
 - Submissions (email and post), listening post (online forum)
- Face-to-Face:
 - Pop-up stalls, displays, open days
 - Community events
 - Speaking at Council meetings
 - Workshops, focus groups, stakeholder interviews
 - Forum, briefing, information session
- Interactive:
 - Interactive collaborative mapping (such as Social Pinpoint)
 - Hotline/phone-in
 - Polls
 - Suggestion box

This community engagement will build from inform to consult:

1. Inform: to raise awareness and inform all stakeholder groups of the options being considered.
2. Consult: to seek considered community feedback on these options to inform Council in their final deliberations on a potential SRV application.



The proposed mechanisms to be used for this engagement are outlined in the table below.

Table 3 Engagement mechanisms

Mechanism	Level of consultation	Reach (stakeholder groups)
Direct mail out	Inform	All ratepayers
Newspaper advertisements	Inform	All residents
Include in-language information, e.g. via printed inserts, in local newspapers	Inform	CALD communities
e-Newsletters	Inform	Approx 27,000 subscribers – local residents and businesses
Video content (TBC)	Inform	
Social media channels	Inform	Facebook: 24,493 followers Instagram: 4,066 followers LinkedIn: 3,207 followers Twitter: 4,367 followers
Have your Say page (the Hive)	Inform & consult	All residents and ratepayers
Community “roadshow” – face-to-face and online forums	Inform & consult	Key community groups
Public forums (one online and two face-to-face)	Inform & consult	All residents and ratepayers
Consultative committees	Inform & consult	Members of each committee
Library drop-in sessions with translators	Inform & consult	CALD communities

These external community engagement mechanisms will be coupled with internal communications to inform all staff about the proposed SRV and process and provide them with information to direct questions from members of the public that may arise in their day-to-day interactions. This will include:

- A managers’ briefing
- Information and scripting for customer service and frontline teams
- Updates in staff e-news.



2.4 Roles and responsibilities

The roles of councillors, Council officers and Morrison Low in the engagement process are defined in the table below.

Table 4 Roles and responsibilities

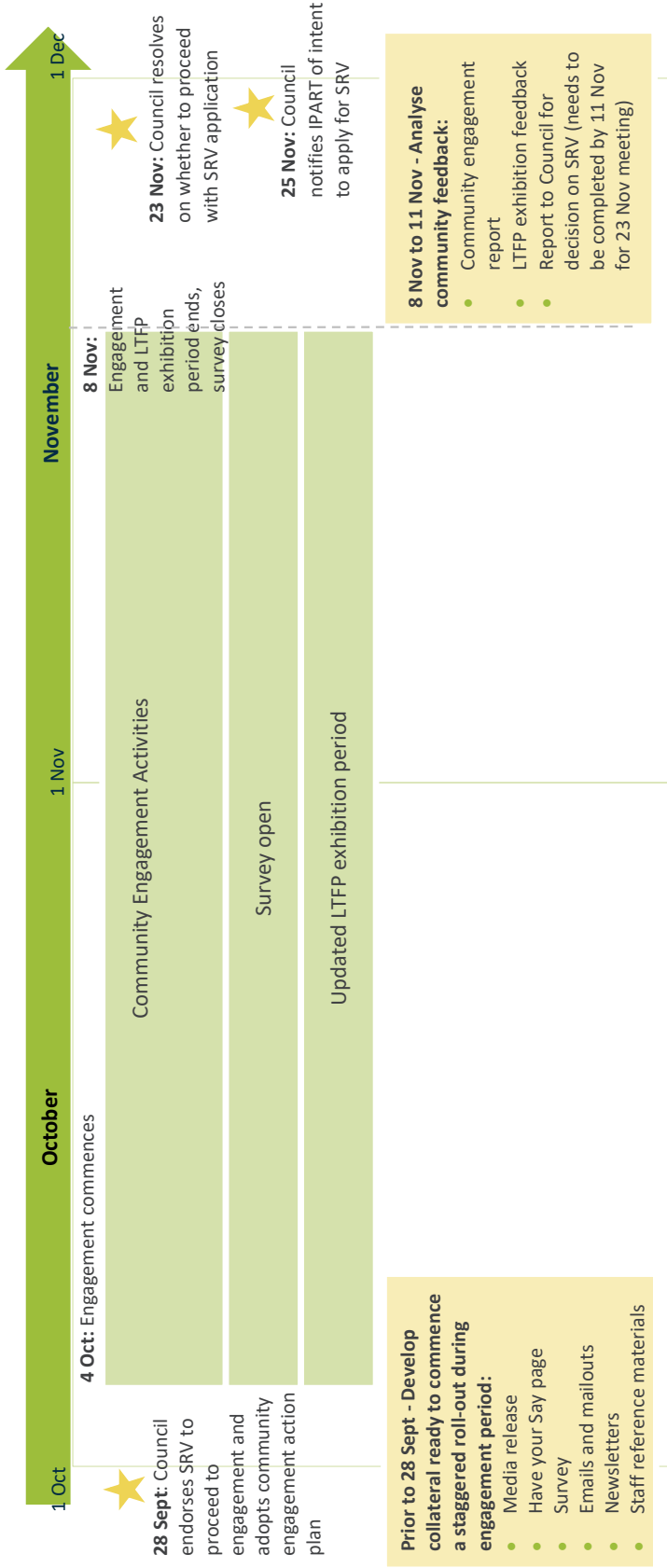
Role	Responsibility
Morrison Low (consultant)	<ul style="list-style-type: none"> Develop the background paper on the SRV Facilitate public forums, assist Council in preparing presentation and taking notes at each forum Prepare report on community engagement outcomes
Hornsby communications and engagement team	<ul style="list-style-type: none"> Develop collateral for the various written mechanisms, based on information provided by Morrison Low to inform Council communications Publish and release materials in line with this community engagement action plan, including internal communications Gather community feedback and provide to Morrison Low for analysis
Hornsby CFO and finance team	<ul style="list-style-type: none"> Update the LTFP model and document for exhibition Support the development of background papers and other collateral with financial analysis and modelling Manage the exhibition process and finalisation of the updated 2022-32 LTFP (which includes the SRV)
Hornsby executive and management team	<ul style="list-style-type: none"> Brief staff on SRV, process and community engagement activities
Hornsby councillors	<ul style="list-style-type: none"> Approve community engagement plan
Hornsby General Manager	<ul style="list-style-type: none"> Endorse community engagement plan, approve any adjustments to community engagement process as required Participate in media interviews and public forums, where required

2.5 Timeline

The high-level timeline, with key milestones, is mapped out in the figure on the following page. Further detail on tasks and dependencies is provided in the supporting action plan.



Figure 3 Community engagement timeline



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3 Detailed action plan

Table 5 Action plan

Ref	Action	Responsible	By when	Dependency
1	Draft Background Paper for SRV	Morrison Low (consultant)	19 Sept	
2	Finalise updated LTFP for exhibition	Finance team	19 Sept	
2	Develop FAQs	Communications & Engagement team and Morrison Low (consultant)	28 Sept	1,2
4	Draft 'Direct Mail' content	Communications & Engagement team and Morrison Low (consultant)		1,2
5	Draft (and translate, where applicable) Newspaper advertisements (two – one each month)	Communications & Engagement team		1,2
6	Draft e-Newsletter content	Communications & Engagement team	28 Sept	1,2
7	Develop video on SRV (TBC)	Communications & Engagement team	28 Sept	1,2
8	Develop survey	Communications & Engagement team and Morrison Low (consultant)	28 Sept	1,2
9	Build 'Have Your Say' page	Communications & Engagement team	28 Sept	1,2
10	Schedule roadshow and public forums (face-to-face and online)	Communications & Engagement team	28 Sept	
11	Develop media release and social media content for commencement of engagement	Communications & Engagement team	28 Sept	1,2

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Ref	Action	Responsible	By when	Dependency
12	Develop and distribute information and scripting for customer service and frontline staff	Communications & Engagement team	28 Sept	1,2
13	Council resolves to proceed to community consultation on an SRV	Council	28 Sept	1,2
14	Brief managers on Council decision and next steps	General Manager / Directors	29 Sept	14
15	Publish first newspaper advertisement on SRV	Communications & Engagement team	26-30 Sept	5,14
16	Open the 'Have Your Say' page and Survey to the community	Communications & Engagement team	4 Oct	9,14
17	Engagement period commences		4 Oct	14
18	Publish e-Newsletter	Communications & Engagement team	4 Oct	6,17
19	Release direct mail out	Communications & Engagement team	TBC	4,17
20	Manage social media	Communications & Engagement team	4 Oct – 8 Nov	11,17
21	Manage media enquires	Communications & Engagement team	4 Oct – 8 Nov	11,17
22	Conduct public and roadshow forums	Communications & Engagement team Morrison Low (consultant) to facilitate public forums	4 Oct – 8 Nov	10,17
23	Publish second newspaper advertisement	Communications & Engagement team	24-28 Oct	5,17
24	Release reminder of SRV community engagement closing 8 November: <ul style="list-style-type: none"> E-Newsletter Social media 	Communications & Engagement team	1 Nov	6,11,17

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Ref	Action	Responsible	By when	Dependency
25	Close engagement, exhibition of updated LTFP and survey, and gather all community feedback	Communications & Engagement team	8 Nov	17
26	Analyse submissions and survey results and draft community engagement report	Morrison Low (consultant)	11 Nov	25
27	Finalise updated LTFP based on feedback over exhibition period	Finance team	11 Nov	25
28	Draft report to Council		11 Nov	25
29	Council resolves on whether to proceed with SRV application	Council	23 Nov	28
30	Council notifies IPART of intent to apply for SRV (deadline tentative, TBC by IPART)	General Manager	25 Nov	29

ATTACHMENT 1 - ITEM 1



3.1 Measures of success

A final community engagement report will be produced to document the outcomes of the engagement process, but also to clarify the extent to which the community engagement activities reached all relevant stakeholder groups. Measures to understand the level of reach and participation in the engagement process will include:

- attendance at forums
- SRV related inquiries through customer service teams
- number of unique survey responses
- number of submissions on the SRV proposal
- key analytics from the 'Have Your Say' page.

Where feasible, measures of success would also include documenting key demographics of participants to ensure that it is both representative of the Hornsby Shire community and engagement activities have reached groups that can sometimes be hard to reach.

4 Key messages

The key messages for the community should clearly communicate what is not negotiable and what aspects are open for community feedback to inform the decision-making process.

Non-negotiables include:

- the legislative requirement for Council to employ sound financial management principals.
- the current core deficits in the General Fund need to be addressed, targeting sufficient surpluses over time to ensure the ongoing financial sustainability of Council.

Community feedback is sought to:

- assess the level of community understanding of the proposed SRV and its impacts and why it is needed.
- seek submissions on the proposed SRV and the updated Long Term Financial Plan.

To support these key messages and the development of collateral for the community engagement activities, a background paper will be developed to articulate the need for and level of SRV being sought.

In addition, Council will also have the following reports:

1. A capacity to pay report which will investigate, analyse and report on the community's capacity to pay against Council's rating categories and proposed SRV. This includes research of specific areas across the LGA and will undertake a range of comparisons and assessments of information for areas/locations within the LGA, and associated land use.
2. An updated LTFP and financial sustainability analysis that will demonstrate the impact of the SRV on the ongoing financial sustainability of Council.



Key messages in any community communications and collateral will also include:

- how community members can seek further information or have their questions answered.
- how community members can provide their feedback on the proposed SRV.
- what to expect after the community engagement activity is completed, including IPART's public submission and assessment process.

4.1 Frequently asked questions

A set of frequently asked questions (FAQs) and their responses will be developed for this engagement process. While every effort is made to ensure that this is a complete list of FAQs at the commencement, these questions will be regularly reviewed and updated throughout the engagement process.

The below is a starting list of the questions we expect to develop for the FAQs:

- How will the proposed special rate variation impact my rates?
- Why do we need an increase to our rates?
- What is the alternative to the proposed rates increase?
- What action has Council taken to address its financial situation?
- How does Council work out what rates to charge each resident?
- How will the 2023 General Revaluation impact my rates?
- What is Council doing to keep rates low?
- Can't you get more funding from other levels of government to help pay for things?
- What if I can't afford to pay my increased rates? (Hardship Policy)
- When would a rate increase be applied from?
- How has Council identified the priority initiatives?
- Who is IPART and what do they do?



5 Monitoring and risk

5.1 Monitoring

During the consultation process, the level of engagement will be monitored by Morrison Low and Council's Communications and Engagement team.

Any proposed adjustments to the plan will be approved by the General Manager before implementation.

5.2 Risk assessment

The table below documents the key risks associated with this community engagement. The risk ratings are assessments of the residual risk after the documented risk responses are implemented.

Table 6 Risk assessment

Risk	Risk response	Residual likelihood	Residual consequence	Residual risk rating
Engagement doesn't meet IPART assessment criteria.	Engagement plan and activities analyse and integrate requirement to meet criteria.	Low	Medium	Low
Impact on ratepayers of raising rates at a time of increasing inflation and cost of living pressures.	Capacity to pay analysis to understand the impacts of rate increase on community. Key messages to impact on Council of not seeking the SRV.	Medium	Medium	Medium



Appendix B SRV Background Paper

ATTACHMENT 1 - ITEM 1



Hornsby Shire Council The Special Rate Variation

Introduction

Morrison Low Consultants has been engaged by Hornsby Shire Council ('Council') to clarify the need for and develop a special rate variation (SRV) application.

The Local Government Act requires councils to apply sound financial management principles of being responsible and sustainable in aligning income, expenses and infrastructure investment, with effective financial and asset performance management. The objectives are to:

- achieve a fully funded operating position
- maintain sufficient cash reserves
- maintain its asset base 'fit for purpose'
- have an appropriately funded capital program.

These objectives are the foundation for sound financial management and a financially sustainable council that has the financial capacity to deliver the services to its community over the long term.

Current situation

In 2016, Hornsby Shire Council lost \$10 million in yearly revenue from the NSW Government's boundary adjustment which saw the area south of the M2 motorway transferred to the City of Parramatta Council. As the area transferred to Parramatta had a relatively dense population in comparison with the wider Local Government Area (LGA), there was a significant transfer of rateable properties, and annual rates revenue, with disproportionately less to transfer in terms of infrastructure, and therefore costs. As a result, Council was left in a less financially sustainable position. To manage the impacts of this, Council implemented financial management practices to contain costs over the last six years and maintain financial sustainability.

The economic impacts stemming from the COVID-19 pandemic have meant that Council can no longer sustain these practices and continue to deliver the current levels of services to the community. Effectively, Council has frozen budgets and maintained costs at 2016 levels to ensure that Council remains sustainable. In the low inflation environment that it experienced up to 2021, Council was able to continue to deliver services at the same level by finding the productivity and efficiency improvements required to keep costs down.

Implemented cost controls

Over the last 10 years, Council has implemented several cost containment strategies which has resulted in Council delivering an average of \$6.2 million in annual ongoing costs savings and revenue improvements, with a further \$3.2 million in one-off costs savings and revenue improvements. Since 2012, this has delivered a total of \$52.5 million in benefits that were reinvested in service delivery and infrastructure. Over the course of the 10-year financial plan, this will continue to deliver \$67.5 million that will be utilised to deliver services and maintain infrastructure.



These savings are a result of:

- Savings found and implemented from a review of internal services in 2012.
- Savings found and implemented from a review of external services in 2013.
- Vigilant budgetary management through the quarterly review process, identifying and ring-fencing savings throughout the financial year.
- Utilising savings achieved to reduce the need for debt to fund the Hornsby Aquatic and Leisure Centre in redevelopment from 2013, resulting in an annual average interest savings of \$513 thousand over the 20-year life of the loan.

In addition to these savings, Council implemented a general freeze on any increase to non-labour operational expenditure unless grants and/or fees and charges could support an increase in 2014-15 and again in 2017-18. In 2014-15, this resulted in costs being contained to a 1.1 per cent increase.

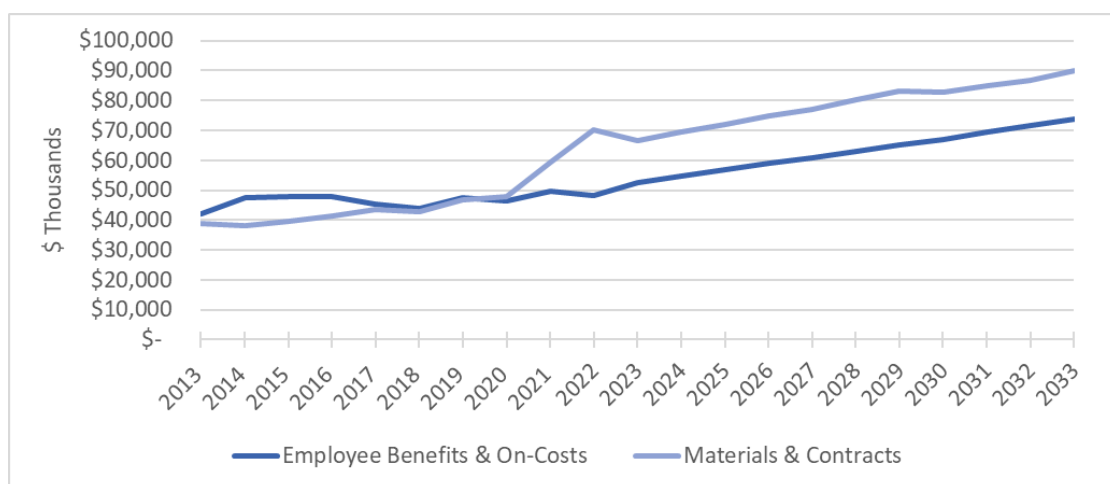
Impact of the current economic conditions

The current high levels of inflation impacting the costs of the material and contracts that Council purchases to deliver services means that it can no longer keep expenditure contained at current levels and needs to forecast increases in line with inflation in its Long-Term Financial Plan (LTFP).

Similarly, a tightening labour market because of less inbound migration since the COVID-19 pandemic means that Council needs to plan for increases to wages to be able to attract and retain the talent it needs to deliver services to the community. Additionally, Council must plan to pay the expected increases in the Compulsory Superannuation Guarantee to staff, which is increasing by 0.5% each year from 9.5% in 2020-21 to 12% in 2025-26. The Superannuation Guarantee increases from 2021-22 to 2025-26 will result in an additional \$1.2 million in annual employee costs.

The graph below shows that Council's materials and contract expenditure and employee costs have been kept stable in recent years and are forecasted to grow in line with price and wage inflation estimates in the future.

Figure 1 Employee and materials costs (2013 actuals to 2033 forecasted)





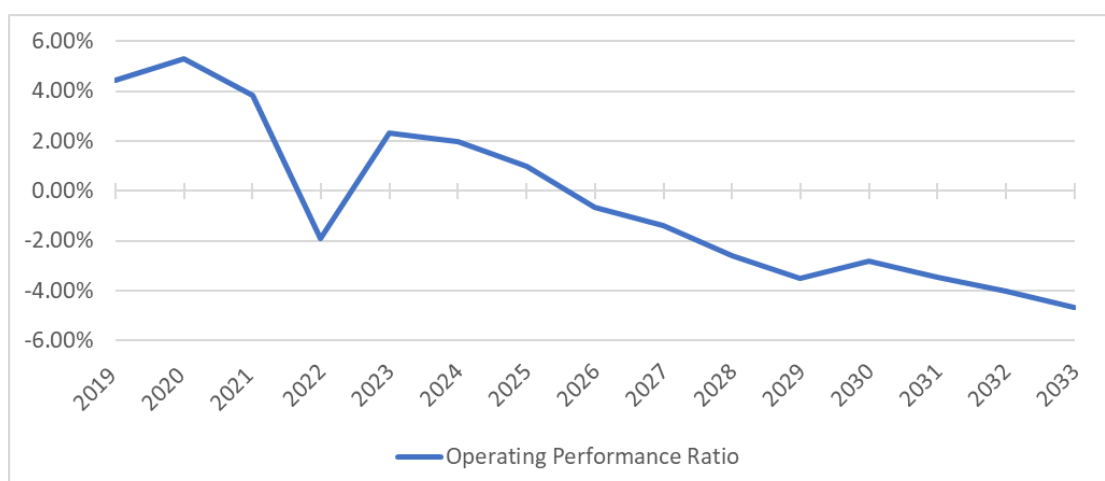
Increasing cost of asset operations and maintenance

In 2018, the NSW Government provided Council with \$90 million in capital grants towards the redevelopment of Hornsby Quarry and Westleigh Park as part compensation for the impact of the boundary adjustment. These are new assets that have started to come online. While the NSW Government has funded their development, Council will need to fund their ongoing operations and maintenance and ensure that it has sufficient funds to renew the assets as they age. Over the course of the next 10 years, Hornsby Park is expected to cost \$684 thousand yearly to maintain and operate. This could increase further to \$1.5 million a year from 2027-28, if the proposed further redevelopment of the site is funded.

Growing core deficits in Council's General Fund are forecasted to develop over time, as a result of growing costs outpacing revenue growth and additional compliance and governance costs, including the internal audit program Audit Risk and Improvement Committee (ARIC), Emergency Service Levy, election costs and cyber security/modernisation of systems/fraud prevention.

As a result of these cost pressures, Council is projecting increasing operating deficits in its LTFP for its base case scenario.

Figure 2 Operating performance ratio (2019 actuals to 2033 forecasted)



Future population growth

The Draft Hornsby Town Centre Masterplan projects population growth with the development of 4,500 new dwellings by 2036. These dwellings will come online towards the end of the 10-year LTFP period and beyond but will see increases in rating income to Council that will support its ongoing financial sustainability.

Until this growth occurs, continued General Fund deficits restrict Council's ability to respond to community expectations for continuation of current services and maintaining asset conditions. In its 2022-26 Delivery Program and 2022-33 Long-Term Financial Plan, Council identified these issues and flagged the need to consider a SRV to address it. It committed to consulting with the community on any potential SRV before making a final decision to apply.



Currently unfunded strategic initiatives

Council has 36 strategic documents with numerous actions identified to deliver community aspirations. Many of these actions are currently unfunded. Council undertook a review of these to identify the 14 costed priority initiatives that address the top ten community issues based on the feedback received through:

- Council's Quality of Life and Asset Management Survey in March 2020.
- The Community Satisfaction Survey in April 2021.
- The Community Strategic Plan survey in September and October 2021.
- Consultation on the development of strategies throughout 2020 to 2022.

These 14 priority initiatives deliver a cross-section of outcomes from 17 strategic documents, sitting across all four themes of the Community Strategic Plan, including:

- Liveable:
 - Local Strategic Planning Statement 2020
 - Local Housing Strategy 2020
 - Social Inclusion Hornsby – Disability Inclusion Action Plan 2021-2025
 - Active Living Hornsby 2016
 - Sportsground Strategy 2018
 - Play Plan 2021
 - Unstructured Recreation Strategy 2008
- Sustainable:
 - Sustainable Hornsby 2040 (2021)
 - Biodiversity Conservation Strategy 2021
 - Climate Wise Hornsby Plan 2021
 - Hornsby Kuring-gai District Bush Fire Risk Management Plan 2016-2021
- Productive:
 - Walking and Cycling Strategy 2021
- Collaborate:
 - Community Strategic Plan – Your Vision Your Future 2032
 - Delivery Program 2022 - 2026

The 14 strategic initiatives require \$67.3 million over ten years to deliver, \$18.4 million of this is operating expenditure and \$48.9 million is capital expenditure. A summary of the programs of initiatives and their associated costs is provided in Table 1 below, the detailed expenditure against each initiative is provided in **Appendix A**. These initiatives respond to Council's highest priority actions. There remains a number of unfunded actions across the 36 strategic and technical documents. It is Council's intention to seek other funding sources that will include grants, partnerships and where appropriate spare operational capacity identified in the organisation to deliver on these actions.



Table 1 Program of strategic initiatives

Program	Proposed total expenditure
Sustainable and resilient community	\$6,035,096
Planning for our future	\$1,000,000
Upgrading community infrastructure	\$30,807,000
Connected walking and cycling paths	\$17,982,370
Protecting bushland and improving open space	\$10,283,419
Improving our technology	\$1,150,000
Total	\$67,257,886

The proposed special rate variation

What is a special rate variation?

New South Wales has a rate capping regime in place. Each year, the Independent Pricing and Regulatory Tribunal (IPART) sets a “rate peg”, which is the maximum percentage increase in total rates that all are allowed to implement. If a council needs to increase rates by more than the rate peg, it must apply to IPART for a Special Rate Variation (SRV).

Almost all NSW councils will be faced with having to apply for a special rate variation at some point. There are two types of SRVs:

- a temporary SRV for a fixed amount over a fixed period of time
- a permanent SRV for a fixed amount that remains in the rate base.

When a temporary SRV expires, rates return to the original level at the conclusion of the approval period. Temporary SRVs are usually approved to fund specific one-off projects, such as significant infrastructure projects. As Hornsby Shire Council is looking to deliver current service levels, uplift the ongoing renewal of assets and address the core deficit in the General Fund, a permanent SRV is required. Permanent SRVs can be implemented over up to seven years.

What SRV is proposed for Hornsby Shire Council?

To achieve financial sustainability and to be able to deliver the identified strategic initiatives, Council requires a permanent cumulative rate increase of 31.05% over four years, this includes the expected rate peg increases that Council would have otherwise increased rates by.

**Table 2 Proposed rate increases**

	2023-24	2024-25	2025-26	2026-27	Cumulative
Permanent increase above the rate peg	4.60%	4.00%	3.50%	3.00%	
Forecasted rate peg	3.90%	3.50%	3.00%	2.50%	
Total increase	8.50%	7.50%	6.50%	5.50%	31.05%

IPART determines the annual rate peg that councils receive each year, based on the increase in cost of a selection of goods and services that NSW councils purchase. This calculation looks back over the past year of cost increases and applies the rate peg to the next financial year. The 2023-24 rate peg was based on cost increases associated with the revised rate peg for 2022-23. The rate peg increases for 2023-24 to 2026-27 have been forecasted at 3.9%, 3.5%, 3.0% and 2.5% respectively. Further details on these assumptions are outlined in Council's updated Long Term Financial Plan.

What do these proposed changes mean for ratepayers?

The impact on an individual's rates will be different depending on the unimproved land value of their property. From 1 July 2023, changes as a result of the general revaluation undertaken by the Valuer General will also come into effect.

The following tables provides an indication of the annual rates and weekly increase likely to be experienced by the average land value for each rating category. The increases include the forecast rate peg.

Table 3 Average annual rates

Rating category	2022-23	2023-24	2024-25	2025-26	2026/27	Cumulative increase
Residential	\$1,272.79	\$1,380.98	\$1,484.55	\$1,581.05	\$1,668.01	\$395.21
Business	\$2,437.00	\$2,644.15	\$2,842.46	\$3,027.22	\$3,193.71	\$756.71
Farmland	\$2,133.64	\$2,315.00	\$2,488.63	\$2,650.39	\$2,796.16	\$622.52
Westfield	\$268,650.80	\$291,486.12	\$313,347.58	\$333,715.17	\$352,069.50	\$83,418.70
Hornsby CBD	\$5,149.14	\$5,586.82	\$6,005.83	\$6,396.21	\$6,748.00	\$1,598.86

The average residential rate will increase by \$7.58 per week at the end of the four years, business and farmland rates increase by \$14.51 and \$12.71 respectively.

Table 4 Weekly increases in average rates

Rating category	2023-24	2024-25	2025-26	2026/27	Cumulative increase
Residential	\$2.07	\$1.99	\$1.85	\$1.67	\$7.58
Business	\$3.97	\$3.80	\$3.54	\$3.19	\$14.51
Farmland	\$3.48	\$3.33	\$3.10	\$2.80	\$12.71
Westfield	\$437.94	\$419.26	\$390.61	\$352.00	\$1,599.81
Hornsby CBD	\$8.39	\$8.04	\$7.49	\$6.75	\$30.66



How do my rates compare to other councils?

The Office of Local Government groups councils with other similar councils for comparison. Hornsby Shire Council is in Group 7 with other metropolitan fringe councils such as Blue Mountains, Camden, Campbelltown, Central Coast, Hills and Penrith councils. In comparison to these councils, Hornsby Shire Council's rates are relatively competitive. Even after the proposed Special Rate Variation, Council's average residential rates remain within the comparator councils, and its business and farmland average rates remain significantly lower than comparator councils, as the figures below demonstrate.

Figure 3 2026-27 projected average residential rates

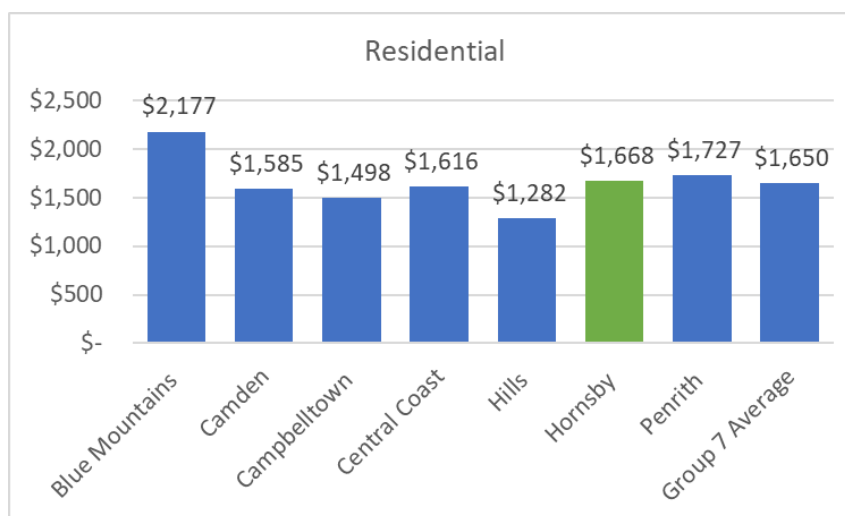


Figure 4 2026-27 projected average business rates

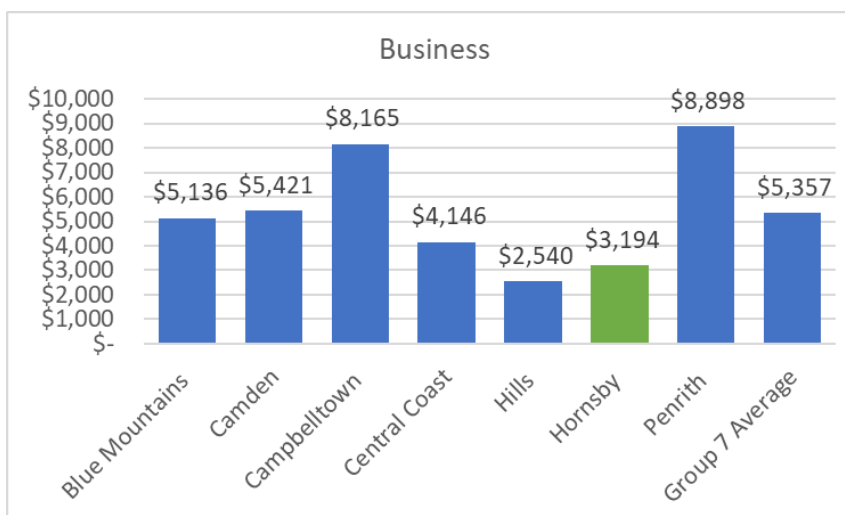
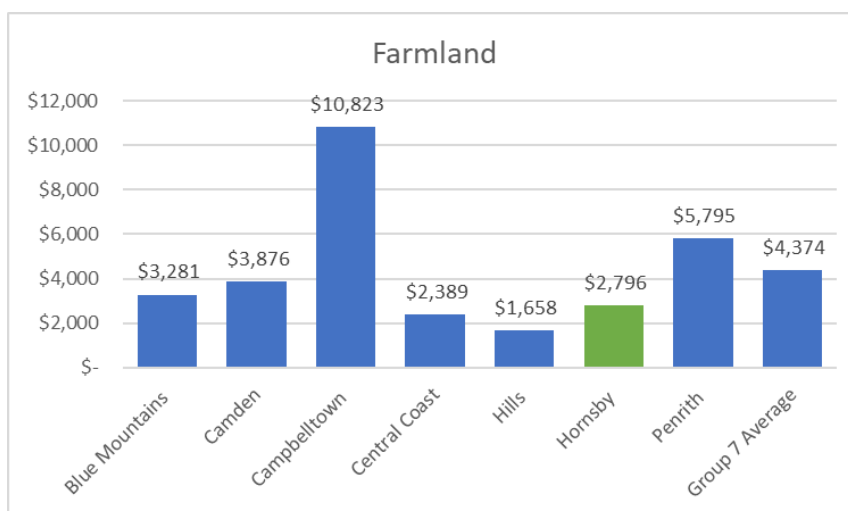




Figure 5 2026-27 projected average farmland rates



The comparison data from other councils is projected from current reported average rates using Hornsby Council's forecast rate peg. It does not include any increases that may occur in 2023-24 and subsequent years from these councils applying for their own special rate variation.

How will the increase impact Council's ongoing financial sustainability?

The proposed special rate variation will enable Council to deliver current services and maintain assets to the community, while ensuring financial sustainability in the longer-term. It will also enable Council to deliver key the strategic initiatives identified, while ensuring Council is more resilient and responsive to shocks and unexpected events in the future.

A financial sustainable council will meet the following objectives:

- to achieve a fully funded operating position
- to maintain sufficient cash reserves
- to have an appropriately funded capital program to maintain its asset base 'fit for purpose'.

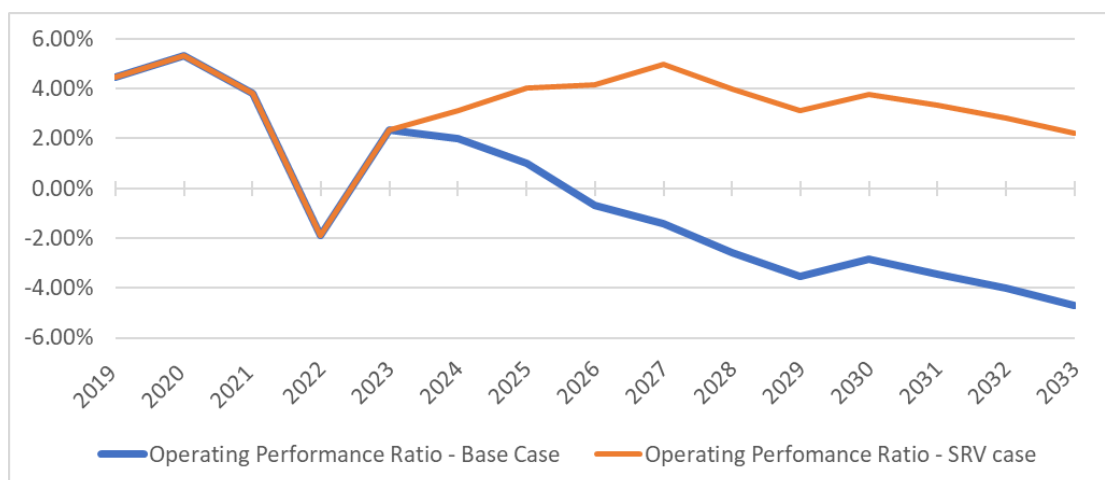
Council has forecasted its financial performance over the next 10 years, both under the proposed Special Rate Variation and under a base case where rates are only increases by the forecast rate peg. The proposed SRV enables Council to meet all financial sustainability objectives, while the base case plans to maintain a fit for purpose asset base but does not enable a fully funded operating position, depleting Council's unrestricted cash position as a result.

Operating position

The proposed special rate variation arrests the increasing deficits seen in the base case and allows Council to maintain small surpluses, that is revenues will fully cover expected operating expenditure.



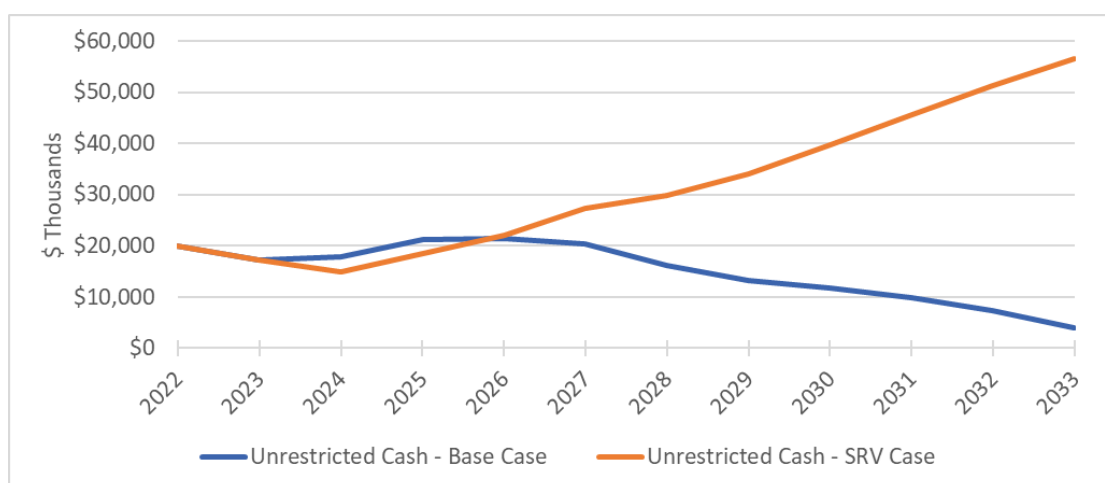
Figure 6 Forecasted operating performance ratio



Cash reserves

With increasing deficits in the base case, Council would need to deplete its cash balances to fund ongoing operations. The SRV will allow Council to continue to increase its unrestricted cash balances.

Figure 7 Forecasted unrestricted cash balances



Sound financial management encourages planning for modest operating surpluses and building of unrestricted cash reserves over time. This enables councils to respond to events that can not be predicted or planned for in their Long Term Financial Plan. Hornsby Shire Council has experienced these events and, while what exactly will occur in the future is unpredictable, it is prudent that it plans for similar un-forecasted expenditure in the future. Some examples of previously unplanned expenditure at Hornsby Shire Council include:

- The 2016 boundary adjustment and abandonment of amalgamation plans for the shire that left Council with a yearly reduction of \$10 million in revenue, without a commensurate reduction in costs.



- Storm events that have occurred, like that in 2018, where the full cost of clean-up operations is not fully covered by the NSW Government even when it is declared a natural disaster. Council must also manage cash flow carefully as there is often a significant time lag between when the money is spent on cleaning up and when the costs are recovered from the State government.
- The implementation of state mandated initiatives such as the Emergency Service Levy and new Audit Risk and Improvement Committee requirements which have increased ongoing costs by approximately \$500 thousand per year from 2019-20.
- The urgent program to implement an asbestos remediation plan for Council's administration building from 2020.
- Remediation of the former Foxglove tip site at Mount Colah, built to the relevant standards of the day, requires significant expenditure to resolve legacy landfill issues, including property acquisition and leachate and gas remediation works.
- Absorbing reduced income and increased costs as a result of service shutdowns, physical distancing and lock downs from the COVID-19 pandemic throughout 2020 and 2021. As well as the ongoing economic consequences from the pandemic which are still being experienced.

Sufficient investment in assets

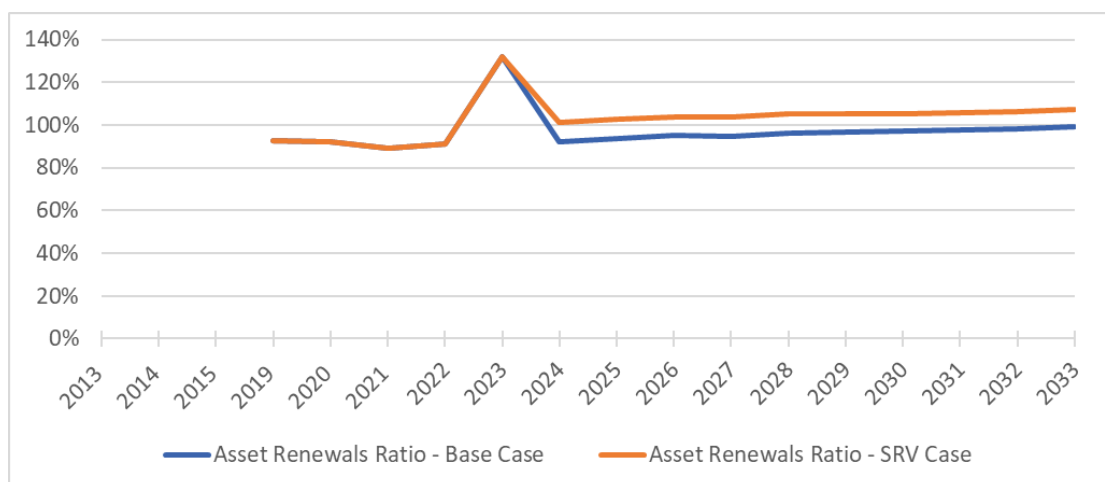
Council has planned to invest sufficiently in assets to maintain a 'fit for purpose' asset base in both its base and SRV modelling. It is in part this level of investment that is driving deficits and depleting cash in the base case. While the SRV will produce sufficient revenue to fund the required investment.

The asset maintenance ratio is a measure of how much a council is spending on asset maintenance as a proportion of how much they are required to spend to adequately maintain assets. Similarly, the asset renewal ratio provides a measure of how much a council spends on renewing its assets as a proportion of how much it is required to spend to maintain assets conditions. There is some interplay between these ratios, as the maintenance ratio looks at a council's operating expenditure and the renewal looks at its capital expenditure. Whether an expenditure is operational or capital in nature is an accounting definition, so these ratios should be looked at together to really understand whether a council is sufficiently investing in ensuring assets remain fit for purpose.

Council's forecasted asset maintenance ratio is the same over the 10-year horizon under both the base case and with the SRV at an average of 95.93%. As some of the identified strategic initiatives include additional capital expenditure for asset renewal, the asset renewal ratio is slightly improved under the SRV case. However, under both cases, it is close to the target range of 100% set by the Office of Local Government, with the average asset renewal ratio over the 10-year forecast period of 96.11% in the base case and 104.71% in the SRV case.



Figure 8 Forecasted asset renewal ratio



Council has updated its Long-Term Financial Plan to show the impacts of both the base case (no SRV) and the SRV case scenario (including the SRV). This will be out for exhibition during the consultation period and is available from 4 October 2022 here: <https://yoursay.hornsby.nsw.gov.au/srv>

What is the process for Council to apply for an SRV?

Council must apply to IPART for approval to increase rates through an SRV. Before doing so, Council must demonstrate that it has engaged the community about the possibility of an SRV and has considered its views. IPART will also seek community feedback.

More information on SRVs can be found on IPART's website:

<https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Special-Variations>.

Where can I get more information?

From 4 October 2022, more information on the proposed SRV is available from Council's Have Your Say page at the following link: <https://yoursay.hornsby.nsw.gov.au/srv>

Council will also be including information on the proposed SRV in its regular newsletters and to the media. We will also be running three public forums for community and business to find out more and to ask questions as follows:

Table 5 Public forum dates

Date	Time	Location	Audience
10 October 2022	6-8pm	Hornsby RSL	Business ratepayers
17 October 2022	6-8pm	Hornsby RSL	All ratepayers and residents
25 October 2022	6-8pm	Online	All ratepayers and residents

Council will be conducting information sessions with community and business groups in addition to these open public forums.



Have your say

Council will seek feedback from the community on the SRV and its updated Long Term Financial Plan from 4 October to 8 November 2022.

From 4 October 2022, you can have your say by providing a submission or comment through Council's Have Your Say page: <https://yoursay.hornsby.nsw.gov.au/srv>

What happens after this?

Once the community consultation period concludes on 8 November 2022, Council will review the feedback received.

A report will then go to Council for their consideration of the feedback and any updates required to the LTFFP. Council will decide whether to proceed with the SRV application.

If they decide to proceed with the SRV application, the application will be submitted to IPART in February 2023. IPART will conduct its own consultation, with public submissions likely to be sought in March 2023, before they make their determination in May 2023. If successful, the SRV will be included in rates from 1 July 2023.

About Morrison Low Consultants

Morrison Low is a multidisciplinary management consultancy specialising in providing advice to local government. It has extensive experience across Australia and New Zealand and in particular assisting councils with financial modelling to understand current and future sustainability challenges. Morrison Low has supported councils to become more sustainable through improvement programs and with preparing special rates variation applications to IPART where necessary. Morrison Low undertakes community engagement on behalf of councils relating to SRVs, rates harmonisation, integrated planning and reporting and statutory engagement processes, where independence is important. More information about Morrison Low can be found on our website:

www.morrisonlow.com.



Appendix A: Strategic initiatives identified to be funded by the proposed Special Rate Variation

Table 6 Strategic initiatives

Initiative	CSP goals	Expenditure type	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total
Community climate change mitigation and adaptation program	G1.1, G1.2, G3.1, G3.2, G3.4	Operating - employee costs	160,000	160,000	160,000								480,000
Public amenities	G1.2, G1.3, G2.3	Capital - Renewal	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	10,000,000
Enhanced cyber security maturity	G7.1, G8.1, G8.2	Operating - materials and services	250,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,150,000
Track and trail asset management	G1.2, G2.3, G3.1, G4.1, G5.1, G5.2	Operating - materials and services	62,500	65,625	68,906	72,352	75,969	79,768	83,756	87,944	92,341	96,958	786,118
Track and trail upgrade including accessibility and signage	G1.2, G2.3, G3.1, G4.1, G5.1, G5.2, G4.1:	Capital New	260,000	273,000	286,650	300,983	316,032	331,833	348,425	365,846	384,138	403,345	3,270,252
Shared paths	G1.2, G2.1, G3.2, G5.1, G5.2, G6.2	Capital New	1,392,600	1,392,600	1,392,600	1,392,600	1,392,600	1,392,600	1,392,600	1,392,600	1,392,600	1,392,600	13,926,000
Inclusive community centres	G1.2, G1.3, G2.1	Capital – new	430,700	430,700	430,700	430,700	430,700	430,700	430,700	430,700	430,700	430,700	4,307,000
Drainage improvement works	G1.2, G3.1, G8.1	Capital – new	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	10,000,000

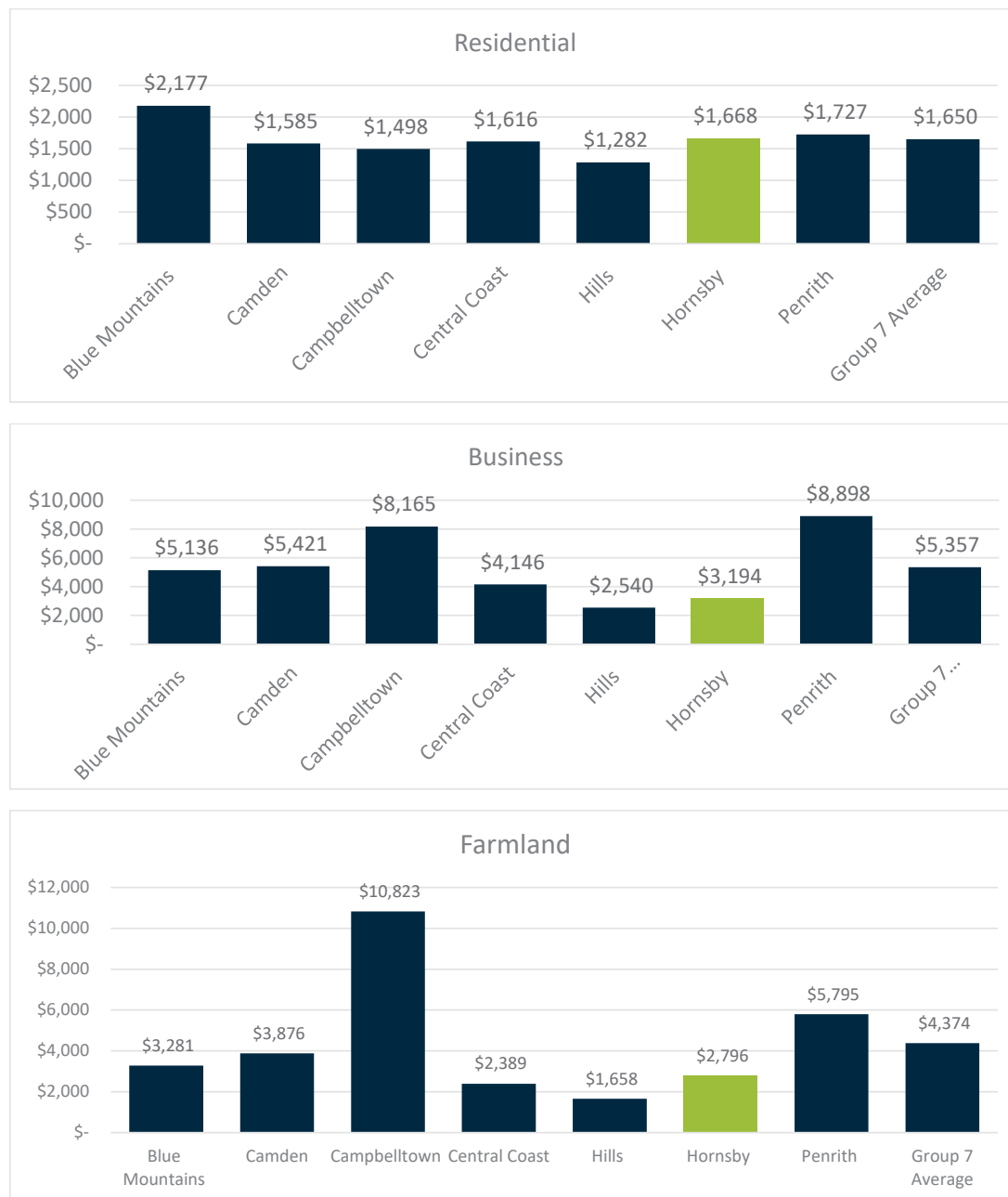


Initiative	CSP goals	Expenditure type	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total
Pennant Hills town centre review	G2.2 and G26.1 and Operational Plan - 8A.K24	Operating - materials and services			250,000	250,000	250,000	250,000				1,000,000	
Bushfire risk mitigation	G3.1, G3.4, G4.1, G7.1, G7.2, G8.1, G8.2	Operating - materials and services	318,668	560,698	665,701	643,709	427,720	427,720	427,720	427,720	427,720	427,720	4,755,096
Bushland reserve asset management	G3.4, G4.1, G4.3	Operating - materials and services	750,000	787,500	826,875	868,219	911,630	957,211	1,005,072	1,055,325	1,108,092	1,163,496	9,433,419
Park amenities renewal and upgrade	G2.1, G2.3, G1.3	Capital - renewal	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	6,500,000
New and upgraded play spaces	G2.1, G2.3	Capital - new	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	850,000
Social inclusion program	G1.1, G1.3, G2.3, G7.2	Operating - materials and services	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	800,000
Total - operating expenditure			1,621,168	1,753,823	1,901,482	2,014,279	1,845,699	1,946,548	1,946,548	1,750,989	1,808,153	1,868,174	18,404,634
Total - capital expenditure			4,818,300	4,831,300	4,844,950	4,859,283	4,874,332	4,890,133	4,906,725	4,924,146	4,942,438	4,961,645	48,853,252
Grand total			6,439,468	6,585,123	6,746,432	6,873,562	6,719,650	6,784,832	6,853,273	6,675,135	6,750,591	6,829,820	67,257,886

ATTACHMENT 1 - ITEM 1



Appendix C SRV Rates Comparison Table



ATTACHMENT 1 - ITEM 1



**Appendix D Hornsby Shire Council's Long Term Financial Plan
(Draft 2023/24 – 2032/ /33)**

ATTACHMENT 1 - ITEM 1

HORNSBY SHIRE COUNCIL

LONG TERM FINANCIAL PLAN

DRAFT 2023/24 – 2032/33

hornsby.nsw.gov.au



ATTACHMENT 1 - ITEM 1



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ATTACHMENT 1 - ITEM 1

We acknowledge the Traditional Custodians of this land, the Darug and GuriNgai peoples, and pay respect to their Ancestors and Elders past and present and to their Heritage. We acknowledge and uphold their intrinsic connections and continuing relationships to Country.

1. Executive Summary



The base version of the LTFP concludes that Council's forecast financial capacity is below acceptable levels and action is required to improve future financial direction



The previous version of Council's Long Term Financial Plan (LTFP) was recently adopted by Council in July 2022 following a public exhibition period. The Plan predicted Income Statement deficits in eight out of the ten years forecast, which were reflective of a forecast continual decline in Council's financial capacity.

Financial capacity began to decline after the 2016 boundary adjustment with the City of Parramatta Council, which significantly reduced Council's Income Statement results and Annual Budget by approximately \$10 million. Since the boundary adjustment financial capacity has continued to decline because of a range of internal and external factors such as:

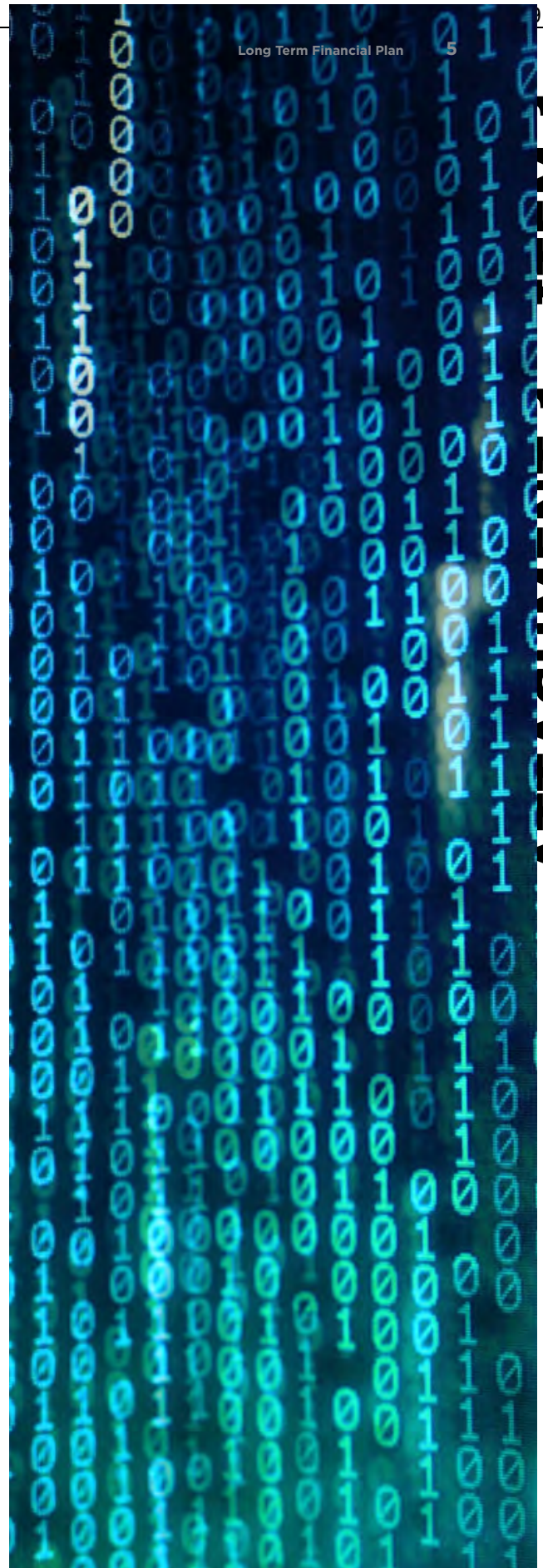
- Costs escalating greater than the annual rate peg increase permitted each year.
- An increase in the Emergency Services Levy payable to the NSW Government of \$1 million per year.
- The need to provide a recurrent budget for Council's largest project, Hornsby Park.
- The need to provide additional funding to meet the requirements identified in Council's revised Asset Management Plans.
- An increase in statutory employee superannuation to 12% amounting to \$1.2 million in additional payments each year from 2026.

A further review of the LTFP document has deemed to be required to further consider the continual decline in Council's financial capacity and a range of factors such as:

- Consumer Price Index (CPI) growth has exceeded earlier projections and far exceeded allowable rate income increases, which has placed pressure on many of Council's budgets.
- The Wages Price Index is also forecast to increase to a greater extent over the next 10 years compared to earlier predictions.
- The external economic environment has changed following recovery from the COVID-19 pandemic.
- Asset Management Strategy – the rising costs in the maintenance and construction sectors have required a revision of the 10-year expenditure projections in Council's updated Asset Management Strategy.

- Special Rate Variation – workshops have been held with Councillors to discuss the need for an SRV to ensure Council's finances are rebalanced within acceptable levels into the future. Following these workshops Councillors have indicated support to prepare a proposal for an SRV to ensure Council is financially sustainable and to engage with the community about the need for this approach. Council has also sought to understand the opportunities to deliver on community priorities that cannot be delivered within existing resources.
- Strategic Initiatives – a number of initiatives across 36 strategic and technical documents previously adopted by Council that could not be funded because of insufficient financial capacity over the term of the LTFP. During recent workshops, Councillors have considered whether strategic initiatives desired by the community could be progressed if funding could be provided (at least in part) through the SRV. Regard was given to feedback received from the community through numerous surveys and this led to 14 key initiatives to be achieved or progressed in the next 10 years. These initiatives are discussed in more detail on page 43.

In addition to the above, Council wants to maintain its strong commitment to adopting annually a balanced budget and that its Income Statement results meet financially acceptable benchmarks. This includes an annual Operating Performance Ratio (OPR) that is in the range of 2-4% to enable Council to respond in a timely manner towards infrastructure assets that may fail, the impact of natural disasters on local service provision and clean-ups and cost shifting from other tiers of government. It is financially prudent to target an acceptable OPR to respond to one off budget shocks that can occur over the course of the year and not affect the normal continuance of service provision.



To address the above matters, two scenarios of the LTFP (as required by the Office of Local Government SRV guidelines) have been prepared that form the basis of this report.

1. 'Base' LTFP – Normal Continuance of Service & Asset Management Requirements

A 'base' LTFP has been prepared that includes forecast income and expenditure from:

- The normal continuance of services, representing costs associated with the continued provision of Council's current service offerings into the future (page 31).
- The recurrent costs to operate Council's largest project, Hornsby Park, once construction is complete. \$3.1 million per year is required for this from 2028 as explained further on page 28.
- The revised forecast requirements identified in Council's Asset Management Strategy, which require average additional funding of \$4.1 million per year (page 28).

Results in this version of the LTFP are similar to the previous version that was adopted in July 2022. The Income Statement result over the 10-year period predicts a deficit for eight out of the ten years forecast and there is an average deficit of (\$3.582) million per year. Concurrently, a negative Operating Performance Ratio is forecast for eight years of the Plan, which is below the benchmark set by the Office of Local Government and below the minimum benchmark set by Council of 2% that is required to protect the annual budget against unexpected budget shocks that typically occur throughout the year. The Plan shows that the recurrent budget deficits forecast would also likely result in the use of unrestricted cash during the life of the plan, which would have significant ramifications for Council's continued operation such as limiting the ability of Council to pay creditors as and when they fall due.

Accordingly, the base version of the LTFP concludes that Council's forecast financial capacity is below acceptable levels and action is required to improve future financial direction.

2. Revised LTFP – Normal Continuance of Service, Asset Management Requirements, Strategic Initiatives & Special Rate Variation

This version of the LTFP is fully inclusive of each of the matters discussed throughout this report. It quantifies the size of the Special Rate Variation required to rebalance Council's long term financial capacity to achieve acceptable benchmarks by including:

- All income and expenditure in the 'Base' version of LTFP including the normal continuance of services, the \$4.1 million funding gap identified in Council's Asset Management Strategy and the \$3.1 million of recurrent funding required for Hornsby Park from 2028.
- The cost of funding 14 strategic initiatives identified as high priority through Council's strategies and technical documents and numerous community surveys which require a total allocation of \$67.26 million across the 10-year period of the Plan.
- Sufficient financial capacity to provide an Operating Performance Ratio of at least 2% per year, which is the minimum historic level required to protect against budget shocks that typically impact Council throughout the year.
- Additional income from a 28% (31.05% cumulative) special rate variation across the first four years of the plan, inclusive of the rate peg. A rate variation of this size is necessary to provide sufficient financial capacity to fund each of the items identified above, as discussed on page 40.

After accounting for the additional forecast income generated from rates the income Statement result over the 10-year period predicts a surplus in all years forecast and there is an average surplus of \$6.584 million per year. A significant portion of this Income Statement surplus will go towards funding capital works. Concurrently, the Operating Performance Ratio forecast averages 3.55% over the life of the Plan which is above the benchmark set by the Office of Local Government of 0% and within the range set by Council of 2%-4% that is required to protect the annual budget against unexpected budget shocks that typically occur throughout the year.

The Balance Sheet results over the 10-year period maintain equity, liabilities and non-current assets within acceptable levels and each of the ratios that are based on the primary financial statements are above acceptable benchmarks over the life of the Plan including the Operating Performance Ratio, the Own Source Operating Revenue Ratio, the Unrestricted Current Ratio and the Debt Service Cover Ratio. Infrastructure asset ratios are also regarded as acceptable over the life of the plan despite the average Asset Maintenance Ratio of 97% falling slightly below the benchmark of 100% as there is sufficient financial capacity within the Plan to allocate additional funding for asset maintenance once revised Asset Management Plans for Foreshore Assets and Other Structures are finalised, noting that the gap in maintenance funding is related to these asset classes only.

The results from this version of the LTFP demonstrate that a Special Rate Variation of 28% (31.05% cumulative) over four years (page 40) is sufficient to rebalance Council's projected finances over the life of the Plan within acceptable levels. Most importantly these financial results address the key financial objectives identified at the beginning of this Plan by meeting desired levels of community service, providing for the ongoing maintenance and renewal of a completed Hornsby Park and providing sufficient operating capacity to respond to financial challenges when they arise.

“

The results from this version of the LTFP demonstrate that a Special Rate Variation of 28% (31.05% cumulative) over four years (page 39) is sufficient to rebalance Council's projected finances over the life of the Plan within acceptable levels

”



Future Direction

Current operating capacity is insufficient to fund each of the items desired by the community that are discussed throughout this report, notably:

- The normal continuance of services into the future (page 13)
- The asset management funding gap of \$4.1 million per year (page 28)
- Recurrent funding for Hornsby Park of up to \$3.1 million per year (page 28)
- Strategic initiatives totalling \$67.26 million over ten years (page 43)
- Sufficient capacity to achieve at least a 2% Operating Performance Ratio each year (page 12)

Modelling undertaken in this version of the LTFP has indicated that a special rate variation of 28% (31.05% cumulative) over four years inclusive of the rate peg is necessary to fund each of the items listed above. Therefore, actions to improve future direction are as follows:

- Apply to IPART for a total special rate variation of 28% (31.05% cumulative) over the first four years of the LTFP inclusive of the rate peg each year, as detailed on page 39.
- Review other income streams such as fees and charges to ensure appropriate price setting and assess whether price increases could be used to generate additional income.
- No new positions to be created as appropriate unless offset by an equivalent position elsewhere, or grant funded or income generating positions.
- Maintain cost increases to modest levels regarding non-labour related expenses each year excluding the additional allowances that have been made in this Plan including annual allocations for asset management and strategic initiatives.
- No new loan borrowing to be undertaken unless financial capacity above a 2% budget surplus/ operating performance ratio is available each year in the Plan.
- Continuance of financial improvement initiatives (the development of business improvement plans).
- Consider whether there is a case to rationalise underutilised assets to reduce ongoing cost requirements and/or provide one off capital funding from sale proceeds towards other capital investment decisions.

If the above actions are unaddressed, notably the recommendation for Council to apply to IPART for a 28% (31.05% cumulative) Special Rate Variation, Council will be limited in a number of ways as a result of insufficient financial capacity:

1. Normal Operations

There is insufficient capacity within the LTFP to fund the continuance of normal operations into the future. Additional funding must be identified to fund forecast deficits or services may need to be reduced to ensure a balanced budget each year. Without action, budget reductions will be required that will reduce levels of service such as through the closure of facilities or reduction in hours of operation.

2. Asset Management

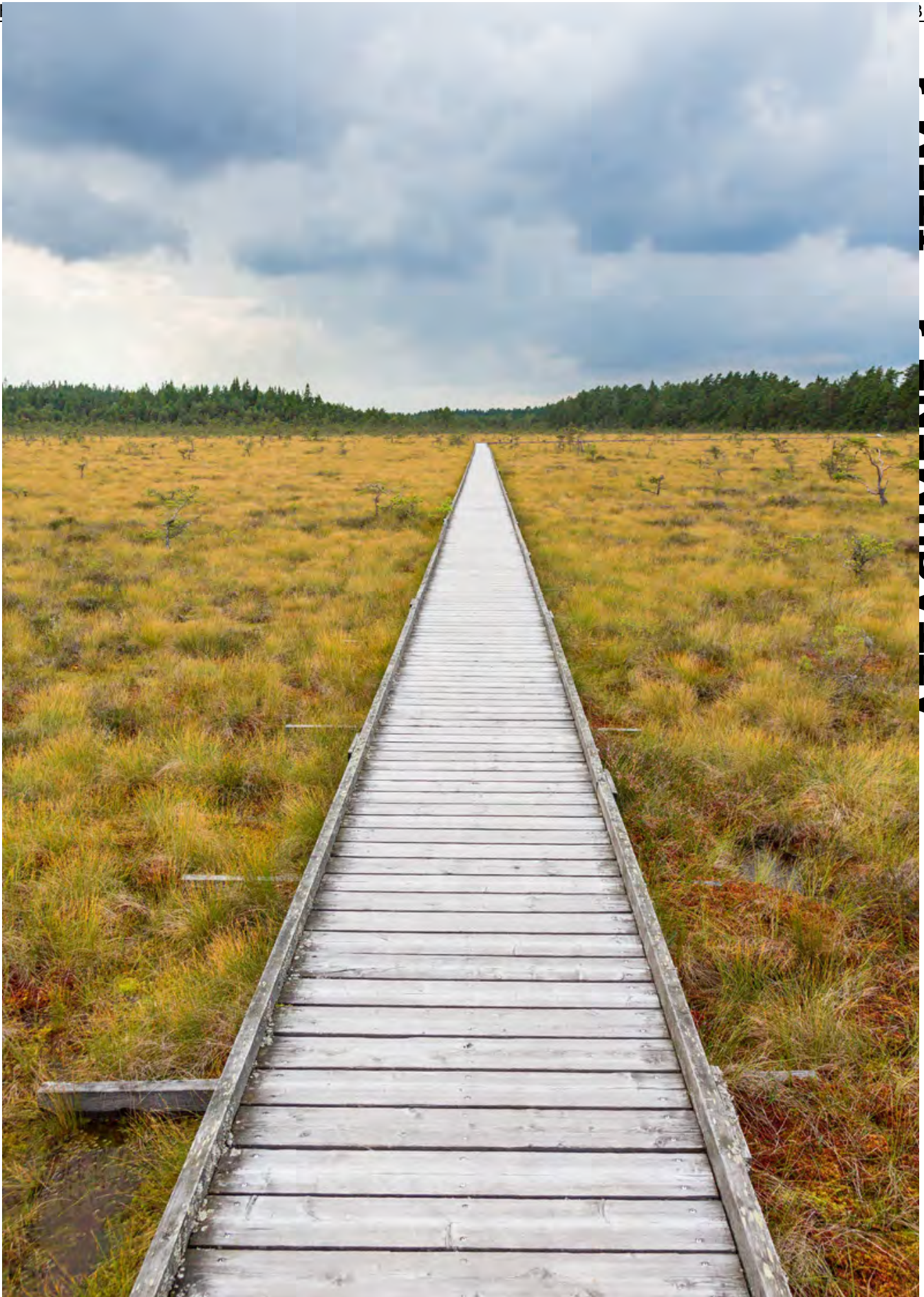
There is insufficient capacity within the LTFP to fund the requirements identified in Council's Asset Management plans to maintain assets in a satisfactory condition. As a result, the condition of Council's assets is expected to decline, and the level of infrastructure backlog will increase unless funding is identified.

3. Major Capital Projects

There is insufficient capacity to fund the recurrent cost of operating major new capital projects once construction is complete. This includes Hornsby Park and Westleigh Park, noting that the capital construction of these projects is funded from external sources such as the NSW Stronger Communities Fund and Development Contributions. If funding is not provided, future versions of this Plan are likely to recommend that projects are paused until a funding source can be identified.

4. Strategic Initiatives

Without an increase in Council's financial capacity, no funding is available to fund key strategic initiatives as detailed on page 43.



2. Introduction



The LTFP is based on Council's 2022/23 budget, which was adopted on 8 June 2022.



Council's LTFP is a requirement under the Integrated Planning and Reporting framework for NSW Local Government and forms part of the Resourcing Strategy. The LTFP must be for a minimum of 10 years with the purpose of making clear the financial direction of Council as well as the impact of that direction on achieving community priorities.

The main purpose of the LTFP is to guide and inform decision making in respect to Council's financial sustainability and to ensure that Council has sufficient financial resources to fund asset maintenance and renewal and provide services to the standard that the community expects. The LTFP establishes the framework for sound financial decisions and provides an insight as to the financial sustainability of Council over the planning period of this document. The key objectives in developing this Plan are:

- Balanced Budgets and Income Statement results that provide sufficient capacity to respond to budget 'shocks' as they arise
- Maintain into the future a level of service that the community has come to expect
- Assets provided by Council are designed and funded to meet a defined level of demand and/or need of the community
- Continuous Financial Improvement
- Reduction in External Loan Borrowing
- Achieve/Maintain Financial Sustainability Benchmarks (Indicators prescribed by the Office of Local Government).

The LTFP is based on Council's 2022/23 budget, which was adopted on 8 June 2022. The 2022/23 budget forms the first year of the LTFP. Future years are based on a range of forecasted assumptions used to determine:

- Future revenue and expenditure (Income Statement result)
- Balance Sheet and Cash Flow Statements
- A projection for a range of key financial indicators prescribed by the Office of Local Government.

In addition to the presentation of financial results, information will be provided in respect to:

- Financial planning assumptions used
- An analysis of the factors and/or assumptions that are most likely to affect the plan
- Methods of monitoring financial performance.

This Plan seeks to ensure that Hornsby Shire Council can be financially sustainable and prosperous; achieving the NSW Government's fit for the future benchmarks and delivering services that our community wants and needs now and into the future.

Long Term Financial Plan 11

	Quantity	Rate	Rating	Cost	Units	Weight	Dimensions W	Dimensions H	Cost
	774	625	123.55	244	109	223.85	1453	1503	
	222	173	128.32	79	89	128.51	247	23	
	873	804	108.21	82	52	153.85	234	127	
ation agreement	1072	517	207.35	49	401	119.95	234	127	
dry settlement	319	159	171.51	655	109	804.59	569	275	
	353	170	213.53	454	465	100.22	144	78	
future drone	995	647	139.33	225	225	100	120	48	
reor	1143	478	239.12	464	442	104.98	230	13	
by flying	192	42	468.87	1251	748	140.51	1019	16	
	2653	19059	139.64	1327	1083	124.40	141	15	
	270	42	642.89	1548	1170	132.31	107		
	173	118	148.51	57	51	111.70	102		
	345	201	171.64	852	410	191.87	102		
nets	99	89	112.5	1158	932	141.69	102		
	43	36	427.37	932	717	129.99	102		
ret	406	95	427.37	932	717	129.99	20282		
ir	78	28	267.86	50	38	151.58	71		
air hvac	2487	1703	145.12	1112	743	149.8	71		
invice ac repair	1930	1249	155.05	39	24	145.83	244		
technician ac repair	1737	899	190.43	613	219	515.13	3941		
technician mechanic	649	644	4859.5	178	89	196.63	153		
	2453	51	204.29	357	303	131.02	319		
	7659	237	181.77	171	72	237.5	34		
indoor air	7844	4949	286.59	171	72	237.5	102		
r	1172	409	113.37	932	717	129.99	20282		
or breath	551	498	1102.8	50	743	149.8	71		
	5094	462	695.31	1113	39	131.58	244		
	445	39	5553.85	39	219	515.13	153		
age	2169	4759	132.49	613	219	102.29	319		
stel	6300	69	570.14	223	89	196.63	153		
ioners for sale	352	25	4148	175	303	131.02	34		
engineering apprenticeships	1037	25	967.14	367					
	289								

3. Financial Objectives

In preparing the LTFP, a number of key objectives have been considered. These objectives are listed below.

Balanced Budgets/Income Statement Result that provide sufficient capacity to respond to budget 'shocks' as they arise

Council has a strong commitment to adopting annually a balanced budget and that its Income Statement results meet financially acceptable benchmarks.

This includes an annual operating performance ratio that is in the range of 2-4% to enable Council to respond in a timely manner towards infrastructure assets that may fail, the impact of natural disasters on local service provision and clean-ups and cost shifting from other tiers of government.

This would be considered financially prudent to target an acceptable operating performance range to respond to one off budget shocks that can occur over the course of the year and not affect the normal continuance of service provision. More detail in respect to previous events that has guided a 2%-4% operating performance ratio includes:

- The 2016 boundary adjustment and abandonment of amalgamation plans for the Shire that left Council with a yearly reduction of \$10 million in revenue, without a commensurate reduction in costs.
- The implementation of state mandated initiatives such as the Audit Risk and Improvement Committee requirements.
- The urgent program to implement an asbestos remediation plan for Council's administration building from 2020.
- Remediation at Foxglove Oval, Mount Colah which had presented issues due to this site previously being a tip.
- Absorbing reduced income and increased costs as a result of service shutdowns, physical distancing and lock downs from the COVID-19 pandemic throughout 2020 and 2021. As well as the ongoing economic consequences from the pandemic which are still being experienced.
- The ongoing transfer of Crown Land to Council to maintain with no funds provided.

- Investment income returns – Investment returns have fluctuated during the COVID-19 pandemic with the majority of Council's investment products linked to the base rate set by the Reserve Bank of Australia. When the base rate was reduced to 0.1%, Council's budget for investment income was reduced significantly. Council's investment in managed funds with NSW Treasury Corporation are also currently experiencing significant volatility during the post COVID-19 economic recovery and an unrealised loss of \$1.44 million was recorded for the year ended 30 June 2022, which resulted in total investment returns being \$2.35 million below the budgeted amount of income for the year.
- The Hornsby Shire Local Government Area has been impacted by multiple severe weather events that were declared Natural Disasters by the NSW Government between 2018 and 2022. Each of these events typically costs Council several hundreds of thousand dollars in clean-up costs that are not always able to be recouped from the NSW Government. Furthermore, flooding caused significant damage at Wisemans Ferry that added \$3.57 million in flood related clean up to the cost of Council's project to construct a new boat ramp and associated infrastructure. Costs to rectify damaged roads from the February 2022 and July 2022 floods are also estimated to require several millions of dollars. A key issue that recent Natural Disasters has created is that even when a proportion of Council's expenditure on clean up and recovery can be recouped Council can wait for up to several years for reimbursement. The multiple events that Council has faced over recent years is placing pressure on Council's budgets and unfairly limiting the extent to which Council can respond to communities in need in a timely manner
- Asset Management – As noted on page 28, Asset Management Plans have been revised for 95% of Council's depreciable asset base including all Roads, Stormwater Drainage, Buildings and Open Space assets and this Plan includes forecast costs to maintain these assets at the level desired by the community. However, Asset Management Plans for the remaining 5% of Council's depreciable assets comprising Foreshores and some Other Structures are still being prepared and the funding requirements are not yet available to incorporate into this Plan. A forecast Operating Performance Ratio above 2% each year will provide capacity for the maintenance requirements identified in these Plans to be fully

funded once they have been finalised. In this regard it is also noted that Hornsby's Local Government Area spans across a large geographical area from the M2 motorway in the south of the Shire to the Hawkesbury River in the north and Council therefore controls a large and dispersed number of infrastructure assets compared to other Council's in the Sydney metropolitan area. There is an unavoidable level of risk of some unexpected infrastructure asset failure from time to time from an asset base this large that could require additional funding in any given year.

- State Government Costs – There are some costs over which Council has no control such as levies charged by the NSW Government. Over recent years the Emergency Services Levy payable to the State has increased by more than \$1 million and in the order of 40%, which is above the level of estimated increases in previous Plans that forecast the annual increase in the levy to track in line with CPI. The LTFP must retain sufficient capacity over the next ten years to fund any further cost increases of this nature without having to resort to cutting other budgets such as those provided for asset management or recurrent services.

Should a surplus budget be generated at the end of a financial year, the surplus amount will be directed towards the Capital Projects and Debt Retirement Restricted Asset account, which is used to fund key strategic capital projects that require reasonable capital investment from the Council or to fund cash shortfalls in future years of the Plan. This is consistent with Council's objective to maintain prudent financial management of its finances and to allocate financial surpluses towards key strategic issues.

Maintain into the future a level of service that the community has come to expect

Financial sustainability in local government is not only just about balancing budgets; it also involves ensuring that the level of services that the community has come to expect is maintained and continues to be provided into the future. This is a key input into the Financial Planning Assumptions section of this Plan to determine if we can afford what the community needs and wants into the future and if not, what action is required.

To establish the level of service that the community has come to expect and desires (referred to in this Plan as the 'Normal Continuance' of service) reference has been made to a range of community consultation. This has

included a Quality of Life and Asset Management survey completed in March 2020, asset management workshops in November 2020 and a Community Satisfaction Survey covering 30 Council services in April 2021. A survey on the Community Strategic Plan Review in October 2021 identified a desire from the community for an increased level of services, which supports at least the continuance of normal operations included in this Plan. Community consultation during the preparation of 36 recently adopted strategies and technical documents also supports an increase in the aspirations of the community, which is discussed further within the Strategic Initiatives section of this report (page 43).

Examples of important considerations identified by the community through the surveys noted above are detailed below:

- Maintaining Council's assets to a good standard
- Changing demographics – the community identified that an ageing population increased usage of Council's open spaces and created a desire for improvements to infrastructure of flat and accessible spaces and seating
- Frequency of use – participants in the asset management workshops acknowledged competition for assets that are regularly used by the community and expressed a desire for additional funding for asset maintenance to be allocated according to usage
- Access and hours of operation – the community expressed that a wide span of opening hours should encourage use. Hornsby Aquatic & Leisure Centre and Council's Community Recycling Centre were the two most mentioned assets in this regard
- Quality spaces – the community expressed a desire for Council to invest in maintenance to increase quality and noted that this would likely increase usage.

Accordingly, forecast income and expenditure to fund the normal continuance of services has been included in the 'base' LTFP.

3. Financial Objectives

Assets provided by Council are designed and funded to meet a defined level of demand and/or need of the community

The Asset Management Planning section of this report (page 28) includes further information with regards to the community's desired level of service for Council assets that were identified through recently completed asset management workshops. This has also been included in the 'base' LTFP.

Continuous Financial Improvement

Council has a longstanding commitment towards reviewing costs while maintaining existing service levels. This will require ongoing support towards:

- Prioritising funding requirements identified in Council's Asset Management Plans before new initiatives.
- Evaluation on a periodic basis of Council's activities to determine competitiveness in terms of service provision and financial viability.
- To review Council's existing capital decisions, ensuring business evaluations are undertaken where necessary to ascertain value and meet Capital Governance Framework requirements.
- Review of fees and charges to ensure closer alignment with costs.
- No new positions to be created as appropriate unless offset by an equivalent position elsewhere, grant funding or income generating.

Reduction in External Loan Borrowing

Council has a commitment towards reducing the need to externally borrow for annual capital works programs. This has been made possible by various financial improvements achieved over the term of previous and current Councils, that generated savings from financial improvement that have been applied, eliminating the need to borrow annually for recurrent capital projects.

It is forecast that Council will be debt free by 30 June 2023 and the only ongoing borrowing cost in the LTFP after this point represents notional interest that is recognised for leased IT equipment and office space in line with accounting standards. Further external loan borrowing depends on the availability of financial capacity above a budget surplus level of 2% in future years of LTFP and this Plan includes a recommendation for no further loan borrowing to be undertaken unless this requirement is met.

Achieve/Maintain Local Government Performance Indicators

The Office of Local Government has prescribed a range of Performance Indicators that are used to measure Council's financial position to assess its financial sustainability. A benchmark is set for each indicator, which sets the level of financial sustainability that Council should aim to achieve for each indicator, and it is a requirement to report on each of the indicators in Council's annual financial statements.

The Performance Indicators that are considered the most important measure of Councils financial sustainability			
Indicator	Quantitative Measure	Definition	Benchmarks
Operating Performance Ratio	Measures a council's ability to contain operating expenditure within operating revenue.	Operating revenue (excluding capital grants and contributions less operating expenses)/ Operating revenue (excluding capital grants and contributions).	>0% (OLG Benchmark) >2%-4% (Council Benchmark) The OLG set a benchmark is 0%. For this to be achieved it is recommended that an Operating Performance Ratio/Budget Surplus of 2%-4% is forecast at the start of each year to respond to budget shocks that can occur throughout the year.
Own Source Operating Revenue Ratio	Measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.	Total operating revenue less (inclusive of capital grants and contributions)/ Total operating revenue.	>60%
Unrestricted Current Ratio	This ratio is specific to local government and is designed to assess the adequacy of working capital and the ability to satisfy obligations in the short term for unrestricted activities of a council.	Current assets less all external restrictions/ current liabilities less specific purpose liabilities.	>1.5
Debt Service Cover Ratio	The availability of operating cash to service debt including interest, principal and lease payments.	Operating Result before capital excluding interest and depreciation/Principal Repayments (from the Statement of Cash Flows + Borrowing Interest Costs (from the Income Statement).	> 2
Asset Maintenance Ratio	Compares actual versus required annual asset maintenance.	Actual maintenance/ Required asset maintenance.	>100%
Infrastructure Renewals Ratio	Compares the proportion spent on infrastructure asset renewals and the assets deterioration.	Asset renewals/ Depreciation of building and infrastructure assets.	>100%
Infrastructure Backlog Ratio	This ratio shows what proportion the backlog is against total value of a council's infrastructure.	Estimated cost to bring assets to a satisfactory condition/total infrastructure assets.	<2%

4. Financial Planning Assumptions

As part of undertaking financial modelling, key assumptions that underpin the forecasts must be made. The assumptions utilised in the LTFP have been sourced from several external bodies that are regarded as reputable including the Reserve Bank of Australia, BIS Oxford Economics and Reuters.

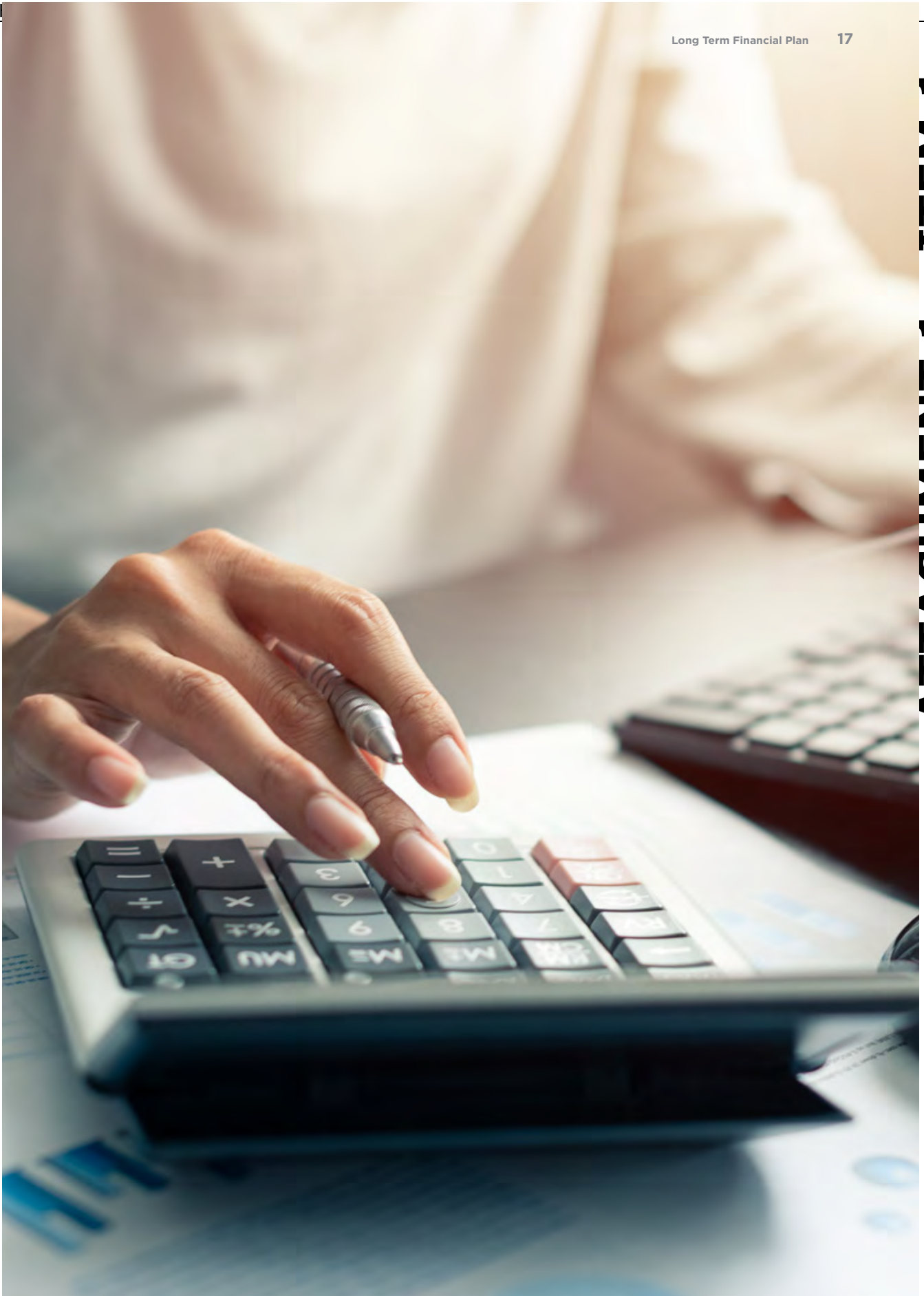
The 2022/23 budget has been used as the base point for the LTFP, which then makes a number of market driven and internal assumptions to project revenue and expenditure over the forecasted period. Several one-off recurring adjustments have also been included in the LTFP to provide funding for known expenditure items such as the cost of local government elections, an increase in statutory employee superannuation to 12% by 2026 and for projects that were commenced by the previous term of Council such as a greater allocation to deliver new footpaths across the Shire.

Service Levels – Normal Continuance of Service

Council's future financial position has been forecast based on a continuance of 'normal operations'. This is difficult to define but can be regarded as the provision of services to stakeholders at levels of service that they have come to expect on a regular basis, which in this Plan has been determined through a range of community consultation. It is noted that levels of service may not remain the same given changes in community expectations in future years of the Plan. In this regard it is noted that 'normal operations' has been forecast as a minimum level over the life of the Plan as the community has indicated.

Accordingly, forecast income and expenditure to fund the normal continuance of services has been included in the 'base' LTFP.

The Asset Management Planning section of this report (page 28) includes further information with regards to the community's desired level of service for Council assets that were identified through recently completed asset management workshops. This is also another key component considered to be part of the normal continuance of services and has been included in the 'base' LTFP.



ATTACHMENT 1 - ITEM 1

5. Expenditure Assumptions

The major expense categories for Council's operating budget are:

- Employee Benefits and On-costs
- Borrowing Costs
- Materials and Contracts
- Depreciation
- Other Expenses



Employee Benefits and On-costs

Employee costs include salaries, wages, superannuation, leave entitlements, workers compensation premiums and other employee related expenses.

The majority of employee related costs increase based on the local government award increase each year, for which the last published year is the year ending 30 June 2023. Further Local Government Award increases are not yet known therefore the forecast expenditure increase has been based on the forecast Wage Price Index, which is deemed to appropriately reflect the impact of the current inflationary environment over the next 10 years. The forecast Wage Price Index has been sourced from the Reserve Bank of Australia to the extent available (until mid-2024) and from BIS Oxford Economics from 2025 until the end of the Plan.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Salary Movement	3.8%	3.5%	3.1%	3.3%	3.3%	3.3%	3.3%	3.3%	3.2%	3.2%

Additional employee related assumptions include:

- Superannuation increases in line with salaries and wages growth each year, plus an additional 0.5% increase in the legislated superannuation guarantee rate from 10.5% in 2023 to 12% in 2026
- No material change is expected in existing staff numbers and employee working hours noting that Council's previous two Long Term Financial Plans have included a recommendation for a freeze on FTE headcount as a method of cost containment
- Workers' compensation expense is expected to increase in line with salaries and wages
- As a method of cost containment and to account for savings from vacancies that occur from normal operations the Plan includes a budget for 50 weeks of the year for each position in Council's approved organisation chart, which results in an effective annual productivity measure of 4% compared to if the Plan included costs for all 52 weeks of the year. This matter is analysed further in a sensitivity analysis on page 51.

Borrowing Expenses

A key objective by Council has been to reduce the level of external borrowing and so this Plan has been predicated on no loan borrowing. The level of debt servicing from previous external loan borrowing will cease at the end of 2022/23 and the only remaining borrowing expenses in Council's Income Statement will relate to notional interest on leases for IT equipment and the Thornleigh Office that are recognised in the Income Statement as required by Australian Accounting Standards.

External borrowing could be a strategy considered by Council to assist in funding significant capital projects to benefit future generations or to acquire assets that are income producing or that hold strategic value. The beneficiaries of these future projects would assist in their funding as their rates would be applied in part to repaying the loans. This contrasts with current ratepayers bearing the entire burden in one year, possibly at the expense of other worthy expenditures. While this strategy could be considered by Council in future years the use of loan borrowing would be an unsuitable option for Council at this time. Forecast recurrent budget deficits should be funded prior to committing Council to interest and principal repayments that would require further recurrent funding. In this regard, it is also noted that Council's current annual capital works program is significant in size, most of which is funded from external sources such as grants and development contributions. Therefore, the more prominent challenge facing Council is the need to identify recurrent funds to operate and maintain projects once construction has been completed, rather than a need to identify further funds to construct new capital works

Materials and Contracts

Local government expenditure is characterised by high levels of materials and contracts. Materials and contracts are used in the creation and maintenance of assets and to provide recurrent operational services.

The Consumer Price Index (CPI) has been chosen as the relevant factor in modelling these expenses over the term of the Plan. This has been sourced from the Reserve Bank of Australia to the extent available (until mid-2024) and from BIS Oxford Economics from 2025 until the end of the Plan using the compound annual growth rate estimated for this

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CPI	3.5%	2.9%	2.8%	2.4%	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%

timeframe.

Additional material and contract related assumptions include:

- Maintain cost increases to modest levels in regards to non-labour related expenses.
- The inclusion of 10-year forecasts for asset maintenance as required by Council's Asset Management Plans, as noted within the Asset Management Planning section of this report (page 28)

Depreciation

Depreciation is an allowance or provision made in the financial records for "wear and tear" and "technical obsolescence" of plant and equipment. The idea of depreciation is to spread the cost of that capital asset over the period of its "useful life to the entity" that currently owns it. Council's existing depreciation schedule, plus an allowance for new projects less retirements and the estimated impact of infrastructure asset revaluations has been used as the basis for determining the depreciation expense.

Depreciation forecasts relate to existing assets and to Council's extensive capital works program. Council's assets are also being progressively revalued to fair value in accordance with asset revaluation cycles issued by the Office of Local Government, which typically cause increases to the depreciation expense from the recognition of asset replacement cost increases that occur over time.

It is forecast that Council's depreciation expense will increase by an average of 4.17% each year because of new depreciation associated with Council's large capital works program and the increase in gross replacement cost of existing assets that is recognised each time a revaluation is undertaken

Other Expenses

This consolidation of costs under this category includes items such as street lighting, utility costs, insurances, legal costs, statutory charges and other program expenditure.

The Consumer Price Index has been chosen as the relevant factor in modelling these expenses over the term of the Plan. This has been sourced from the Reserve Bank of Australia to the extent available (until mid-2024) and from BIS Oxford Economics from 2025 until the end of the Plan using the compound annual growth rate estimated for this timeframe.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CPI	3.5%	2.9%	2.8%	2.4%	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%

Additional other expense-related assumptions include:

- Election expenses provided for in relevant years
- Maintain cost increases to modest levels regarding non-labour related expenses.



ATTACHMENT 1 - ITEM 1

6. Revenue Assumptions

The major expense categories for Council's operating budget are:

- Rates and Annual Charges
- User Charges and Fees
- Interest and Investment Revenue
- Other Revenue
- Grants and Contributions provided for Operating Purposes
- Grants and Contributions provided for Capital Purposes

Rates and Annual Charges

Rates and Charges are a major source of Council's revenue, typically representing more than 80% of own source revenue each year. The amount of rates income a council may levy is limited by an approved rate peg set by the Independent Pricing and Regulatory Tribunal (IPART). The Rate peg refers to the process in which the State Government determines annually the total allowable increase in rates expressed as a percentage. This allowable increase is announced annually by the Independent Pricing and Regulatory Tribunal (IPART).

Forecasting expected income from rates is notoriously challenging as the rate peg is based on a Local Government Cost Index calculated by IPART, which is typically only available 6 to 9 months before the start of any given year. Forward projections of the rate peg for future years are also not published. In some years IPART may also apply a productivity factor to the rate peg, which reduces the amount of income that Council can generate. Nonetheless over time the rate peg can be seen to broadly track with the overall trend in CPI. Accordingly, in the absence of forward projections of the Local Government Cost Index, this Plan assumes that the rate peg will align with CPI over the next 10 years. This is appropriate as CPI has also been used as the forecast driver for the majority of expense items in the Plan. Using the same driver to set the rate peg ensures a linear relationship between rating income and the majority of Council's expenses, which mirrors IPART's intention of basing the rate peg on the Local Government Cost Index.

The rate peg for the first year of the plan in 2024 has been based on a detailed estimate of the Local Government Cost Index from the most recent data available for 2022, which is the year that will inform the rate peg for 2024 when it is available. The rate peg forecasts for 2025 and 2026 are based on the trend required for the rate peg to align with CPI over the life of the plan.

2024 Rate Peg Calculation

Estimate of 2023-24 LGCI	Indices	Change	Weighting	Timeframe for data
Employee costs	WPI – Public Sector	2.40%	40%	March 2021 – March 2022
Materials, contracts and other	CPI – Sydney	5.30%	60%	June 2021 – June 2022
Productivity factor		0.20%		
Total		3.90%		

10 Year Rate Peg Assumptions

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Rate peg forecast	3.9%	3.5%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

User Charges and Fees

Many of the services provided by Council are offered on a user pays basis. There is however a range of other factors that Council considers in determining an appropriate fee for its services.

The Consumer Price Index has been chosen as the relevant factor in modelling these expenses over the term of the Plan. This has been sourced from the Reserve Bank of Australia to the extent available (until mid-2024) and from BIS Oxford Economics from 2025 until the end of the Plan using the compound annual growth rate estimated for this timeframe.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CPI	3.5%	2.9%	2.8%	2.4%	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%

Interest and Investment Revenue

Interest on investments will vary over the planning period due to cash-flow levels and interest rate percentages. The LTFP calculates interest on investments based on estimated cash-flow (allowing for estimated infrastructure project expenditure) and a forecast of the base rate set by the Reserve Bank of Australia. The margins earned on each of Council's investment products above the base rate have been sourced from Council's investment advisor, Prudential Investment Services and are based on forecasts from Reuters.

The percentage investment return on Council's portfolio is forecast to increase over the term of the LTFP in line with expected increases to the base rate set by the Reserve Bank of Australia. The total average expected return ranges from 2.45% in 2023/24 to 3.12% in 2032/33.

Other Revenue

Miscellaneous revenue is obtained from a variety of sources including insurance recoveries, parking fines, legal costs recovered, property rentals, etc. It is anticipated that other revenue will be maintained at current levels with CPI adjustments as reported above.

Grants and Contributions

Council receives a number of operational and capital grants from various Federal and State Government agencies. Capital contributions such as Section 7.11 Development Contributions are expected to continue in line with current income levels, which represents a decline in development activity since the peak in Hornsby Shire between 2015 and 2017. Capital contributions received in respect to Council's Section 7.11 Development Contribution Plan are to be spent in accordance with the works program identified in this Plan. It is anticipated that grants and contributions revenue will be maintained at current levels with CPI adjustments being applied

Capital Expenditure

This represents expenditure towards both the creation of new infrastructure assets and the renewal of existing assets (i.e. roads, drainage, footpaths and sportsgrounds). This expenditure category also includes capital purchases (i.e. information technology, fleet and plant assets). Council's average capital works program in the base LTFP is forecast at \$48.212 million each year and is largely funded by external grants and restricted asset funding, as well as from general funds. The most significant capital cash flows are for major projects such as Hornsby Park, Council's largest project and are funded from external grants and restricted assets. Recurrent capital budgets such as for routine asset renewal are funded from general funds and other recurrent income sources. This Plan has forecast capital expenditure at the following levels. This excludes the additional requirements identified in Council's adopted strategies as discussed within the Strategic Initiatives section of this report (page 43).

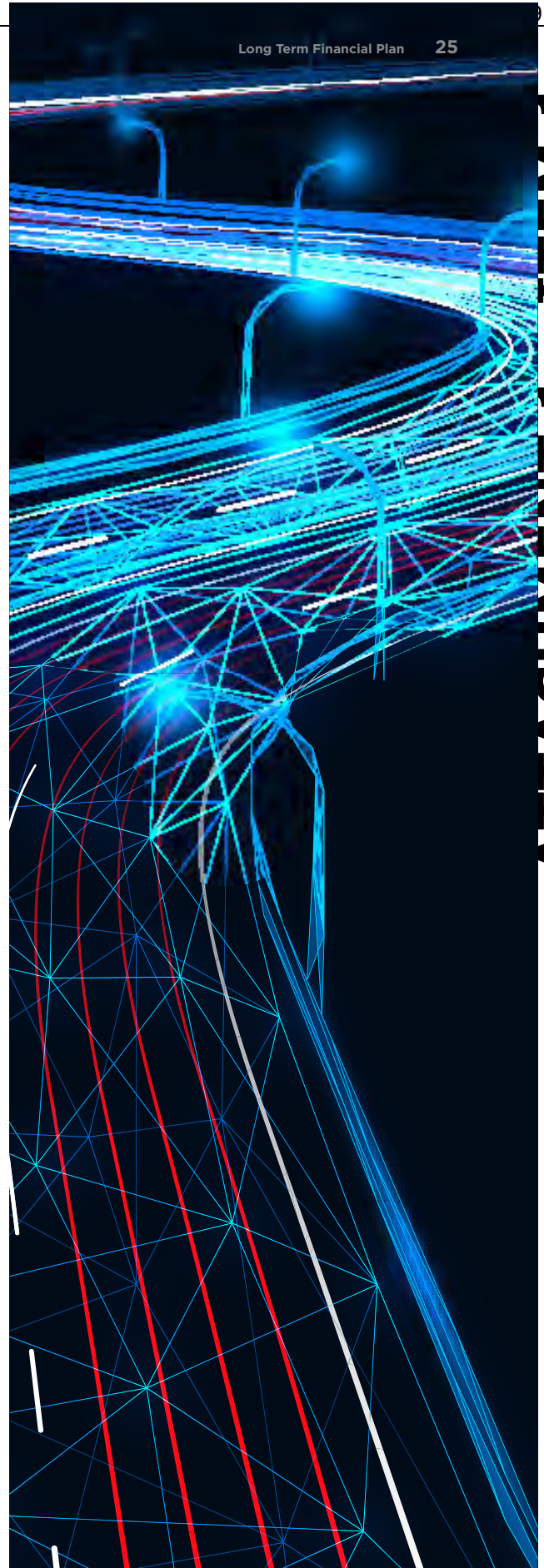
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Capital Expenditure	\$48,788,725	\$92,232,336	\$29,158,863	\$79,325,114	\$38,264,258	\$47,345,834	\$47,133,425	\$32,398,469	\$33,301,394	\$34,172,679

It is noted that capital expenditure has increased above historical annual levels of approximately \$25 to \$30 million due to several one-off infrastructure projects as listed below:

- Hornsby Quarry Revitalisation and Westleigh Sportsground allocated at the amount received through the NSW Government's Stronger Community Funding, available S7.11 development contribution funds and estimated capital contributions from third parties included within the master plans for the projects.
- Mark Taylor oval revitalisation (funded from the NSW Government's Stronger Community Fund).
- Public Domain improvements for Asquith to Mount Colah and Galston with other sites to progress as part of investigations into public domain
- Increase in new footpath construction
- Improvements to Wallarobba Arts and Cultural Centre – Stage 2
- Projects funded by development contributions in accordance with the timings identified in Council's 2020 – 2030 Development Contributions Plan noting that the timing of some projects has been brought forward in line with a commitment made by Council to the Department of Planning, Industry and Environment to accelerate expenditure to provide economic stimulus following the COVID-19 pandemic.
- Increased asset renewal expenditure to fund the requirements identified in Council's recently revised asset management plans, as noted within the Asset Management Planning section of this report (page 28).

Council's Best Estimate from Applying Financial Assumptions

The key financial information that follows in the form of financial statements and indicators are results based on a range of forecast financial assumptions. These assumptions can change due to variations in economic conditions and/or a change in priorities set by Council. It is therefore intended that the financial assumptions be reviewed annually and compared to the actual results on an annual basis. This will be achieved via reporting in Council's Annual Report, by comparing the actual results on key financial statements and indicators to the forecasted figures for that year. Any issues identified through this process will be considered in the updating of the LTFP for the following year.



7. Asset Management Planning

Previous versions of the LTFP have recommended that Council's Asset Management Plans be updated to provide evidence-based estimates for future asset maintenance and renewal expenditures. A significant project to undertake this work is well progressed and revised asset management plans are available for 95% of Council's depreciable asset base comprising:

- Roads, bridges, footpaths, kerb and guttering
- Stormwater drainage
- Specialised and non-specialised buildings including aquatic centres
- Open spaces (largely related to Park assets such as playing surfaces and equipment, and park furniture).

The process undertaken by Council Officers has centred around producing detailed data based ten-year forecasts for maintenance, renewal and operational expenditure from 'the bottom up' by calculating the individual forecast requirements for each of Council's assets at a granular level (for example at the level of road section, park bench, kitchen, bathroom, pipe length etc). The asset management plans have been created using the following methodology:

- Review of existing granular data with the aim of ensuring data exists for each individual asset within each class
- Identification of data omissions
- The collection of new data where omissions are present including the engagement of consultants and contractors to survey assets at a detailed level (based on the condition assessment of each component of each asset)
- Independent physical asset inspections for each asset class by qualified experts to test asset data including an independent review of condition compared to Council's recorded condition levels
- Community satisfaction survey to assess current service levels compared to desired levels of service which is covered in more detail in Council's Asset Management Strategy
- The creation of ten-year expenditure forecasts for each class compared to available budgets which is covered in more detail in Council's Asset Management Strategy.



Results from Council's Community Satisfaction survey (Asset Management Community Insights Report – November 2020) have been used to inform the basis of forecasted maintenance and renewal requirements for each of Council's assets where a rating was provided to survey participants with 1 being Excellent, 2- Good, 3- Satisfactory and 4- Poor:

- Buildings – participants preferred a level of service of 2 for libraries and amenities buildings and a level of service of 3 for aquatic centres, community centres and indoor sporting facilities.
- Open Spaces – participants preferred a level of service of 2 for sporting fields, park facilities and playgrounds and a level of service of 3 for trees, gardens and mountain bike tracks. Safety was considered a high priority for playgrounds.
- Roads and related infrastructure- participants preferred a level of service of 2 for footpaths, bridges and roads and a level of service of 3 for carparks, shared paths, kerb and guttering. Emphasis was placed on the importance of flat, safe and unobstructed footpaths and pedestrian crossings.
- Stormwater infrastructure – participants preferred a level of service of 3 for stormwater drainage.

As detailed in Council's Asset Management Strategy, cost forecasts from revised asset management plans indicate that there is an average funding gap of \$4.1 million per year over the next ten years:

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Buildings	\$538,000	\$128,000	\$252,000	\$931,000	\$2,388,000	\$2,292,000	\$602,000	\$542,000	\$442,000	\$337,000
Roads/Road	\$104,000	\$96,000	\$580,000	\$594,000	\$597,000	\$623,000	\$638,000	\$641,000	\$670,000	\$686,000
Stormwater Drainage	\$1,087,000	\$1,118,000	\$1,314,000	\$1,357,000	\$1,401,000	\$1,434,000	\$1,481,000	\$1,516,000	\$1,567,000	\$1,606,000
Open Space	\$621,000	\$724,000	\$1,412,000	\$942,000	\$3,306,000	\$1,023,000	\$927,000	\$1,109,000	\$1,491,000	\$1,684,000
Shortfall	\$2,350,000	\$2,066,000	\$3,558,000	\$3,824,000	\$7,692,000	\$5,372,000	\$3,648,000	\$3,808,000	\$4,170,000	\$4,313,000

The revised Asset Management Plans have informed Council's Asset Management Strategy, which is referred to Council to be adopted for public exhibition at the same time as this LTFP as part of the Resourcing Strategy.

The funding gap is attributable to:

- Inflationary cost increases since the plans were last revised including recent construction cost and CPI increases during recovery from the COVID-19 pandemic. The Plans have been updated using the same CPI forecast as disclosed within the Expenditure Assumptions section of this report (page 20)
- The cost of providing for recurrent expenditure for new assets constructed since the plans were last revised
- The cost of providing for recurrent expenditure for new assets that are fully funded from external grants and development contributions over the next ten years in the LTFP, noting that construction for many of Council's major projects has already commenced.

The funding gap excludes:

- Forecast recurrent costs for Hornsby Park, Council's largest ever major project. Because of its significance recurrent costs have been forecast separately for this project as detailed below
- The remaining 5% of Council's depreciable asset base for which Asset Management Plans are still being revised. This includes foreshore assets and some 'other structures'.

Asset Management Planning

The revised Asset Management Plans have informed Council's Asset Management Strategy, which will be referred to Council to be adopted for public exhibition at the same time as this LTFP as part of the Resourcing Strategy. The Strategy notes that present funding levels are insufficient and identifies a number of consequences of providing inadequate funding into the future:

- Deteriorating quality of existing assets (e.g.: reduction in road network condition)
- Inability to renew ageing assets
- Inability to adequately maintain newly constructed assets
- Increased exposure of Council to litigation relating to deteriorating assets
- Failure to meet the industry benchmarks set by the Office of Local Government for infrastructure asset ratios.

Accordingly, the Strategy recommends that funding is provided within this LTFP to meet the requirements identified in the Asset Management Plans. Therefore, the forecast requirements including the average funding gap of \$4.1 million per year has been included within the base LTFP.

Hornsby Park

This project involves the redevelopment of the abandoned Hornsby Quarry and surrounding lands covering approximately 60 hectares into open space for a broad range of recreation purposes.

This is a significant project and the largest ever undertaken for Hornsby Shire Council with the total estimated cost of the facilities canvassed in the Master Plan for the park at \$130 million. This is to be funded from the NSW Government's Stronger Communities Fund, Section 7.11 development contributions and capital contributions from commercial arrangements.

Due to the size and scale of this capital project, a review of forecasted costs was undertaken by a specialist external consulting firm – Capital Insight. Their review concluded that the average asset life cycle costs were forecast at \$3.1 million per year upon completion of the project. This amount has been used as an input into the financial requirements of this Plan and listed separately to the 'core' infrastructure assets needs identified in the development of the Asset Management Strategy.

Further due diligence was exercised through a peer review of the capital and recurrent costs by specialist consulting firm, VT Australia. Their review validated the forecasts used in the Plan to be appropriate. Accordingly, the LTFP includes forecast recurrent costs of \$3.1 million per year which have been allocated in the Plan in line with the most recent construction cash flow for the project. A \$1.4 million recurrent allocation is provided in 2026 and 2027, which increases to \$3.1 million from 2028 reflecting the timeline for the completion of key components at the park.



8. Results - Normal Continuance of Service & Asset Management Requirements

As noted in the previous sections of this report, Council's base LTFP includes forecast income and expenditure to fund a continuance of 'normal' operations, the requirements of Council's revised Asset Management Plans and forecast recurrent costs for Hornsby Park.



Income Statement (Financial Statement Result)

Hornsby Shire Council													
10 Year Financial Plan for the Years ending 30 June 2033													
INCOME STATEMENT - GENERAL FUND													
	Actuals	Projected Years											
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations													
Revenue:													
Rates & Annual Charges	103,081,000	109,152,098	113,273,518	117,027,708	120,486,378	123,440,947	126,488,989	129,612,321	132,812,803	136,092,341	139,484,850	143,585,563	
User Charges & Fees	11,611,000	14,233,154	14,731,617	15,168,826	15,593,287	15,957,287	16,340,244	16,732,412	17,133,992	17,546,211	17,983,941	18,433,437	
Other Revenues	4,045,000	6,784,074	7,021,517	7,225,141	7,427,445	7,605,703	7,788,240	7,975,158	8,166,562	8,362,559	8,571,823	8,785,914	
Grants & Contributions provided for Operating Purposes	14,814,000	12,770,694	13,217,668	13,600,991	13,981,808	14,317,371	14,660,988	15,012,852	15,373,161	15,742,116	16,135,669	16,539,061	
Grants & Contributions provided for Capital Purposes	29,601,000	8,350,000	9,327,953	9,450,594	9,572,379	9,694,717	9,789,630	9,902,181	10,017,433	10,135,452	10,261,338	10,390,371	
Interest & Investment Revenue	3,064,000	4,829,651	5,491,264	4,882,424	3,678,321	3,766,582	3,630,572	3,836,224	3,867,236	3,895,739	3,850,908	3,804,681	
Other Income:													
Fair value increment on investment properties	-	100,000	103,500	106,502	109,484	112,111	114,802	117,557	120,378	123,268	126,349	129,508	
Other Income	2,209,000	-	-	-	-	-	-	-	-	-	-	-	
Total Income from Continuing Operations	168,425,000	156,319,672	163,167,057	167,452,145	170,819,082	223,492,699	179,013,465	183,188,706	187,491,566	191,896,686	196,424,379	201,668,565	
Expenses from Continuing Operations													
Employee Benefits & On-Costs	48,302,000	52,421,816	54,682,236	56,872,826	58,921,174	60,955,572	62,874,136	64,948,983	67,062,299	69,306,345	71,524,148	73,812,921	
Borrowing Costs	84,000	223,161	192,158	159,071	121,216	77,525	28,162	10,000	10,000	10,000	10,000	10,000	
Materials & Contracts	70,118,000	68,681,605	69,615,633	72,082,890	74,909,510	77,122,150	80,197,262	83,012,094	85,740,866	88,467,616	91,188,242	93,908,407	
Depreciation & Amortisation	20,461,000	21,215,275	22,170,866	23,078,601	24,024,189	25,006,203	25,948,946	26,742,065	27,876,769	29,036,655	30,266,158	31,441,781	
Other Expenses	3,331,000	3,874,130	4,009,724	4,126,006	4,241,534	4,343,331	4,447,571	4,554,313	4,663,616	4,775,543	4,894,932	5,017,305	
Net Losses from the Disposal of Assets	2,586,000	-	-	-	-	-	-	-	-	-	-	-	
Total Expenses from Continuing Operations	144,882,000	144,415,987	150,670,617	156,319,384	162,217,623	167,417,788	173,494,078	179,267,444	182,363,554	187,896,159	193,517,479	200,110,413	
Operating Result from Continuing Operations	23,543,000	11,903,684	12,496,440	11,132,761	8,601,459	56,074,913	5,519,388	3,921,262	5,108,012	4,000,526	2,906,900	1,558,152	
Net Operating Result for the Year	23,543,000	11,903,684	12,496,440	11,132,761	8,601,459	56,074,913	5,519,388	3,921,262	5,108,012	4,000,526	2,906,900	1,558,152	
Net Operating Result before Grants and Contributions provided for Capital Purposes	(6,058,000)	3,553,684	3,168,487	1,882,197	(970,920)	(2,214,803)	(4,270,242)	(5,880,919)	(4,909,421)	(6,134,825)	(7,354,438)	(8,832,220)	

ATTACHMENT 1 - ITEM 1

Balance Sheet (Financial Statements)

Hornsby Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 BALANCE SHEET - GENERAL FUND												
	Actuals 2021/22	Current Year 2022/23	Projected Years									
	\$	\$	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
ASSETS												
Current Assets												
Cash & Cash Equivalents	47,763,000	9,209,420	5,324,633	4,880,639	4,815,694	4,913,332	4,850,438	4,532,694	4,226,616	4,175,829	4,229,610	4,251,192
Investments	81,171,000	102,703,674	97,784,000	75,459,446	77,272,769	77,976,434	76,190,221	70,323,395	65,340,904	66,332,622	67,002,931	67,536,584
Receivables	9,867,000	9,077,308	9,325,513	9,297,101	9,550,109	12,303,362	9,935,322	10,080,896	10,248,338	10,482,611	10,726,378	10,981,061
Inventories	182,000	196,145	204,763	212,011	220,308	226,807	235,825	244,084	243,332	245,292	255,335	264,159
Contract assets and contract cost assets	68,000	69,680	71,722	73,815	75,960	78,159	80,413	82,724	85,092	87,519	90,007	92,557
Other	388,000	261,483	272,655	282,418	293,301	301,867	313,619	324,422	323,876	331,800	339,857	351,429
Total Current Assets	139,439,000	121,567,921	113,983,769	90,205,630	92,228,142	95,769,961	91,613,839	85,597,515	80,476,215	81,659,672	82,644,119	83,279,992
Non-Current Assets												
Investments	173,922,000	152,309,126	144,900,241	111,818,730	114,506,782	115,548,499	112,913,475	104,207,930	96,836,625	98,294,248	99,287,538	99,781,972
Receivables	1,332,000	1,616,032	1,673,648	1,723,829	1,772,663	1,815,499	1,859,370	1,904,302	1,950,320	1,997,450	2,047,387	2,100,688
Infrastructure, Property Plant & Equipment	1,708,393,000	1,752,554,879	1,778,004,209	1,847,121,853	1,851,593,334	1,905,223,134	1,916,742,631	1,936,251,026	1,954,409,310	1,956,648,049	1,960,047,381	1,962,554,926
Investment Property	29,710,000	29,810,000	29,915,500	30,020,002	30,129,485	30,241,596	30,356,398	30,473,955	30,594,333	30,717,691	30,843,950	30,972,459
Intangible Assets	1,061,000	961,000	950,986	939,114	925,116	908,381	889,743	868,028	840,054	816,630	777,661	741,105
Right of use assets	331,000	2,530,417	2,113,981	1,696,938	1,339,294	921,024	590,458	302,978	523,537	443,361	421,167	401,187
Total Non-Current Assets	1,914,769,000	1,939,821,483	1,953,159,515	1,993,320,465	2,000,285,674	2,054,658,133	2,063,351,076	2,074,305,218	2,083,154,180	2,088,911,340	2,091,932,659	2,094,045,719
TOTAL ASSETS	2,054,208,000	2,061,419,404	2,072,140,345	2,093,526,095	2,092,493,816	2,150,458,094	2,114,964,914	2,159,903,733	2,165,630,395	2,170,571,012	2,174,576,777	2,177,325,711
LIABILITIES												
Current Liabilities												
Payables	13,472,000	11,940,608	12,422,524	12,841,189	13,292,830	13,670,510	14,152,538	14,607,926	14,706,838	15,076,065	15,454,587	15,950,497
Contract liabilities	2,440,000	1,933,791	2,022,654	2,077,556	2,131,108	3,750,618	2,226,616	2,276,095	2,326,762	2,376,646	2,433,988	2,490,713
Lease liabilities	358,000	485,784	512,755	520,351	546,504	309,002	10,000	30,000	30,000	10,000	10,000	10,000
Borrowings	257,000	-	-	-	-	-	-	-	-	-	-	-
Employee benefit provisions	14,802,000	14,016,528	14,215,414	14,444,720	14,705,389	14,998,392	15,324,732	15,685,444	16,083,877	16,521,278	16,998,932	17,518,168
Other provisions	4,985,000	2,022,425	229,790	229,790	229,790	229,790	229,790	229,790	229,790	229,790	229,790	229,790
Total Current Liabilities	36,314,000	30,409,136	29,404,137	30,113,606	30,307,681	32,558,972	31,943,676	32,829,255	33,377,269	34,217,780	35,127,258	36,199,169
Non-Current Liabilities												
Contract liabilities	200,000	438,395	454,745	467,716	480,802	563,298	503,585	515,491	527,683	540,189	553,485	567,135
Lease liabilities	-	1,901,332	1,388,577	858,226	389,662	60,000	50,000	90,000	60,000	50,000	120,000	110,000
Employee benefit provisions	2,111,000	3,111,403	3,155,552	3,206,453	3,264,317	3,329,356	3,401,799	3,481,870	3,570,315	3,667,409	3,773,440	3,888,700
Other provisions	3,308,000	1,300,454	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210
Total Non-Current Liabilities	5,619,000	6,851,584	6,061,084	5,604,605	5,176,790	5,014,865	5,017,593	5,140,571	5,220,207	5,319,787	5,509,134	5,628,045
TOTAL LIABILITIES	41,933,000	37,260,720	35,465,221	35,718,210	35,484,472	37,973,837	36,961,269	37,978,826	38,597,476	39,537,567	40,636,432	41,827,214
Net Assets	2,012,275,000	2,024,178,684	2,036,675,124	2,047,807,885	2,056,409,344	2,112,484,257	2,118,003,645	2,121,924,907	2,127,032,919	2,131,033,446	2,133,940,345	2,135,498,497
EQUITY												
Retained Earnings	1,306,412,000	1,318,073,018	1,330,306,790	1,341,216,885	1,349,818,344	1,405,893,257	1,411,412,645	1,415,333,907	1,420,441,919	1,424,442,446	1,427,349,345	1,428,907,497
Revaluation Reserves	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000
Other Reserves	(728,000)	(465,333)	(242,667)	(242,667)	(242,667)	(242,667)	(242,667)	(242,667)	(242,667)	(242,667)	(242,667)	(242,667)
Total Equity	2,012,275,000	2,024,178,684	2,036,675,124	2,047,807,885	2,056,409,344	2,112,484,257	2,118,003,645	2,121,924,907	2,127,032,919	2,131,033,446	2,133,940,345	2,135,498,497

ATTACHMENT 1 - ITEM 1

Cash Flow Statement

Hornsby Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 CASH FLOW STATEMENT - GENERAL FUND		Projected Years										
	Actuals 2021/22	Current Year 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	103,203,000	109,150,833	113,273,094	118,072,689	120,415,904	123,397,337	125,444,302	129,585,531	132,765,881	136,044,261	139,444,769	143,525,617
User Charges & Fees	12,688,000	14,071,825	14,781,496	15,201,250	15,625,350	15,994,340	16,377,897	16,770,068	17,173,499	17,585,633	18,027,059	18,477,793
Investment & Interest Revenue Received	2,127,000	4,470,479	5,551,862	5,142,170	3,849,075	3,743,765	3,689,679	3,603,161	3,520,303	3,436,471	3,356,471	3,292,984
Grants & Contributions	43,728,000	21,737,748	22,559,051	23,050,312	23,558,925	23,069,391	24,919,410	25,995,076	25,882,158	26,401,903	26,934,450	27,478,450
Other	14,571,000	7,174,633	6,785,213	7,042,307	7,245,796	6,100,613	8,969,372	7,807,324	7,994,700	8,383,904	8,783,904	9,183,902
Payments:												
Employee Benefits & On Costs	(48,871,000)	(52,486,904)	(54,385,394)	(56,541,177)	(58,555,494)	(60,455,771)	(62,221,880)	(64,432,971)	(66,548,399)	(68,712,915)	(70,881,429)	(73,117,501)
Materials & Contracts	(73,679,000)	(60,930,221)	(69,327,517)	(71,840,357)	(74,833,567)	(76,904,922)	(79,059,317)	(82,239,169)	(84,754,378)	(87,617,849)	(90,817,849)	(94,324,900)
Borrowing Costs	(62,000)	(226,161)	(192,159)	(159,071)	(121,210)	(77,525)	(20,102)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Bonds & Deposits Refunded	(13,000)	-	-	-	-	-	-	-	-	-	-	-
Other	(1,795,000)	(9,772,096)	(6,029,189)	(4,044,166)	(4,136,036)	(4,270,347)	(4,359,819)	(4,463,785)	(4,629,157)	(4,700,881)	(4,819,547)	(4,924,519)
Net Cash provided (or used in) Operating Activities	51,873,000	27,160,905	32,956,247	34,829,954	33,029,608	80,596,586	32,549,772	31,282,447	33,307,526	33,580,268	33,765,262	33,737,279
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	120,185,000	-	12,406,675	55,400,149	-	-	4,413,236	14,580,371	12,345,737	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,157,000	1,000,000	1,035,000	1,005,015	1,004,835	1,121,111	1,148,018	1,175,571	1,203,794	1,259,675	1,263,462	1,296,079
Payments:												
Purchase of Investment Securities	(125,880,000)	-	(46,673,725)	(92,114,001)	(4,500,375)	(1,746,382)	(30,130,700)	(47,215,215)	(46,099,971)	(2,441,282)	(1,683,598)	(828,097)
Purchase of Infrastructure, Property, Plant & Equipment	(44,048,000)	(65,805,434)	(115,000)	(118,335)	(121,648)	(123,568)	(127,556)	(130,619)	(133,754)	(136,964)	(140,388)	(143,893)
Net Cash provided (or used in) Investing Activities	(49,205,000)	(64,805,434)	(35,345,050)	(36,761,172)	(39,564,409)	(76,949,384)	(32,753,004)	(31,569,862)	(33,843,903)	(33,707,540)	(33,707,540)	(33,707,540)
Cash Flows from Financing Activities												
Payments:												
Repayment of lease liabilities (principal repayments)	(438,000)	(492,051)	(495,784)	(512,755)	(530,351)	(548,564)	(569,662)	(590,000)	(600,000)	(620,000)	(640,000)	(660,000)
Net Cash Flow provided (used in) Financing Activities	(438,000)	(492,051)	(495,784)	(512,755)	(530,351)	(548,564)	(569,662)	(590,000)	(600,000)	(620,000)	(640,000)	(660,000)
Net Increase/(Decrease) in Cash & Cash Equivalents	1,988,000	(308,553,526)	(27,884,587)	(1,443,964)	(155,145)	97,638	(62,894)	(317,445)	(306,378)	(50,767)	53,761	21,582
plus: Cash & Cash Equivalents - beginning of year	45,175,000	47,765,000	9,206,420	6,324,833	4,880,839	4,815,694	4,913,332	4,850,438	4,332,984	4,226,616	4,175,829	4,229,610
Cash & Cash Equivalents - end of the year	47,763,000	9,206,420	6,324,833	4,880,839	4,815,694	4,913,332	4,850,438	4,532,994	4,226,616	4,175,829	4,229,610	4,251,192
Investments - end of the year	255,093,000	255,093,000	245,064,325	187,279,170	191,778,501	193,524,933	189,111,097	174,531,350	162,185,586	164,026,870	166,290,408	167,118,503
Cash, Cash Equivalents & Investments - end of the year	302,856,000	264,302,420	245,069,157	192,159,015	196,594,244	198,438,265	193,962,135	179,064,319	166,412,204	168,802,699	170,520,078	171,369,793
Representing:												
Cash	200,551,000	163,154,928	150,173,912	92,350,701	96,436,645	97,312,071	95,617,286	82,821,576	70,666,828	73,840,385	77,065,110	80,109,817
Investments	82,415,000	84,040,090	81,105,540	79,682,722	79,791,690	80,853,420	81,937,740	83,014,470	84,083,428	85,144,429	86,195,942	87,240,753
External Restrictions	19,890,000	17,107,402	17,729,706	21,145,502	21,345,909	20,272,774	19,279,106	19,229,273	11,072,148	9,817,884	7,257,027	4,919,197
Unrestricted	302,856,000	264,302,420	245,069,157	192,159,015	196,594,244	198,438,265	193,962,135	179,064,319	166,412,204	168,802,699	170,520,078	171,369,793

ATTACHMENT 1 - ITEM 1



Local Government Performance Indicators

Indicator	Benchmark	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Performance Ratio	>2% (>0% OLG)	1.99%	1.00%	-0.67%	-1.41%	-2.59%	-3.52%	-2.84%	-3.45%	-4.02%	-4.69%
Own Source Operating Revenue Ratio	>60%	86.17%	86.23%	86.20%	67.50%	86.33%	86.39%	86.45%	86.51%	86.55%	86.64%
Unrestricted Current Ratio	>1.5	6.75	5.43	5.39	5.26	5.22	4.73	4.39	4.35	4.29	4.19
Debt Service Cover Ratio	>2	36.96	36.93	35.40	36.35	63.91	1032.68	571.42	569.71	1139.77	1124.50
Asset Maintenance Ratio	>100%	96.77%	96.57%	96.92%	97.08%	97.39%	97.33%	96.92%	96.88%	96.83%	96.77%
Asset Renewals Ratio	>100%	91.97%	93.49%	95.02%	94.92%	96.46%	96.87%	97.07%	97.73%	98.46%	99.17%
Infrastructure Backlog Ratio	<2%	0.73%	0.73%	0.73%	0.73%	0.74%	0.74%	0.74%	0.74%	0.75%	0.75%

9. Commentary on Results – Normal Continuance of Service & Asset Management Requirements

Income Statement results forecast over the period of this Plan have diminished compared to historic results. The Income Statement result over the 10-year period predicts a deficit in eight out of ten years and there is an average deficit of (\$3.582) million per year. Concurrently, a negative Operating Performance Ratio is also forecast in eight years of the Plan, which is below the benchmark set by the Office of Local Government of 0% and below the benchmark set by Council of 2% that is required to protect the annual budget against unexpected budget shocks that typically occur throughout the year.

An average deficit of (\$3.582) million per year for the Income Statement result clearly demonstrates that the normal continuance of services based on current projections can not be afforded and is financially unsustainable. These Income Statement results are in line with the previous version of the LTFP that was adopted by Council in July 2022 which concluded that action is required to improve future financial direction (noting a Special Rate Variation) to meet the benchmarks detailed at the start of the Plan (page 12).

The Balance Sheet results over the 10-year period maintain equity, liabilities and non-current assets within acceptable levels. However, the cumulative impact of forecast recurrent budget deficits results in the use of unrestricted cash as forecast in the Cash Flow Statement. Unrestricted cash is essential for Council to operate on a 'business as usual' basis and the Plan forecasts a reduction in unrestricted cash from \$19.890 million at 30 June 2022 to \$4.019 million by 30 June 2033 due to the need to fund accumulated deficits each year. It is likely that unrestricted cash would be utilised in full before 30 June 2033 after accounting for additional expenditure from budget shocks that can typically occur throughout the year due to natural disasters, capital project cost escalations and unexpected infrastructure asset failures (page 12). A negative unrestricted cash balance would have significant ramifications for Council, as it would limit the ability for creditors to be paid as and when they fall due that would therefore directly impact Council operations and the provision of recurrent services if unaddressed.

Income Statement Commentary

Council's Audited Income Statement result has gradually declined over recent years to a deficit in 2021/22. As forecast in the Income Statement, deficits are expected to continue during the period of this Plan:

- 2021/22 (\$6.058M) Deficit (based on pre-audit Financial Statements as at September 2022)
- 2020/21 \$0.086M Surplus
- 2019/20 \$4.550M Surplus
- 2018/19 \$7.641M Surplus
- 2017/18 \$6.649M Surplus
- 2016/17 \$8.720M Surplus

Between 2016/17 and 2021/22 Council's Income Statement result has gradually declined because of internal and external factors, notably the ongoing impact of the boundary adjustment, a \$1 million increase in the Emergency Services Levy payable to the NSW Government and rising expenditure costs greater than income generated from rates over time. Income Statement results are expected to decline further into deficit over the next ten years:

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Operating Result before Capital	\$3,168,487	\$1,682,197	-\$970,920	-\$2,214,803	-\$4,270,242	-\$5,980,919	-\$4,909,421	-\$6,134,925	-\$7,354,438	-\$8,832,220

Results are expected to decline further because of a number of factors:

- Forecast increases in the Wages Price Index as high as 3.8% in some years of the Plan (refer page 19) that further reduces financial capacity each year as income from rates is forecast to increase by a smaller percentage each year as discussed on page 23.
- Increases to Council's forecast depreciation expense each year. Depreciation is expected to rise in line with an increase in Council's asset base over the life of the Plan, due to the creation of new assets funded by Council's significant annual capital works program. In some years of the Plan the capital expenditure budget is greater than the total amount of income that Council expects to receive from rates in the same year, noting that much of the capital works budget is funded from external sources such as development contributions and the NSW Government's Stronger Communities Fund. Cyclical infrastructure asset revaluations required under accounting standards also increase depreciation over time as the accounting gross replacement cost of all assets for depreciation purposes is aligned with current prices regardless of the year assets were constructed.
- Statutory increases in the employee superannuation rate from 10% to 12% by 2026, which has increased expenditure by \$1.2 million per year since 2022.
- Providing additional average funding of \$4.1 million per year to maintain Council's assets as discussed in the Asset Management Planning section of this report (page 28).
- A recurrent budget of \$1.4 million in 2026 and 2027 and \$3.1 million from 2028 for the operation of Council's largest project, Hornsby Park (page 28).

Local Government Performance Indicators Commentary

Indicators in this version of the LTFP are forecast as follows:

Indicator	Benchmark	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Performance Ratio	>2% (>0% OLG)	1.99%	1.00%	-0.67%	-1.41%	-2.59%	-3.52%	-2.84%	-3.45%	-4.02%	-4.69%
Own Source Operating Revenue Ratio	>60%	86.17%	86.23%	86.20%	67.50%	86.33%	86.39%	86.45%	86.51%	86.55%	86.64%
Unrestricted Current Ratio	>1.5	6.75	5.43	5.39	5.26	5.22	4.73	4.39	4.35	4.29	4.19
Debt Service Cover Ratio	>2	36.96	36.93	35.40	36.35	63.91	1032.68	571.42	569.71	1139.77	1124.50
Asset Maintenance Ratio	>100%	96.77%	96.57%	96.92%	97.08%	97.39%	97.33%	96.92%	96.88%	96.83%	96.77%
Asset Renewals Ratio	>100%	91.97%	93.49%	95.02%	94.92%	96.46%	96.87%	97.07%	97.73%	98.46%	99.17%
Infrastructure Backlog Ratio	<2%	0.73%	0.73%	0.73%	0.73%	0.74%	0.74%	0.74%	0.74%	0.75%	0.75%

The Operating Performance Ratio is below the benchmark in most of the years forecast. The Operating performance ratio mirrors the income statement result and declines in line with this result over the period of the plan for the reasons outlined above. All other ratios that are based on the primary financial statements are above acceptable benchmarks over the life of the Plan including the Own Source Operating Revenue Ratio, the Unrestricted Current Ratio and the Debt Service Cover Ratio. However, the Unrestricted Current ratio is forecast to decline, which is reflective of the forecast restriction in unrestricted cash to fund the budget deficits forecast over the life of the Plan as discussed above.

Infrastructure asset ratios are regarded as acceptable over the life of the plan despite the Asset Maintenance Ratio and Asset Renewals Ratio falling slightly below the benchmark of 100%:

- **Asset Maintenance Ratio** – The ratio averages 97% over the life of the Plan, as the Plan includes the funding requirements to meet the desired level of service set by the community for 95% of Council's depreciable asset base as identified in revised Asset Management Plans for Roads, Stormwater Drainage, Buildings and Open Space assets. The ratio is slightly below the benchmark as revised Asset Management Plans for the remaining 5% of Council's depreciable asset base comprising Foreshores and some Other Structures are currently being revised. In this regard, it is noted that an Operating Performance Ratio/budget surplus of at least 2% per year would allow the requirements of these Plans to be fully funded once available.
- **Asset Renewals Ratio** – The ratio averages 96% over the life of the Plan and is slightly below the benchmark of 100% for the same reason as noted in the commentary for the Asset Maintenance Ratio,
- **Infrastructure Backlog Ratio** – The ratio averages 0.74% over the life of the Plan and is better than the maximum benchmark of 2% set by the Office of Local Government in all years forecast as the Plan includes funding to maintain condition the condition of Council's assets.

In conclusion, the results in this version of the Plan indicate that Council's forecast operating capacity is unsatisfactory. Further action including the proposal of a Special Rate Variation is recommended to improve future financial capacity as discussed further on page 40 of this report.



ATTACHMENT 1 - ITEM 1

10. Special Rate Variation (SRV)

The previous version of the LTFP that was adopted by Council in July 2022 concluded that forecast financial capacity was below acceptable levels as are the forecasts in this Plan and action is required to ensure that recurrent services, including allocating appropriate budgets for asset maintenance and renewal could be provided in a sustainable manner into the future. Accordingly, it included a range of recommendations of which the first was to consider a special rate variation to rebalance Council's finances within acceptable levels over the long term. A special rate variation was recommended in the first instance because of the quantum of funds required to provide balanced budgets.

As demonstrated by the base case model in this version of the LTFP, Council's long term financial projects remain unsustainable after allocating the required level of funding to provide for the normal continuance of services, to provide for the requirements identified in Council's Asset Management Strategy and to provide a recurrent budget for Hornsby Park once construction is complete. It should be noted that a range of community surveys has conveyed important considerations which have not been factored into the normal continuance of service – base case results presented earlier. It would be appropriate that any Special Rate Variation includes these considerations identified by the community.

As was concluded in the previous version of the LTFP, an SRV is necessary because of the quantum of funds required to fund all of the items identified which are of significant magnitude compared to Council's other revenue streams. Income from rates typically makes up more than 80% of Council's own source of revenue each year and therefore is the only revenue stream with the capacity to be increased to provide the level of funding required.

To ascertain the extent of the special rate variation required, modelling has been undertaken with consideration of each of the matters identified above, as well as the need to maintain an Operating Performance Ratio of at least 2% each year, which is necessary to protect against unexpected budget shocks (refer page 12 for details).



The modelling undertaken shows that to meet each of these requirements identified above plus a range of strategic initiatives desired by the community which are outlined in this Plan would require a total rate increase of 28% (31.05% cumulative increase) over 4 years inclusive of the estimated annual rate peg of 12.9% that is anticipated to be levied regardless of any approved Special Rate Variation.

	2024	2025	2026	2027	TOTAL	Cumulative Impact
Total Rate Increase Required	8.5%	7.5%	6.5%	5.5%	28%	31.05%
Estimated rate peg included in total increase	3.9%	3.5%	3.0%	2.5%	12.9%	
Total increase less rate peg (Special Increase)	4.6%	4.0%	3.5%	3.0%	15.1%	

Accordingly, the financial forecasts have been recalculated allowing for a 28% total rate increase (31.05% cumulative) and presented on page 44. This revised financial version includes each of the items discussed previously:

- The normal continuance of services into the future (page 13)
- The asset management funding gap of \$4.1 million per year (page 28)
- Recurrent funding for Hornsby Park of up to \$3.1 million per year (page 28)
- Strategic initiatives totalling \$67.26 million over ten years (page 43)
- Sufficient capacity to achieve at least a 2% Operating Performance Ratio each year (page 12)
- A total rate increase of 28% (31.05% cumulative) over the first four years of the Plan (page 40)

Workshops have been held with Councillors to discuss the need for an SRV to ensure Council's finances are rebalanced within acceptable levels into the future. Following these workshops Councillors have indicated support to prepare a proposal for an SRV to ensure Council is financially sustainable and to engage with the community about the need for this approach. Council has also sought to understand the opportunities to deliver on community priorities that cannot be delivered within existing resources.



ATTACHMENT 1 - ITEM 1

11. Strategic Initiatives

Adopted Documents

In addition to maintaining financial stability and ensuring ongoing funding for the maintenance of current assets and services, a Special Rate Variation will allow us to deliver what the community have said is important to them in order to maintain their quality of life, including:

- Building a resilient community that is well prepared for future shocks including climate change and bush fires, and is socially connected
- Planning for the future, including a masterplan to revive Pennant Hills Town Centre
- Upgrading your community infrastructure, including public toilets, community centres, sportsgrounds and stormwater systems
- Delivering a connected network of footpaths, cycleways and trails with improved accessibility
- Managing our assets to better protect our bushland and improve open spaces
- Improving our technology to provide better customer service, including enhanced cyber security

Over recent years Council has undertaken a series of technical and evidence-based strategies to formulate initiatives required to deliver services to the community for each of Council's unique disciplines. Thirty-six different strategies and technical documents have been adopted by Council. A range of community surveys have also been undertaken supporting these strategies as desired by our residents. These strategic initiatives require \$67.26 million over ten years to deliver; \$18.4 million of this is operating expenditure and \$48.9 million is capital expenditure. A summary of the program of initiatives and their associated costs is provided below:

- Sustainable and resilient community initiatives \$6,035,096
- Planning for our future initiatives \$1,000,000
- Upgrading community infrastructure \$30,807,000
- Connected cycling and walking paths \$17,982,370
- Protecting bushland and improving open space \$10,283,419
- Improving our technology \$1,150,000

Due to deficits being forecast in eight out of ten years in the base LTFP included in this report (page 31), there is insufficient financial capacity to fund the unfunded initiatives identified unless additional income is generated, such as through a Special Rate Variation.

12. Results -Normal Continuance of Service, Asset Management Requirements, Hornsby Park, Strategic Initiatives & Special Rate Variation

This version of the LTFP includes each of the items detailed on the previous page, including a total rate increase of 28% (31.05% cumulative) over the first four years of the Plan.

Income Statement

10 Year Financial Plan for the Years ending 30 June 2033												
INCOME STATEMENT - GENERAL FUN												
	Actuals 2021/22	Current Year 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	103,081,000	109,152,098	116,736,123	123,878,397	130,595,508	136,628,442	140,008,172	143,487,434	147,014,294	150,648,869	154,415,091	158,972,185
User Charges & Fees	11,611,000	14,233,154	14,731,817	15,158,826	15,583,287	15,957,267	16,340,244	16,732,412	17,133,662	17,545,211	17,983,841	18,433,437
Other Revenues	4,045,000	6,784,074	7,021,517	7,225,141	7,427,445	7,605,703	7,788,240	7,975,158	8,166,562	8,362,559	8,571,623	8,785,914
Grants & Contributions provided for Operating	14,814,000	12,770,684	13,217,868	13,600,981	13,981,808	14,317,371	14,660,988	15,012,852	15,373,161	15,742,116	16,135,660	16,539,061
Grants & Contributions provided for Capital P	29,601,000	8,350,000	9,327,953	9,450,564	9,572,379	9,689,630	9,799,630	9,902,181	10,017,433	10,135,452	10,261,336	10,390,371
Interest & Investment Revenue	3,064,000	4,929,651	5,481,284	4,882,424	3,878,321	3,769,582	3,830,572	3,895,224	3,967,236	3,895,739	3,850,906	3,804,681
Other Income:												
Fair value increment on investment properties	-	100,000	103,500	106,502	109,484	112,111	114,802	117,557	120,378	123,268	126,348	129,508
Other Income	2,209,000	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	168,425,000	156,319,672	166,629,662	174,302,834	180,948,212	186,680,195	192,530,648	197,043,819	201,693,056	206,453,213	211,344,820	217,055,156
Expenses from Continuing Operations												
Employee Benefits & On-Costs	48,302,000	52,421,816	54,842,236	57,032,826	59,091,174	60,885,572	62,874,136	64,945,983	67,092,269	69,306,345	71,524,148	73,812,921
Borrowing Costs	84,000	223,161	192,158	159,071	121,216	77,525	28,162	10,000	10,000	10,000	10,000	10,000
Materials & Contracts	70,118,000	68,681,605	71,076,801	73,676,703	76,650,092	79,136,429	82,042,581	84,906,782	87,687,417	90,518,605	93,430,394	96,436,581
Depreciation & Amortisation	20,461,000	21,215,275	22,170,866	23,078,601	24,024,189	25,009,208	25,946,946	26,742,085	27,476,769	28,036,655	28,526,158	29,000,781
Other Expenses	3,331,000	3,874,130	4,009,724	4,126,006	4,241,534	4,343,331	4,447,571	4,554,313	4,663,616	4,775,543	4,894,932	5,017,305
Total Expenses from Continuing Operations	144,882,000	144,415,987	152,291,785	159,073,207	164,119,105	169,432,065	175,339,396	181,162,143	184,330,102	189,647,148	195,325,632	201,978,588
Operating Result from Continuing Operi	23,543,000	11,903,684	14,337,876	16,229,627	16,829,107	17,248,130	17,191,252	15,881,676	17,362,855	16,806,065	16,019,188	15,076,569
Net Operating Result for the Year	23,543,000	11,903,684	14,337,876	16,229,627	16,829,107	17,248,130	17,191,252	15,881,676	17,362,855	16,806,065	16,019,188	15,076,569
Net Operating Result before Grants and Contributions provided for Capital Purposes	(6,058,000)	3,553,684	5,009,923	6,779,063	7,256,728	8,958,413	7,401,622	5,979,495	7,345,522	6,670,614	5,757,850	4,686,197

ATTACHMENT 1 - ITEM 1

Balance Sheet

Hornsby Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 BALANCE SHEET - GENERAL FUND												
	Actuals 2021/22	Current Year 2022/23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
ASSETS												
Current Assets												
Cash & Cash Equivalents	47,763,000	9,209,470	6,252,378	4,814,060	5,578,450	8,679,071	7,945,220	5,059,664	4,939,083	9,147,045	7,696,579	7,302,155
Investments	81,171,000	102,783,874	96,983,906	74,426,868	77,247,358	79,261,993	80,410,774	78,499,207	76,363,949	83,781,511	83,213,109	87,212,983
Receivables	9,807,000	9,077,306	9,387,506	9,421,978	9,750,043	12,599,510	10,265,342	10,463,530	10,953,042	10,940,918	11,229,929	11,536,690
Inventories	182,000	166,145	300,031	216,666	225,304	232,689	241,214	249,618	219,017	264,406	260,616	269,615
Contract assets and contract cost assets	681,000	69,680	71,722	73,815	75,900	76,159	60,413	62,724	65,092	87,519	90,007	92,507
Other	388,000	263,453	278,233	288,285	299,712	309,232	320,411	331,350	331,041	338,245	349,313	358,300
Total Current Assets	139,439,000	121,597,921	112,656,916	89,241,662	93,162,916	101,160,804	99,327,375	94,653,159	92,631,224	99,549,644	103,137,352	106,662,312
Non-Current Assets												
Investments	173,022,000	152,309,126	143,240,319	110,288,615	114,468,126	117,453,491	119,244,709	116,274,265	113,159,057	116,741,494	123,300,296	129,289,028
Receivables	1,332,000	1,616,032	1,585,782	1,747,834	1,808,156	1,581,799	1,006,735	1,952,851	2,000,083	2,046,457	2,000,669	2,154,602
Infrastructure, Property, Plant & Equipment	1,703,363,000	1,752,564,679	1,763,422,500	1,856,771,453	1,899,087,894	1,924,576,990	1,940,970,795	1,905,309,323	1,908,434,332	1,995,597,218	2,002,446,533	2,008,900,603
Investment Property	29,710,000	29,810,000	29,913,500	30,020,002	30,129,485	30,241,590	30,350,398	30,473,925	30,594,333	30,717,901	30,843,950	30,973,458
Intangible Assets	1,081,000	961,000	950,996	839,114	809,114	906,391	889,743	895,028	840,054	810,630	777,661	741,035
Right of use assets	331,000	2,530,447	2,113,941	1,895,938	1,539,294	921,324	560,458	692,016	523,537	443,361	421,167	401,187
Total Non-Current Assets	1,911,769,000	1,939,821,483	1,963,127,086	2,001,463,956	2,014,753,061	2,075,963,187	2,053,957,839	2,115,539,369	2,135,551,307	2,146,355,761	2,159,886,306	2,172,450,940
TOTAL ASSETS	2,051,208,000	2,061,419,404	2,075,784,002	2,090,705,618	2,107,916,077	2,177,123,991	2,103,285,214	2,210,192,528	2,228,182,531	2,245,905,405	2,263,023,658	2,279,311,252
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	13,472,000	11,940,608	12,624,744	13,082,409	13,514,041	13,991,220	14,461,807	14,925,308	15,032,878	15,385,532	15,789,254	16,275,407
Contract liabilities	2,440,000	1,933,791	2,023,654	2,077,556	2,131,108	3,750,618	2,226,616	2,275,095	2,326,782	2,376,646	2,433,968	2,490,713
Lease liabilities	358,000	495,784	512,755	520,351	548,564	309,892	10,000	30,000	30,000	10,000	10,000	10,000
Borrowings	257,000	-	-	-	-	-	-	-	-	-	-	-
Employee benefit provisions	14,802,000	14,016,528	14,215,414	14,444,720	14,705,389	14,946,392	15,324,732	15,685,444	16,033,877	16,521,278	16,998,932	17,518,108
Other provisions	4,985,000	2,022,425	2,799,790	2,299,790	2,299,790	33,785,882	32,252,945	33,148,635	33,703,108	34,521,246	35,441,965	36,524,079
Total Current Liabilities	36,314,000	30,409,136	29,606,358	30,354,826	31,188,893	33,785,882	32,252,945	33,148,635	33,703,108	34,521,246	35,441,965	36,524,079
Non-Current Liabilities												
Contract liabilities	200,000	438,395	454,745	467,716	480,602	563,298	503,585	515,491	527,683	540,168	553,465	567,136
Lease liabilities	-	1,901,332	1,368,577	860,226	309,062	60,000	50,000	90,000	60,000	50,000	120,000	110,000
Employee benefit provisions	2,111,000	3,114,403	3,155,552	3,206,453	3,264,317	3,329,358	3,401,799	3,481,670	3,570,315	3,667,409	3,773,440	3,888,700
Other provisions	3,308,000	1,300,454	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210	1,062,210
Total Non-Current Liabilities	5,619,000	6,854,584	6,080,084	5,604,605	5,176,790	5,014,865	5,017,593	5,149,571	5,270,207	5,319,787	5,509,134	5,629,045
TOTAL LIABILITIES	41,933,000	37,263,720	35,686,442	36,959,431	36,365,683	38,800,747	37,270,538	38,298,206	38,974,314	39,841,033	40,951,099	42,152,124
Net Assets	2,010,275,000	2,024,155,684	2,040,097,560	2,054,746,187	2,071,550,394	2,138,323,244	2,166,014,676	2,171,894,322	2,189,208,217	2,205,964,372	2,222,084,660	2,237,159,128
EQUITY												
Retained Earnings	1,306,412,000	1,318,073,018	1,332,168,227	1,348,155,187	1,364,584,294	1,432,232,424	1,449,425,676	1,465,306,352	1,482,068,307	1,499,474,372	1,515,493,560	1,530,570,129
Revaluation Reserves	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000	706,591,000
Other Reserves	(298,000)	(298,000)	(298,000)	(298,000)	(298,000)	(298,000)	(298,000)	(298,000)	(298,000)	(298,000)	(298,000)	(298,000)
Total Equity	2,012,705,000	2,024,176,018	2,038,561,227	2,054,746,187	2,071,575,294	2,138,823,424	2,166,014,676	2,171,894,352	2,189,259,307	2,206,372,372	2,222,084,160	2,237,151,120

ATTACHMENT 1 - ITEM 1

Cash Flow Statement

Hornsby Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 CASH FLOW STATEMENT - GENERAL FUND													
	Actuals 2019/22	Current Year 2022/23	2023/24	2024/25	2025/26	2026/27	Projected Years			2029/30	2030/31	2031/32	2032/33
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities													
Receipts:													
Taxes & Annual Charges	103,203,000	109,150,003	118,824,534	123,773,885	129,497,029	136,539,364	139,559,652	143,416,889	146,592,294	150,595,500	154,359,875	158,905,374	
Loan Charges & Fees	12,680,000	14,047,000	14,701,486	15,201,250	15,625,350	15,994,049	16,377,887	16,770,366	17,173,468	17,585,633	18,007,058	18,437,735	
Investment & Interest Revenue Received	2,727,000	4,470,419	5,535,188	5,134,726	3,623,146	3,700,755	3,807,873	3,934,862	4,068,468	4,208,810	4,355,813	4,509,331	
Grants & Contributions	43,720,000	21,737,748	22,566,051	23,046,312	23,528,923	23,093,361	23,993,764	24,519,410	25,065,000	25,632,136	26,219,903	26,834,450	
Other	14,571,000	7,174,033	6,782,213	7,042,307	7,245,796	6,100,043	6,963,372	7,597,354	7,994,700	8,166,573	8,363,904	8,563,509	
Payments:													
Employee Benefits & On-Costs	(68,671,000)	(52,498,004)	(54,546,559)	(56,701,177)	(58,715,664)	(60,400,037)	(62,421,889)	(64,433,971)	(66,548,399)	(68,712,915)	(70,981,439)	(73,317,501)	
Materials & Contracts	(93,619,000)	(60,930,211)	(70,652,475)	(73,421,814)	(76,391,264)	(78,893,771)	(81,760,441)	(84,933,280)	(87,598,590)	(90,335,645)	(93,267,569)	(96,387,569)	
Borrowing Costs	(82,000)	(228,161)	(192,158)	(159,071)	(121,216)	(77,505)	(28,162)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	
Bonds & Deposits Refunded	(13,000)	-	-	-	-	-	-	-	-	-	-	-	
Other	(1,795,000)	(9,772,266)	(8,001,718)	(4,041,320)	(4,153,554)	(4,298,420)	(4,361,692)	(4,487,949)	(4,638,276)	(4,704,195)	(4,819,579)	(4,923,502)	
Net Cash provided (or used in) Operating Activities	51,873,000	27,160,305	34,327,592	39,834,307	41,203,728	51,712,469	44,563,353	43,209,949	45,528,296	46,327,902	48,839,674	47,214,621	
Cash Flows from Investing Activities													
Receipts:													
Sale of Investment Securities	120,165,000	-	15,108,775	55,186,741	-	-	4,575,011	-	5,217,467	-	-	-	
Sale of Infrastructure, Property, Plant & Equipment	1,157,000	1,000,000	1,032,000	1,058,015	1,094,035	1,121,111	1,143,018	1,175,571	1,203,754	1,232,875	1,263,492	1,295,079	
Payments:													
Purchases of Investment Securities	(125,699,000)	-	-	(7,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	-	(6,000,000)	(11,000,000)	(10,000,000)	(10,000,000)	
Purchases of Infrastructure, Property, Plant & Equipment	(44,643,000)	(65,905,424)	(53,492,075)	(96,946,301)	(53,899,165)	(64,028,956)	(45,011,002)	(52,105,346)	(51,998,390)	(37,165,651)	(38,103,444)	(38,969,426)	
Purchases of Intangible Assets	-	-	(111,000)	(116,335)	(171,040)	(174,286)	(127,268)	(130,016)	(133,754)	(138,941)	(140,369)	(143,866)	
Net Cash provided (or used in) Investing Activities	(69,207,000)	(64,905,424)	(37,381,299)	(40,676,890)	(59,906,970)	(68,063,265)	(44,593,371)	(46,065,305)	(45,618,046)	(42,989,947)	(47,969,340)	(47,659,245)	
Cash Flows from Financing Activities													
Payments:													
Repayment of Borrowings & Advances	(242,000)	(257,000)	-	-	-	-	-	-	-	-	-	-	
Repayment of Lease liabilities (Principal repayments)	(435,000)	(492,051)	(486,784)	(512,755)	(530,351)	(548,354)	(569,692)	(590,000)	(600,000)	(600,000)	(600,000)	(600,000)	
Net Cash Flow provided (used in) Financing Activities	(679,000)	(749,051)	(486,784)	(512,755)	(530,351)	(548,354)	(569,692)	(590,000)	(600,000)	(600,000)	(600,000)	(600,000)	
Net Increase/(Decrease) in Cash & Cash Equivalents	1,985,000	(48,544)	(2,139,701)	(1,434,309)	769,400	3,100,821	(734,651)	(2,855,356)	(100,604)	4,207,902	(1,159,466)	(604,424)	
plus: Cash & Cash Equivalents - beginning of year	45,775,000	47,703,000	9,206,420	6,252,318	4,814,050	5,578,450	8,673,071	7,945,220	5,059,634	4,939,683	9,147,045	7,966,579	
Cash & Cash Equivalents - end of the year	47,760,000	47,214,000	6,866,719	4,818,009	5,583,450	8,679,271	7,945,220	5,089,864	4,959,030	9,147,045	7,986,579	7,362,155	
Cash & Cash Equivalents - end of this year	47,760,000	47,214,000	6,866,719	4,818,009	5,583,450	8,679,271	7,945,220	5,089,864	4,959,030	9,147,045	7,986,579	7,362,155	
Cash & Cash Equivalents - end of the year	253,093,000	253,093,000	229,934,223	184,715,463	191,715,463	196,715,463	199,715,463	199,715,463	199,715,463	206,523,005	216,523,005	216,523,005	
Cash, Cash Equivalents & Investments - end of the year	302,853,000	302,853,000	246,156,602	189,529,534	197,299,333	205,394,554	207,660,703	199,800,156	194,462,936	204,670,050	214,519,584	223,885,161	
Representing:													
External Reserves	200,551,000	163,154,028	150,170,512	92,350,791	95,486,545	97,312,071	95,821,289	93,614,470	70,656,626	73,840,385	77,065,110	80,109,817	
Internal Reserves	82,415,000	84,040,000	81,102,540	78,692,722	79,769,590	80,863,420	81,933,740	83,014,470	84,144,420	85,144,420	86,196,942	87,240,753	
Internal Reserves	19,890,000	17,107,402	14,877,151	18,516,021	22,015,598	27,229,063	29,905,675	33,064,110	36,722,032	40,685,236	45,286,532	51,334,590	
Unrestricted	302,853,000	302,853,000	246,156,602	189,529,534	197,299,333	205,394,554	207,660,703	199,800,156	194,462,936	204,670,050	214,519,584	223,885,161	

ATTACHMENT 1 - ITEM 1

Local Government Performance Indicators

Indicator	Benchmark	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Performance Ratio	>2% (>0% OLG)	3.12%	4.05%	4.17%	4.96%	3.99%	3.13%	3.77%	3.34%	2.80%	2.21%
Own Source Operating Revenue Ratio	>60%	86.46%	86.77%	86.98%	69.31%	87.29%	87.35%	87.40%	87.46%	87.50%	87.59%
Unrestricted Current Ratio	>1.5	6.50	5.30	5.36	5.47	5.58	5.16	4.98	5.24	5.29	5.32
Debt Service Cover Ratio	>2	39.64	44.52	48.03	54.20	98.46	1630.70	877.80	889.85	1795.38	1800.42
Asset Maintenance Ratio	>100%	96.77%	96.57%	96.92%	97.08%	97.39%	97.33%	96.92%	96.88%	96.83%	96.77%
Asset Renewals Ratio	>100%	101.25%		103.99%	103.74%		105.39%	105.45%	105.95%	106.54%	107.11%
Infrastructure Backlog Ratio	<2%	0.57%	0.54%	0.54%	0.54%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%

13. Commentary on Results - Normal Continuance of Service, Asset Management Requirements, Strategic Initiatives & Special Rate Variation

This version of the LTFP includes a total increase in rating income of 28% (31.05% cumulative) over the first four years of the plan, inclusive of the estimated annual rate peg each year. After accounting for the additional forecast income generated from rates the income Statement result over the 10-year period predicts a surplus in all years forecast and there is an average surplus of \$6.584 million per year. A significant portion of this Income Statement surplus will go towards funding capital works. Concurrently, the Operating Performance Ratio forecast averages 3.55% over the life of the Plan which is above the benchmark set by the Office of Local Government of 0% and above the benchmark set by Council of 2% that is required to protect the annual budget against unexpected budget shocks that typically occur throughout the year.

The Balance Sheet results over the 10-year period maintain equity, liabilities and non-current assets within acceptable levels and each of the ratios that are based on the primary financial statements are above acceptable benchmarks over the life of the Plan including the Operating Performance Ratio, the Own Source Operating Revenue Ratio, the Unrestricted Current Ratio and the Debt Service Cover Ratio.

Infrastructure asset ratios are regarded as acceptable over the life of the Plan despite the Asset Maintenance Ratio falling slightly below the benchmark of 100%, which is because Asset Management Plans for 5% of Council's depreciable asset base comprising Foreshores and some Other Structures are currently being revised and accurate forecast requirements are not yet known. However, there is sufficient financial capacity within this version of the LTFP to fund the requirements of the revised Asset Management Plans when available, as evidenced from the average Operating Performance Ratio of 3.55%. The asset renewals ratio is above the benchmark of 100% in this version of the Plan as a number of the strategic initiatives identified on page 41 are for the renewal of assets.

The results from this version of the LTFP provide evidence that the Special Rate Variation of 28% (31.05% cumulative) over four years noted on page 40 is sufficient to rebalance Council's project finances over the life of the Plan within acceptable levels.

Most importantly these financial results address the key financial objectives identified at the beginning of this Plan, meet the desired levels of community service, provide for the ongoing maintenance and renewal of a completed Hornsby Park and provide sufficient operating capacity to respond to financial challenges when they arise.



14. Financial Risks

There are several significant challenges that may place pressure on Council's Annual Budget over the period of the Plan.

- **Major Projects** – Council's capital works program is as high as \$92 million per year, which is more than the income forecast to be generated from rates. While the majority of these projects are funded from external sources such as grants and development contributions, there is an unavoidable level of financial risk from capital budgets of this size given the nature of complex infrastructure projects and large construction costs relative to the size of Council's overall budget. Should costs escalate above the level of external funds available, Council general funds would be required to complete works, which could place significant pressure on the Annual Budget in any given year. Recent examples of capital cost escalations include sizeable additional allocations provided to the Wisemans Ferry Boat Ramp project and Galston Aquatic Centre Remediation projects. In this regard it is noted that rising construction costs and supply shortages following economic recovery from the COVID-19 pandemic continue to place pressure on Council's construction budgets.
- **Investment income returns** – Investment returns over the life of the Plan have been calculated between 2.45% and 3.12% per year, which are reflective of current increases in the base rate set by the Reserve Bank of Australia. If the base rate is not maintained at this level less investment income will be generated than forecast which will reduce the Income Statement result. Conversely, should the base rate increase at a greater rate Council would benefit from having more investment income to allocate to expenditure over the life of the Plan.
- **The Hornsby Shire Local Government Area** has been impacted by multiple severe weather events that were declared Natural Disasters by the NSW Government between 2018 and 2022. Each of these events typically costs Council several hundred thousand dollars in clean-up costs that are not always able to be recouped from the NSW Government. Furthermore, flooding caused significant damage at Wisemans Ferry that added \$3.57 million in flood related clean up to the cost of Council's project to construct a new boat ramp and associated infrastructure. Costs to rectify damaged roads from the February 2022 and July 2022 floods are also estimated at \$2.5 million.

- **Workplace of the Future** – Since the discovery of asbestos in Council's old Administration Centre based in Hornsby, Council staff have predominantly worked from a temporary office location in Thornleigh. While the cost of leasing this premises is included within the LTFP for the next 5 years there is a long term need for Council to resolve office accommodation needs that will require funding beyond this point. In this regard it is noted that the former office site in Hornsby would require capital investment to be re-fitted as an office. Unexpected remediation works at the old Administration Centre have adversely impacted Council's budget by \$1.53 million.
- **State Government Costs** – There are some costs over which Council has no control such as levies charged by the NSW Government. Over recent years the Emergency Services Levy payable to the State has increased by more than \$1 million and in the order of 40%, which is above the level of estimated increases in previous Plans that forecast the annual increase in the levy to track in line with CPI. There is a risk of future cost increases of this nature over which Council has no control.

15. Sensitivity Analysis – Employee Costs and CPI Forecast

This sensitivity analysis has included two matters that could adversely affect Council if the planning assumptions underpinning the LTFP are not realised.

1. Employee Costs

As a method of cost containment, a two-week productivity measure has been applied to budgets provided for salaries and wages, which are based on a 50-week instead of a 52-week year on the assumption that there will be vacancies from time to time across the organisation. The result is a funding gap of 4% between available budgets and the level of expenditure required to employ each of Council's approved positions for a full year.

The starting point for this Plan is Council's adopted 2022/23 Annual Budget, which was prepared on the basis of a 50-week year for salaries and wages. Therefore, all future years in the 10-year Plan also include the 2 week productivity measure. The Plan has also been prepared on the assumption that a long-standing freeze on Council's Full Time Establishment headcount will remain with the creation of no new positions forecast over the next 10 years. This is despite the Plan also including funding for annual budgets to close the Asset Management funding gap (page 28) and funding of \$67.26 million in strategic initiatives (page 43) to meet the needs of the community. The delivery of each of these initiatives will require additional operating capacity and it is expected that a move towards full headcount will occur that could cause the forecasted budget for employee costs to be insufficient. To estimate the impact on Council's financial capacity from a 0% vacancy rate a sensitivity analysis has been undertaken based on providing salary and wage budgets for a 52-week year.

Additional Expenditure – 52-Week Year

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Additional expenditure (52-week year)	\$1,995,574	\$2,065,419	\$2,129,447	\$2,199,719	\$2,272,310	\$2,347,296	\$2,424,757	\$2,504,773	\$2,584,926	\$2,667,644

On average, additional annual expenditure of \$2,319,186 is required inclusive of forecasted increases to the wage price index (refer page 19) over the life of the Plan.

1. CPI Forecast

CPI is the driver for the majority of Council's operating expenditure, including Materials and Contracts and Other Expenses within the Plan. CPI has also been used as a driver for User Charges and Fees and Other Revenue in the LTFP, although these income streams are small compared to the level of expenditure incurred through Materials and Contracts and Other Expenses each year.

CPI has been forecast to trend in line with the rate peg over much of the life of the Plan from 2027 onwards, which creates a risk for Council should costs rise to a greater extent than the rate peg each year, which would reduce operating capacity compared to the levels forecast. Therefore, the LTFP has been updated to assess the impact of 0.5% increase in CPI above the level assumed in the Plan from 2027:

	2027	2028	2029	2030	2031	2032	2033	2031	2032	2033
CPI used in LTFP	2.4%	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%	2.4%	2.5%	2.5%
CPI + 0.5%	2.9%	2.9%	2.9%	2.9%	2.9%	3.0%	3.0%	2.4%	2.5%	2.5%

Results

Results including additional expenditure for salaries and wages and CPI above the level forecast are below.

Net Operating Surplus before Capital Items & Asset Sales

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Base LTFP (including Strategic Initiatives)	\$5,009,923	\$6,779,063	\$7,256,728	\$8,958,413	\$7,401,622	\$5,979,495	\$7,345,522	\$6,670,614	\$5,757,850	\$4,686,197
Base LTFP + Additional salaries & CPI	\$3,014,349	\$4,713,644	\$5,127,281	\$6,757,753	\$5,127,380	\$3,624,383	\$4,906,754	\$4,145,312	\$3,145,522	\$1,983,916

Operating Performance Ratio

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Base LTFP (including Strategic Initiatives)	3.12%	4.05%	4.17%	4.96%	3.99%	3.13%	3.77%	3.34%	2.80%	2.21%
Base LTFP + Additional salaries & CPI	1.85%	2.80%	2.93%	3.72%	2.73%	1.86%	2.48%	2.03%	1.48%	0.88%

In this scenario, the average Income Statement surplus would reduce from \$6.585 million to \$4.255 million with a corresponding decrease in the Operating Performance Ratio from an average of 3.55% to 2.28%, which is at the lower end of the acceptable range aimed for by Council of a minimum 2%, which is the historic level required to fund unexpected budget shocks that can occur throughout the year to ensure a balanced budget at the end of each financial year. In this regard, it is noted that 4 out of 10 years forecast indicate an Operating Performance Ratio of below 2%, which could lead to budget deficits in these years. The level of financial capacity in the last two years is below acceptable levels and the sensitivity indicates an emerging trend of declining financial capacity at the end of the Plan that would be likely to continue into 2034 and 2035 if unaddressed, with results falling below acceptable levels in these years.



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16. Action to Improve Future Direction

Current operating capacity is insufficient to fund each of the items desired by the community that are discussed throughout this report, notably:

- The normal continuance of services into the future (page 13)
- The asset management funding gap of \$4.1 million per year (page 28)
- Recurrent funding for Hornsby Park of up to \$3.1 million per year (page 28)
- Strategic initiatives totalling \$67.26 million over ten years (page 43)
- Sufficient capacity to achieve at least a 2% Operating Performance Ratio each year (page 12).

The previous version of the LTFP that was adopted by Council in July 2022 included a recommendation for Council to consider a Special Rate Variation to rebalance forecast future financial capacity within acceptable levels. Modelling undertaken in this version of the LTFP has indicated that a special rate variation of 28% (31.05% cumulative) over four years inclusive of the rate peg is necessary to fund each of the items listed above. Therefore, actions to improve future direction are as follows:

- Apply to IPART for a total special rate variation of 28% (31.05% cumulative) over the first four years of the LTFP inclusive of the rate peg each year, as detailed on page 40.
- Review other income streams such as fees and charges to ensure appropriate price setting and assess whether price increases could be used to generate additional income.
- Maintain cost increases to modest levels in regard to non-labour related expenses each year excluding the additional allowances that have been made in this Plan including annual allocations for asset management and strategic initiatives.
- No new loan borrowing to be undertaken unless financial capacity above a 2% budget surplus/ operating performance ratio is available each year in the Plan.
- No new positions to be created as appropriate unless offset by an equivalent position elsewhere, or grant funded or income generating positions.

- Continuance of financial improvement initiatives (the development of business improvement plans).
- Consider whether there is a case to rationalise underutilised assets to reduce ongoing cost requirements and/or provide one off capital funding from sale proceeds towards other capital investment decisions.

If the above actions are unaddressed, notably the recommendation for Council to apply to IPART for a 28% Special Rate Variation (31.05% cumulative), Council will be limited in a number of ways as a result of insufficient financial capacity:

1. Normal Operations

There is insufficient capacity within the LTFP to fund the continuance of normal operations into the future. Additional funding must be identified to fund forecast deficits or services may need to be reduced to ensure a balanced budget each year. Without action budget reductions will be required that will reduce levels of service such as through the closure of facilities or reduction in hours of operation.

2. Asset Management

There is insufficient capacity within the LTFP to fund the requirements identified in Council's Asset Management plans to maintain assets in a satisfactory condition. As a result, the condition of Council's assets is expected to decline, and the level of infrastructure backlog will increase unless funding is identified.

3. Major Capital Projects

There is insufficient capacity to fund the recurrent cost of operating major new capital projects once construction is complete. This includes Hornsby Park and Westleigh Park, noting that the capital constriction of these projects is funded from external sources such as the NSW Stronger Communities Fund and Development Contributions. If funding is not provided future versions of this Plan are likely to recommend that projects are paused until a funding source can be identified.

4. Strategic Initiatives

Without an increase in Council's financial capacity no funding is available to fund key strategic initiatives as detailed on page 43.



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This document contains important information. If you do not understand it, please call the Translating and Interpreting Service on 131 450. Ask them to phone 9847 6666 on your behalf to contact Hornsby Shire Council. Council's business hours are Monday to Friday, 8.30am-5pm.

Chinese Simplified

需要帮助吗？

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German

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Hindi

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इस दस्तावेज़ में महत्वपूर्ण जानकारी दी गई है। यदि आप इसे समझ न पाएँ, तो कृपया 131 450 पर अनुवाद और दुभाषिया सेवा को कॉल करें। उनसे हॉर्न्सबी शायर काउंसिल से संपर्क करने के लिए आपकी ओर से 9847 6666 पर फोन करने का निवेदन करें। काउंसिल के कार्यकाल का समय सोमवार से शुक्रवार, सुबह 8.30 बजे-शाम 5 बजे तक है।

Korean

도움이 필요하십니까?

본 문서에는 중요한 정보가 포함되어 있습니다. 이해가 되지 않는 내용이 있으시면, 통역번역서비스(Translating and Interpreting Service)로 전화하셔서(131 450번) 귀하를 대신하여 혼즈비 셔 카운슬에 전화(9847 6666번)를 걸어 달라고 요청하십시오. 카운슬의 업무시간은 월요일~금요일 오전 8시 30분~오후 5시입니다.

Tagalog

Kailangan ng tulong?

Itong dokumento ay naglalaman ng mahalagang impormasyon. Kung hindi ninyo naiintindihan, pakitawagan ang Serbisyo sa Pagsasalinwika at Pag-iinterpretar (Translating and Interpreting Service) sa 131 450. Hilingin sa kanilang tawagan ang 9847 6666 para sa inyo upang kontakin ang Hornsby Shire Council. Ang oras ng opisina ng Council ay Lunes hanggang Biyernes, 8.30n.u.-5n.h.

Farsi

نیاز به کمک دارید؟

این سند حاوی اطلاعات مهم می باشد. چنانچه آن را درک نمی کنید، لطفاً با خدمات ترجمه کتبی و شفاهی به شماره 131 450 تماس بگیرید. از آنها بخواهید از جانب شما با شماره 9847 6666 با شورای شهر هورنزیب شایر تماس بگیرند. ساعات کاری شورای شهر دوشنبه تا جمعه، از 8:30 صبح تا 5 بعدازظهر است.

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Appendix E Hornsby Capacity to Pay Report

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Assessment of Capacity to Pay

Hornsby Shire Council

September 2022



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Document status

Job #	Version	Written	Reviewed	Approved	Report Date
7648	4	B Barry	G Smith	G Smith	September 2022

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Executive summary

Hornsby Shire Council ('Council') is currently considering a special rate variation (SRV) to ensure it has the financial capacity to maintain service levels into the future. Therefore, Council is currently reviewing the potential impact on the community of an SRV. This report puts due emphasis on the capacity to pay principle; given that some ratepayers have more ability to pay rates than others.

This report provides an analysis and evaluation of relative wealth and financial capacity; it looks at the financial vulnerability and exposure of different community groups within the local government area (LGA). The key findings are summarised in Table 1.

Table 1 Precinct summary

Geographical area	Findings
Semi rural	<ul style="list-style-type: none"> Highest proportion of retirees, and lowest proportion of dependents Highest proportion of fully owned homes, lowest proportion of mortgagees Lowest unemployment rate
Berowra and north east	<ul style="list-style-type: none"> Highest proportion of dependents Highest proportion of resident ratepayers Highest proportion within middle equivalised income quartiles
Hornsby area	<ul style="list-style-type: none"> Lowest levels of equivalised income Highest proportion of "at risk" households Lowest proportion of resident ratepayers Highest unemployment rate
Southern and Western area	<ul style="list-style-type: none"> Highest level of equivalised income Highest proportion of mortgage repayments in upper two quartiles Highest proportion aged 85+ Highest proportion requiring core assistance

The LGA generally has higher levels of advantage, and lower levels of disadvantage when compared with Greater Sydney, NSW and Australia. This is indicated by high SEIFA ratings, high equivalised income levels and very low levels of housing stress. Across the LGA, under normal rate peg increases, the average residential rates in 2026/27 across the LGA would be \$1,444. Adding the SRV will result in the average residential rates in 2026/27 across the LGA being \$1,667. This means that in the final SRV year, residential ratepayers will pay an average of an additional \$4.28 per week over what they would have paid had there been no SRV.

This impact is distributed across the LGA based on land values, resulting in the Southern and Western area, incurring higher average rate rises due to the higher land values. This area had higher levels of wealth, very low levels of disadvantage and very high levels of advantage. The average residential rates increase over what they would have paid had there been no SRV will be \$5.65 per week in this area.

It is important for Council to acknowledge that there are areas of disadvantage within the community, and



that it does not significantly marginalise particularly vulnerable individuals and households. Areas such as Hornsby do have slightly lower SEIFA rankings, equivalised income and slightly more housing stress relative to the LGA, but significantly better than the Greater Sydney, NSW and Australian averages. The average increase in residential rates over what they would have paid had there been no SRV will be relatively lower at \$3.80 per week in this area.

Hornsby Shire Council regularly has among the lowest levels of outstanding rates in NSW, an indication of both capacity and willingness to pay. Therefore, we conclude that ratepayers do have a capacity to pay, particularly if supported by appropriate hardship policies.

Introduction

This report provides an analysis and evaluation of relative wealth and financial capacity; it looks at the financial vulnerability and exposure of different community groups within the LGA.

Key considerations include:

- regions of social disadvantage
- particularly vulnerable groups of individuals
- patterns of household expenditure.

These findings will then be compared to proposed changes in rates to identify whether there are any groups or individuals that are being particularly impacted and/or marginalised.

Data for this review was obtained from the following sources:

- Australian Bureau of statistics 2016 and 2021 Census Data – Data by Regions.
- Profile ID – Hornsby Shire Council Community/Social/Economic Profiles.
- February 2016 – Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women's Centre for Health Matters, Youth Coalition of Act) – Snapshot: Housing stress and its effects.

Background

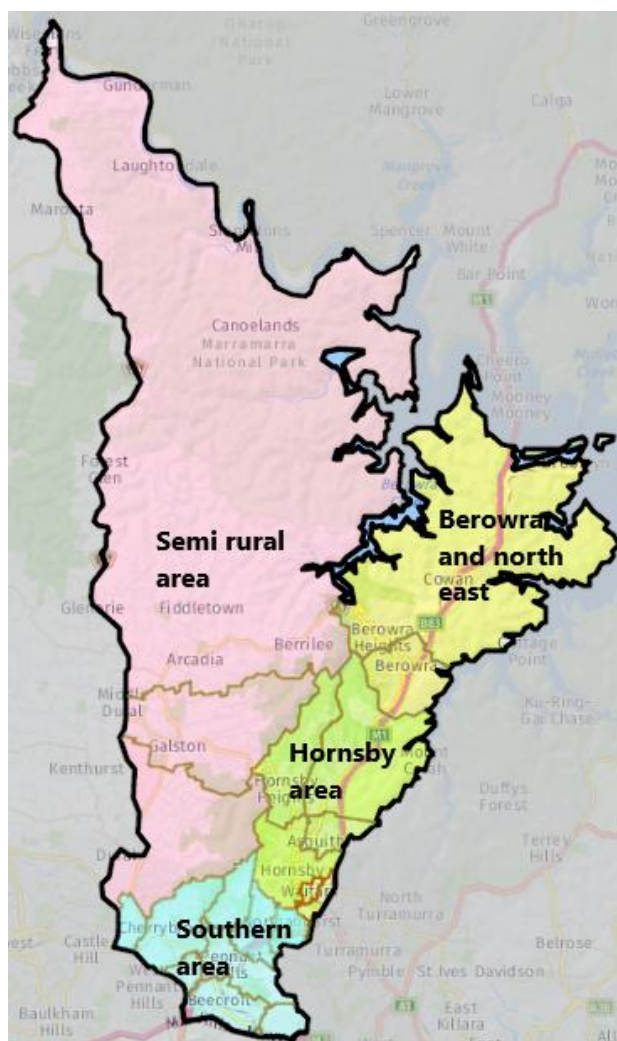
We have divided the Hornsby Shire Council local government area into four geographical areas. Council is looking to ensure that equity is maintained between these areas, as each area has differing economic and socio-economic profiles. A summary of the precincts and the suburbs they encompass has been provided in Table 2 and Figure 1 below.

Table 2 Hornsby Shire Council precinct summary

Geographical area	Population (2021)	Suburbs
Semi-rural	13,344	Arcadia - North Western Rural, Galston - Middle Dural, Dural
Berowra and north east	11,835	Berowra Heights - North Eastern Rural, Berowra
Hornsby area	57,355	Mount Colah - Mount Kuring-gai, Hornsby Heights, Asquith, Hornsby, Wahroonga, Waitara
Southern and Western	69,691	Castle Hill, Cherrybrook, West Pennant Hills, Pennant Hills, Beecroft - Cheltenham, Epping North, Normanhurst, Westleigh, Thornleigh
Hornsby Shire Council	152,225	



Figure 1 Hornsby Shire Council map





Methodology

Our methodology in examining the relative wealth between the different areas focuses on the following:

- **Areas of social disadvantage**

We will first look into the different characteristics and make up of each area to determine whether there are any particular areas of social disadvantage. This will include an investigation into:

- the age structure of each region
- the typical make up of each household
- household income, including the effect of dependants
- Socio-Economic Indexes for Areas (SEIFA).

- **Particularly vulnerable groups of individuals**

We will then investigate whether there are any particular groups within each area that, despite the overall wealth of the area, would be particularly vulnerable and affected by a change in rates. These include:

- property owners
- persons who have or need core assistance
- individuals who are currently unemployed
- households currently under housing stress
- pensioners.

- **Patterns in household expenditure**

We will then examine trends in household expenditure and discuss what impacts they may have on an individual's ability to pay.

We will then compare these findings to the proposed rating changes to determine whether there are any particular groups or individuals that would be significantly impacted.



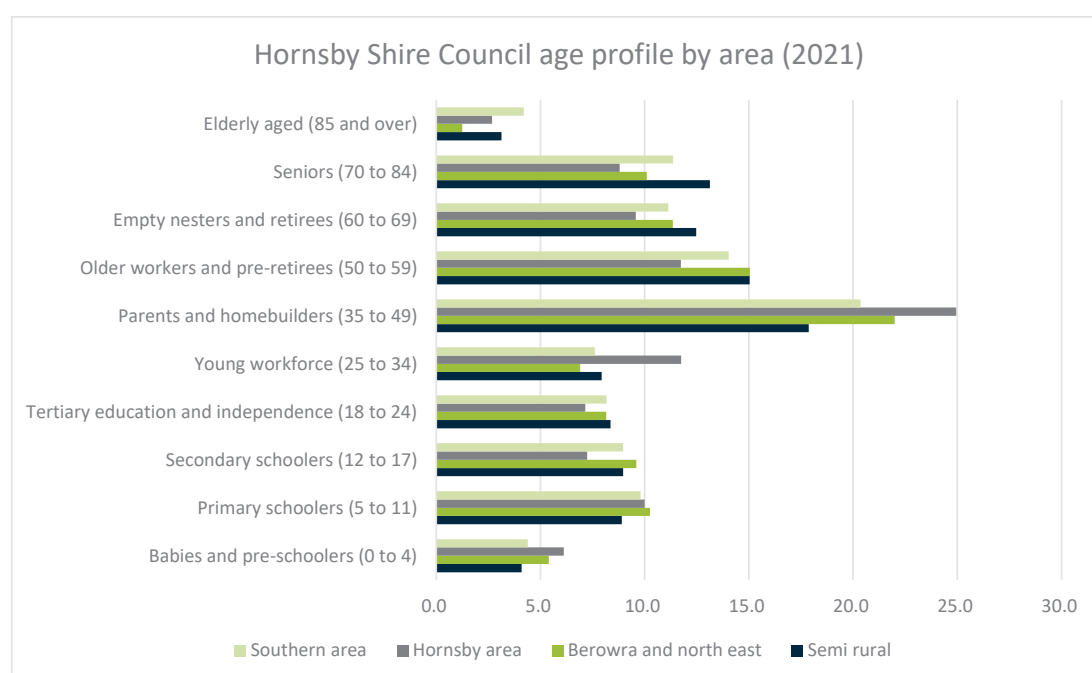
Areas of social disadvantage

Each area has differing demographic characteristics and we first want to identify 'who are the people' that make up each area, 'what do they do' and 'how do they live'.

Service age groups

Age profiles are used to understand the demand for aged-based services as well as the income earning status of the population. Data has been broken into groups which are reflective of typical life stages. This provides insight into the number of dependants, size of the workforce and number of retirees in each area.

Figure 2 Service age groups



Grouping these results in terms of the following categories (dependants, workforce, and retirees) and ranking them in terms of proportion of population (with 1 representing the largest proportion) generates the following results.

Table 3 Service age rankings

Rank	Semi rural	Berowra and north east	Hornsby area	Southern and Western
Dependents	4	1	2	3
Working age	4	2	1	3
Retirees	1	3	4	2



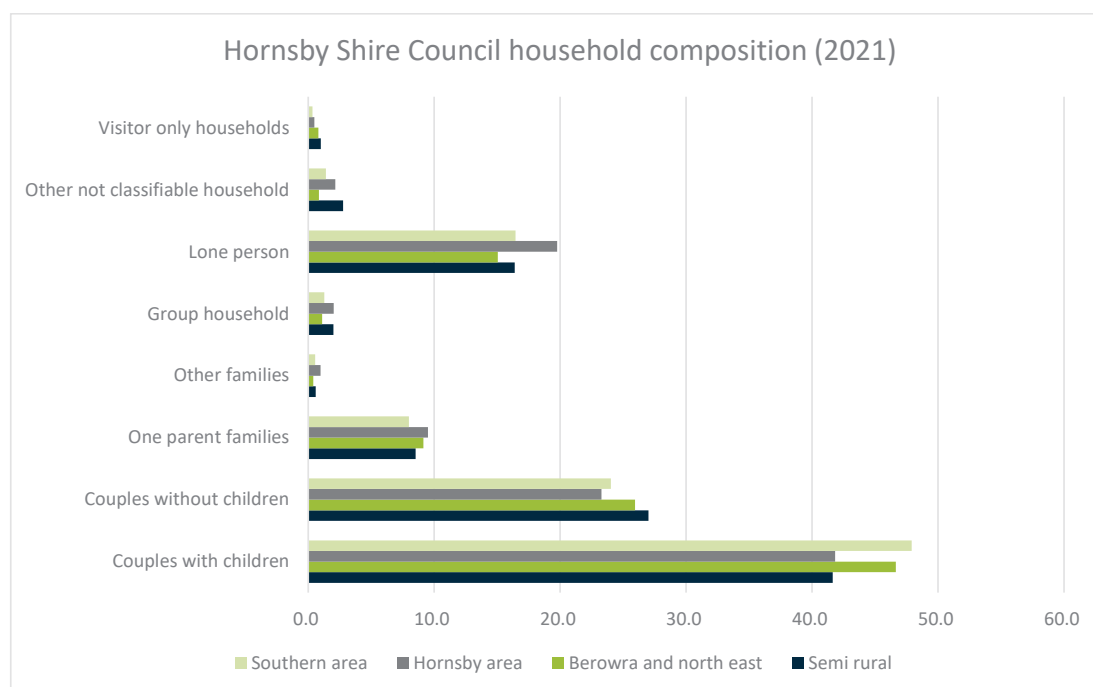
From these results we observe the following:

- Relative to the other areas, the Hornsby area (56%) has the highest proportion of working age population, followed by Berowra and north east area (52%). This compares with the LGA average (53%) and Greater Sydney (58%).
- Berowra and north east area has the largest proportion of dependents (25%) followed by Hornsby (23%). This compares to the LGA average of 23% and Greater Sydney average of 22%.
- The semi rural area has the largest proportion of retirees (29%) compared to the LGA average of 24%, and the Greater Sydney average of 20%.
- Hornsby area has a higher proportion of population in the 25-49 age brackets (37%) compared to the LGA average (32%). The proportion of young workforce (25-34) at 12% in the Hornsby area is driving the LGA average of 10%, as the next highest area is the semi rural area with only 8% of the population in the young workforce bracket.

Household types

Alongside the age structure of each region, it is important to determine the typical trends in the make-up of households. This provides a more complete picture of the people, families and communities in each area. A summary of household type is provided in the figure below.

Figure 3 Household composition



The proportion of households within the LGA comprising couples with children (44%) is significantly higher than the Greater Sydney average (34%). This is especially so in the Southern and Western area (48%) and Berowra and north east area (47%).



The 'lone person' and 'one parent family' households are considered to be more vulnerable to the impacts of rate increases due to a reduced/singular income stream. Combining these categories together into an 'at risk' group shows that the LGA (27%) has a lower level of at risk households when compared with Greater Sydney (33%). However, Hornsby area (31%) has the highest proportion of at risk households within the LGA.

Across the LGA, the proportion of population classified as couples without children (24%) is in line with both the Greater Sydney average (23%) and also the average for NSW (25%).

Housing tenure

Analysis of housing tenure levels within the LGA allows us to identify which areas are most impacted by changes in Council rates, i.e. the direct impact of a change in rates will be felt by home owners whereas renters may experience an indirect increase/decrease dependant on their lease agreement/decisions of their landlord. Furthermore, individuals in social housing are unlikely to be impacted by a change in rates.

Table 4 Hornsby Shire Council housing tenure

Housing Tenure - % of households (2021)	Semi rural	Berowra and north east	Hornsby area	Southern and Western
Fully owned	40.6	39.3	25.6	38.0
Mortgage	36.3	46.3	36.6	39.9
Renting - Total	13.1	12.1	33.3	16.6
Renting - Social housing	0.3	0.1	2.5	2.0
Renting - Private	12.6	12.0	30.7	14.5
Renting - Not stated	0.1	0.0	0.1	0.1
Other tenure type	6.1	0.8	1.4	3.2
Not stated	3.8	1.5	3.1	2.3
Total households	100.0	100.0	100.0	100.0

Table 4 shows that home ownership levels vary throughout the LGA. Berowra and north east (86%) has the highest proportion of resident ratepayers. Conversely, the Hornsby area (62%) has the lowest proportion, this compares to the LGA average of 72%, and Greater Sydney average of 59%.

Berowra and north east (46%) has the highest proportion of mortgagees, compared to an LGA average of 39%, and averages in Greater Sydney of 32%.

Hornsby area has the lowest proportion of fully owned (26%), and the highest proportion renting (33%), which is in line with the age profiles showing this area to have the largest young workforce population.



Equivalised household income

Equivalised household income can be viewed as an indicator of the economic resources available to a standardised household. It is calculated by dividing total household income by an equivalence factor. The factor is calculated in the following way:

- first adult = 1
- each additional adult + child over 15 = + 0.5
- each child under 15 = + 0.3.

Dividing by the equivalence factor, household income becomes comparable to that of a lone individual, thereby making households with dependants and multiple occupants comparable to those without. By factoring in dependants into household incomes we are provided with a better indicator of the resources available to a household.

As this is a relative comparison, data has been presented in quartiles; regions of disadvantage will have a higher proportion of households in the bottom two quartiles than those of greater wealth and advantage. These quartiles were determined by reviewing the distribution of household incomes within NSW and then dividing them into four equal groups or quartiles.

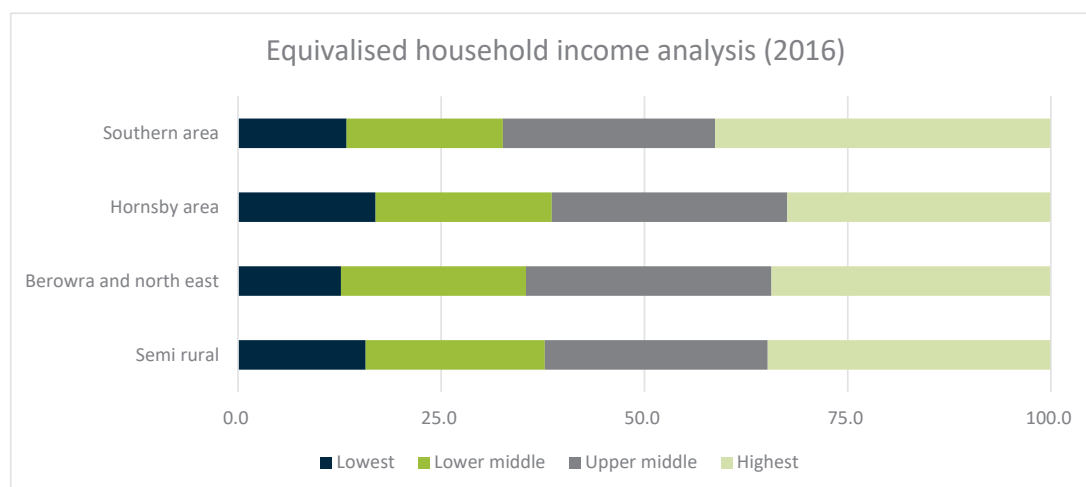
The data has been presented in ranges for the following equivalised weekly income levels:

- Lowest: \$0 - \$497 – this range is representative of the bottom 25% of all equivalised household incomes in NSW.
- Lower middle: \$498 - \$891 – this range is representative of the bottom 25% - 50% of all equivalised household incomes in NSW.
- Upper middle: \$892 - \$1,464 – this range is representative of the top 25% - 50% of all equivalised household incomes in NSW.
- Highest: \$1,465 and over – this range is representative of the top 25% of all equivalised household incomes in NSW.

Figure 4 summarises the equivalised household income ranges for each area.



Figure 4 Equivalised household income



Hornsby Shire Council has 64% of households within the top 50% of equivalised household incomes, comparing favourably with Greater Sydney (56%). The lower two quartiles represent just 36% of households within the LGA, again better than the Greater Sydney average (44%).

We can make the following observations from the data:

- The Southern and western area (41%) has a significant proportion of ratepayers in the highest quartile (compared to the LGA average of 37%, and greater Sydney average of 30%).
- Berowra and north east and Southern and Western Area both has the smallest proportions (13%) in the lowest quartile, comparing favourably to the LGA average (15%) and Greater Sydney average (22%).
- Berowra and north east (53%) and Hornsby area (51%) both have higher levels within the middle two quartiles relative to the LGA average and Greater Sydney average (both at 48%)
- Hornsby area (39%) and Semi rural (38%) has the highest proportion in the bottom two quartiles, However this is only slightly above the LGA average (36%), and is well below the levels for Greater Sydney (44%).
- Ranking of precincts by greatest disadvantage (percentage of households in lower brackets):
 - 1 – Hornsby area 2 – Semi rural 3 – Berowra and north east 4 – Southern and Western
- Ranking of precincts by greatest middle class (percentage of households in middle brackets):
 - 1 – Berowra and north east 2 – Hornsby area 3 – Semi rural 4 – Southern and Western
- Ranking precincts by advantage (percentage of households in upper brackets):
 - 1 – Southern and Western 2 – Berowra and north east 3 – Semi rural 4 – Hornsby area



Table 5 Regional comparison of equivalised household income

Equivalised income quartiles (2021)	Semi rural	Berowra and north east	Hornsby area	Southern and Western	LGA	SYD
Lowest	15.7	12.7	16.9	13.4	15.0	21.6
Lower middle	22.0	22.8	21.7	19.2	20.7	22.5
Upper middle	27.4	30.2	29.0	26.1	27.7	25.5
Highest	34.7	34.3	32.3	41.2	36.6	30.3
Total Households	100.0	100.0	100.0	100.0	100.0	100.0

Socio-economic index

The Socio-Economic Indexes for Areas (SEIFA) is an economic tool developed by the ABS to rank areas in Australia according to their relative socio-economic advantage and disadvantage. It takes into consideration a broad range of variables such as income, education, employment, occupation, housing, etc and is standardised such that the average Australian represents a score of 1000.

In our research we explored two of the indexes published by the ABS:

- **Index of Relative Socio-Economic Disadvantage (IRSD)**

This index ranks areas from most disadvantaged to least disadvantaged, i.e. a lower score will have a greater proportion of relatively disadvantaged people in the area.

From this score however you cannot conclude whether a high-ranking area will have a large portion of relatively advantaged people, just that it has a low proportion of disadvantage.

- **Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD)**

This index considers variables of both advantage and disadvantage and, as such, scores and ranks areas from most disadvantaged to most advantaged.

The ABS has also published the variables which have the most impact on both indices, these include:

- IRSD variables of disadvantage:
 - low equivalised household incomes
 - households with children and unemployed parents
 - percentage of occupied dwellings with no internet connection
 - percentage of employed people classified as labourers.
- IRSAD variables of advantage only (disadvantage similar to IRSD):
 - high equivalised household incomes
 - percentage of households making high mortgage repayments
 - percentage of employed people classified as professionals
 - percentage of employed people classified as managers.

Further analysis of these factors is provided in the discussion section. A regional summary, including national percentiles, is provided in the table below.



Table 6 Regional SEIFA scores and percentiles (2016)

SEIFA rankings (2016)	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Hornsby Shire	1,091.0	94	1,115.0	97
Greater Sydney	1,018.0	56	1,040.0	77
New South Wales	1,001.0	45	1,011.0	62
Australia	1,001.9	46	1,003.1	57

Hornsby Shire Council's IRSD score of 1091.0 is above the rankings of Greater Sydney, NSW and Australia. This score places the LGA in the 94th percentile, meaning approximately 94% of Australia's suburbs have a SEIFA IRSD ranking lower than this area (more disadvantaged), while only 6% score higher.

IRSAD includes levels of both advantage and disadvantage. The overall LGA score of 1,115.0 is also above that of Greater Sydney, NSW and Australia, and places the LGA into the 97th percentile. This higher score means that there are proportionately more incidences of advantage throughout the LGA relative to Australia. A higher IRSAD score compared to IRSD score is indicative of greater opportunities within the LGA, e.g. higher equivalised incomes, higher education levels, greater employment opportunities within the area, or more skilled jobs.

A geographical area-level summary including national percentiles is provided in the table below.

Table 7 Area level SEIFA scores and percentiles (2016)

Area - SEIFA rankings (2016)	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Semi rural	1,090.5	94.0	1,104.0	95.3
Berowra and north east	1,106.9	97.5	1,113.5	96.5
Hornsby area	1,076.2	86.8	1,101.4	94.2
Southern and Western	1,105.0	95.9	1,134.9	98.1

Analysis at the geographical area level indicates some inequity between the Hornsby and other parts of the LGA. Hornsby area's IRSD score of 1,076 places the area within the 87th percentile. This is below the scores in the other three geographical areas. When including variables of advantage in the scoring, Hornsby's score lifts to 1,101, placing the area in the 94th percentile which is in line with the other geographical areas within the LGA. This higher score indicates that there are greater opportunities within the Hornsby area relative to the rest of Australia.

Table 8 Suburb SEIFA rankings

Suburbs - SEIFA rankings (2016)	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Arcadia - North Western Rural	1,077.5	90.0	1,080.2	92.0
Asquith	1,077.0	90.0	1,100.0	95.0
Beecroft - Cheltenham	1,130.8	100.0	1,170.7	100.0
Berowra	1,117.0	99.0	1,129.0	98.0
Berowra Heights - North Eastern Rural	1,096.7	96.0	1,098.0	95.0
Castle Hill	1,064.0	84.0	1,092.0	94.0
Cherrybrook	1,113.0	98.0	1,145.0	99.0
Dural	1,101.3	97.0	1,126.8	98.0



Suburbs - SEIFA rankings (2016)	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Epping North	1,123.0	99.0	1,151.0	99.0
Galston - Middle Dural	1,092.6	95.0	1,104.9	96.0
Hornsby	1,040.0	70.0	1,065.0	87.0
Hornsby Heights	1,109.0	98.0	1,125.0	98.0
Mount Colah - Mount Kuring-gai	1,095.4	96.0	1,108.3	96.0
Normanhurst	1,083.0	92.0	1,112.0	97.0
Pennant Hills	1,098.0	96.0	1,129.0	98.0
Thornleigh	1,098.0	96.0	1,124.0	98.0
Wahroonga	1,090.6	94.0	1,131.8	98.0
Waitara	1,045.0	73.0	1,078.0	91.0
West Pennant Hills	1,107.0	98.0	1,141.5	99.0
Westleigh	1,128.0	100.0	1,149.0	99.0

Analysis at the suburb level highlights the suburbs within the Hornsby area that are experiencing levels of inequity. Hornsby (ISRD score of 1,040, placing within the 70th percentile) and Waitara (ISRD score of 1,045, placing within the 73rd percentile) both stand out as suburbs with a higher degree of disadvantage relative to the LGA. It is also noted that Castle Hill's ISRD score is also relatively low (1,064, placing within the 84th percentile). All three suburbs see their scores climb significantly when factors of advantage are included in scoring under IRSAD, with Castle Hill (1,092, 94th percentile), Waitara (1,078, 91st percentile) both climbing to levels in line with the rest of the LGA. Hornsby area does not climb as high, indicating slightly less advantage relative to the rest of the LGA, however the IRSAD score of 1,065 does place the area within the 87th percentile, meaning that only 13% of Australian suburbs have a greater degree of advantage and lower degree of disadvantage relative to the suburb of Hornsby.

Vulnerable groups or individuals

This section of the report considers whether there are any spatial patterns of individuals or groups who either need additional community services or are more sensitive to a change in rates.

Workforce status

The levels of full or part-time employment and unemployment are indicative of the strength of the local economy and social characteristics of the population.



Table 9 Community workforce status

Employment status (2016)	Semi rural	Berowra and north east	Hornsby area	Southern and Western	LGA %
Employed	96.5	96.3	94.7	95.2	95.2
Employed full-time	58.7	59.3	61.6	60.1	60.4
Employed part-time	36.0	35.7	31.8	34.0	33.5
Hours worked not stated	1.8	1.2	1.3	1.2	1.3
Unemployed (Unemployment rate)	3.5	3.7	5.3	4.7	4.8
Looking for full-time work	1.8	1.7	2.8	2.2	2.4
Looking for part-time work	1.7	2.0	2.5	2.5	2.4
Total labour force	100.0	100.0	100.0	100.0	100.0

From table 9 above we observe that unemployment rate for the LGA was 4.8%, below the level for Greater Sydney and NSW (both 6.0%). Within the LGA, it is noted that Hornsby area's rate of 5.3% and the Southern and Western area rate of 4.7%. Hornsby area has two suburbs (Hornsby and Waitara) which lead all suburbs within the LGA in both the unemployment rate (6.1% and 6.6% respectively) and also in the proportion of residents looking for full-time work (3.4% and 4.1% respectively).

Pensioners

A distinction is made between retirees, and eligible pensioners. To be classified as a pensioner for the purposes of receiving rates rebates, ratepayers must be receiving Centrelink payments such as the age pension or have partial capacity to work such as having a disability, being a carer or being a low-income parent. These individuals have reduced income streams and can be vulnerable to financial shocks and price rises.

Table 10 Number of pensioner assessments

Number of pensioner properties	Total assessments	Pensioner assessments	Pensioner assessments %
Semi rural	3,652	336	9%
Berowra and north east	4,477	614	14%
Hornsby area	21,659	1,854	9%
Southern and western	22,243	2,220	10%

Berowra and north east stands out as having a higher proportion of pensioners relative to the LGA, which is more in line with normal levels. Eligible pensioners (those receiving Centrelink payments) within the LGA have access to both mandatory rebates (up to a maximum of \$250 per year) on their rates.

Core assistance

Table 11 highlights the areas within the LGA that have higher concentrations of people who need assistance in their day-to-day lives with self-care, body movements or communication – because of a disability, long-term health condition or old age.


Table 11 Number of people requiring core assistance

Assistance required (2021)	Number	Percent %
Semi rural	701	5.3
Berowra and north east	429	3.6
Hornsby area	2,632	4.6
Southern and western	3,261	4.7
Hornsby Shire	7,020	4.6
Greater Sydney	270,665	5.2
New South Wales	464,712	5.8

We observe that generally the LGA has a lower proportion of the population requiring assistance compared with the Greater Sydney (5.2%) and NSW (5.8%) averages. Within the LGA, the Semi rural area stands out as having a higher proportion of the population requiring assistance.

Housing stress

Households are considered to be in housing stress when they are in the very low, low or moderate income bracket and paying greater than 30% of their disposable income in housing costs. The National Centre for Social and Economic Modelling (NATSEM) defines households experiencing housing stress as those that satisfy both of the following criteria:

- Equivalised household income is within the lowest 40% of the state's income distribution.
- Housing costs (i.e. mortgage and/or rent repayments) are greater than 30% of household income.

Research funded by the ACT Government on housing and homelessness issues in the ACT found that, due to financial pressures:

- 19% of households facing housing stress compromised a lot on their grocery spend over a 12-month period.
- 24% of households facing housing stress found rent/mortgage repayments quite/very difficult in the last three months.

Households facing housing stress are highly likely to be in significant financial stress and vulnerable to sudden increases in council rates.

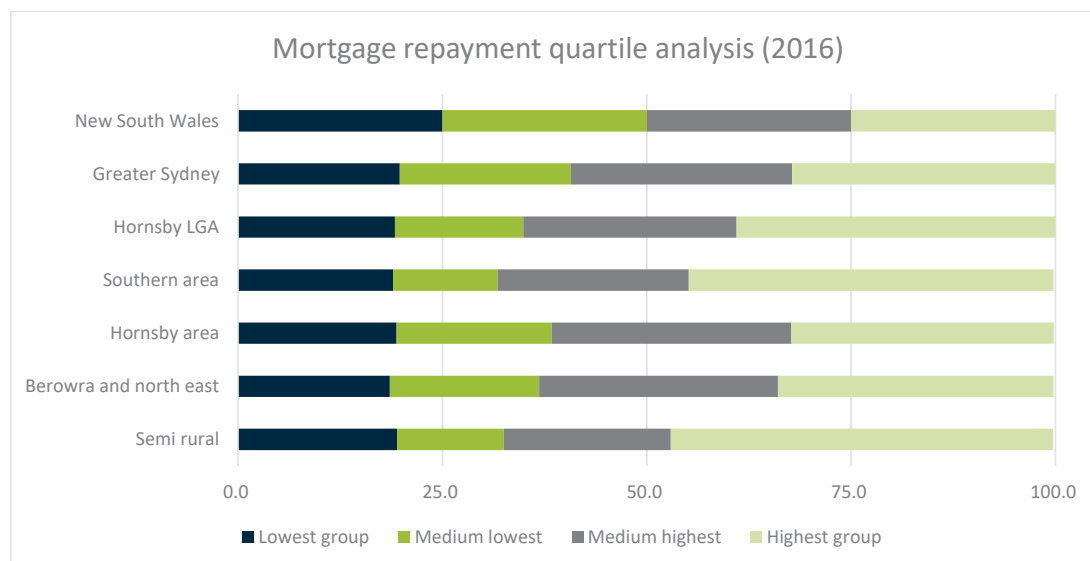
A comparison of the levels of monthly mortgage repayments in each precinct is provided in Table 12.

Table 12 Breakdown of mortgage payments by quartile within precincts

Number of households by mortgage repayment quartile (2016)	Semi rural	Berowra and north east	Hornsby area	Southern and Western
Lowest	19.5	18.6	19.4	19.0
Lower middle	13.0	18.3	19.0	12.8
Upper middle	20.4	29.2	29.3	23.4
Highest	46.8	33.7	32.1	44.6
Total households with stated mortgage repayments	100.0	100.0	100.0	100.0



Figure 5 Mortgage repayment analysis by quartiles



Within the Hornsby LGA, at the 2016 census around 7% of households were experiencing housing stress compared with the averages in Greater Sydney (12%), NSW (12%) and Australia (11%). Housing stress was more significant within the Hornsby area (particularly the suburbs of Hornsby, Waitara and Wahroonga).

The Southern and Western area (68%) has the highest proportion of households within the top two monthly loan repayment quartiles. Therefore, since this area has the highest proportion of households in the upper two equalised income quartiles (67%), there is less likely to be housing stress.

The Semi rural area (67%) also has a significant proportion in the upper two monthly loan repayment quartiles, and ranks third in the LGA in terms of equivalised income in the upper two quartiles at 63%. Since this area has the highest proportion of households in the upper two equalised income quartiles (67%), there is a relatively low potential for housing stress.

Berowra and north east area has 63% within the upper two monthly loan repayment quartiles. Again, given that 64% of households are in the upper two equalised income quartiles, there is a lower likelihood of mortgage stress.

Hornsby area has 61% within the upper two monthly loan repayment quartiles, and the lowest level (61%) within the LGA of households in the upper two equalised income quartiles. Given this lower level, there is a greater likelihood of housing stress relative to other areas in the LGA.

Trends in cost of living

The cost of living can best be described as the cost of maintaining a certain standard of living. The following table presents the changes in typical household expenditure throughout the Hornsby LGA over a five-year period, identifying trends in future costs, particularly with regards to discretionary and non-discretionary income.



Table 13 Five-year comparison of cost of living in Hornsby LGA

Hornsby Shire	2020/21		2015/16		Change
Household expenditure (totals)	\$ per household	% of expenditure	\$ per household	% of expenditure	2015/16 - 2020/21
Food	14,559	10%	13,473	9%	1,086
Alcoholic Beverages & Tobacco	6,731	4%	7,385	5%	- 654
Clothing & Footwear	6,620	4%	5,570	4%	1,050
Furnishings & Equipment	7,464	5%	6,509	4%	955
Health	9,964	7%	8,529	5%	1,435
Transport	10,877	7%	18,116	11%	- 7,239
Communications	3,183	2%	2,507	2%	676
Recreation & Culture	16,090	11%	15,686	10%	403
Education	9,135	6%	8,650	6%	485
Hotels, Cafes & Restaurants	9,927	7%	12,607	8%	- 2,680
Miscellaneous Goods & Services	21,381	14%	22,380	14%	- 999
Housing	32,043	21%	32,605	21%	- 563
Utilities	4,381	3%	4,520	3%	- 139
Total Expenditure	152,353	100%	158,538	100%	- 6,185
Net Savings	46,212	23%	29,043	16%	17,169
Total Disposable Income	198,565	0%	187,581	0%	10,984
Non Discretionary	81,627	54%	85,320	54%	- 3,694
Discretionary	70,728	46%	73,217	46%	- 2,490

*Non-discretionary spending includes the following categories: food, clothing and footwear, health, transport, communications, housing and utilities.

Table 13 shows over the five-year period, total disposable income across the LGA has increased by an average of \$11.0m. There has been an overall decrease in expenditure (\$6.2m), driven by decreases in both discretionary expenditure (\$2.5k), and non-discretionary expenditure (\$3.7k).

The decreases are driven largely by the impact of COVID-19, with large decreases in non-discretionary transport expenditure (\$7.2k), and discretionary expenditure at Hotels, cafes and restaurants (\$2.7k). These decreases are unlikely to be permanent. However, across the LGA there has been an increase in net savings of \$17.2k, indicating capacity to absorb increased household expenditure.



Discussion

There are consistently relatively high levels of equivalised income, very low levels of disadvantage, low unemployment levels and relatively low levels of housing stress across the LGA (when compared with Greater Sydney, NSW and Australia). This pattern is reflected in the SEIFA rankings which show very low levels of disadvantage throughout the LGA. Overall, the LGA as a whole sits in the 94th percentile (Greater Sydney is 56th percentile) when looking at only disadvantage (IRSD). When considering both disadvantage and advantage (IRSAD), the LGA sits in the 97th percentile (Greater Sydney 77th percentile), meaning that 97% of all suburbs in Australia experience higher levels of disadvantage (and lower levels of advantage).

Key aspects of the Semi rural area, which had an IRSD ranking in the 94th percentile, and an IRSAD ranking (including factors of advantage) in the 95th percentile:

- Highest proportion of retirees (29%).
- Very high proportion of fully owned homes (41%).
- Very low unemployment rate (3.5%), and very low levels of residents looking for full time work (1.8%).

Key aspects of the Berowra and north east area, which had an IRSD ranking in the 97th percentile, and IRSAD ranking in the 97th percentile were:

- Very low levels of vulnerable households, particularly lone person households (15%).
- Very high levels of home ownership (39%).
- Very high levels of equivalised income, with 65% of households in the top two equivalised income quartiles.

Key aspects of the Hornsby area, which had an IRSD ranking in the 87th percentile, and IRSAD ranking in the 94th percentile were:

- The highest proportion of vulnerable households (31%), particularly 'lone person' households (20%) – still below Greater Sydney average (22%).
- 61% of households in the top two equivalised income quartiles, this is high compared to Greater Sydney and NSW, but ranks only 4th in the LGA.
- Unemployment rate (5.3%) is highest in the LGA, as is the number of people looking for full time work (2.8%).

Key aspects of the Southern and Western area, which had an IRSD ranking in the 96th percentile, and IRSAD ranking in the 98th percentile were:

- Very high proportion of mortgage repayments in the upper two quartiles (68%) – the most within the LGA.
- High proportion of households in the top two equivalised income quartiles (67%) – the most within the LGA.
- Very high levels of home ownership (38%).



As was observed from the review of SEIFA rankings within Council, the ABS identified the following factors as having the greatest impact on an area's SEIFA score:

- level of income
- type of employment
- vulnerable households.

These factors align closely with our common characteristics of disadvantaged/advantaged households:

- equivalised household income
- proportion of disadvantaged (lone individual/one parent) households
- proportion of vulnerable households (housing stress/unemployment/require core assistance).

Proposed rating changes

Table 14 SRV options

Rate increases - preferred SRV scenario (rate peg + SRV)	2023/24	2024/25	2025/26	2026/27
Residential	8.5%	7.5%	6.5%	5.5%
Farmland	8.5%	7.5%	6.5%	5.5%
Business	8.5%	7.5%	6.5%	5.5%
CBD	8.5%	7.5%	6.5%	5.5%
Westfield	8.5%	7.5%	6.5%	5.5%
Rate increases - no SRV (rate peg only)	2023/24	2024/25	2025/26	2026/27
Residential	3.9%	3.5%	3.0%	2.5%
Farmland	3.9%	3.5%	3.0%	2.5%
Business	3.9%	3.5%	3.0%	2.5%
CBD	3.9%	3.5%	3.0%	2.5%
Westfield	3.9%	3.5%	3.0%	2.5%

Across the LGA, 2022/23 average residential rates are \$1,273. If there were to be only the normal rate peg (as determined by the Independent Pricing and Regulatory Tribunal) increases, the average residential rates in 2026/27 across the LGA would be \$1,444. Adding the SRV will result in the average residential rates in 2026/27 across the LGA being \$1,668. This means that in the final SRV year, residential ratepayers will pay an average of additional \$4.28 per week over what they would have paid had there been no SRV.

The NSW Valuer General is currently undertaking a general valuation on all land within NSW. These new valuations will be issued towards the end of 2022. These new valuations will directly influence the impact on ratepayers. Therefore, it is recommended that further impact analysis be prepared by Council as part of their community engagement. Therefore, any impact analysis within this section should take this into consideration.


Table 15 Impact of SRV on Residential ratepayers

Residential rates: Increase due to SRV over normal rates path	Number of properties	Average 2019 land value	4 year Cumulative increase \$
Berowra and north east	4,477	457,975	197
Hornsby area	21,659	460,589	198
Semi rural	3,652	840,871	275
Southern and Western	22,243	936,629	294

As is demonstrated in the table above, it is expected that the impact will be felt more heavily within areas of higher unimproved land values. Therefore, it is observed that largest average increases will be felt within the Semi rural and the Southern and Western areas. For example, it is expected that average residential rates in Southern and Western area will increase by a total \$294 over the four-year SRV period. This region also has the lowest levels of disadvantage within the LGA, with some suburbs scoring within the 100th percentile – meaning they rank amongst some of the wealthiest suburbs in Australia.

At the end of the SRV period, residential ratepayers on average will pay the following amounts above what they would have paid without the SRV (i.e. normal rate peg increases only):

- \$3.79 per week in Berowra and the north east
- \$3.80 per week in Hornsby area
- \$5.28 per week in the Semi rural area
- \$5.65 per week in the Southern and Western areas.

Table 16 Impact of SRV on Farmland ratepayers

Farmland rates: Increase due to SRV over normal rates path	Number of properties	Average 2019 land value	Average increase \$
Berowra and north east	2	754,500	229
Hornsby area	1	862,000	247
Semi rural	307	1,395,766	336
Southern and Western	2	3,600,000	701

Again, the impact will be felt more heavily within areas of higher unimproved land values. Therefore, with respect to Farmland categories, it is observed that largest average increases will be felt by the two properties within the Southern and Western areas, however the impact will be more widely felt in the Semi rural areas, due to the larger number of properties.

At the end of the SRV period, farmland ratepayers on average will pay the following amounts above what they would have paid without the SRV (i.e. normal rate peg increases only):

- \$4.41 per week in Berowra and the north east
- \$4.75 per week in Hornsby area
- \$6.46 per week in the Semi rural area
- \$13.48 per week in the Southern and Western areas.



Table 17 Impact of SRV on Ordinary Business ratepayers

Ordinary Business rates: Increase due to SRV over normal rates path	Number of properties	Average 2019 land value	Average increase \$
Berowra and north east	139	754,500	373
Hornsby area	898	862,000	613
Semi rural	374	1,395,766	524
Southern and Western	715	3,600,000	950

Again, the impact will be felt more heavily within areas of higher unimproved land values. Therefore, with respect to ordinary business ratepayers, it is observed that largest average increases will be felt within the Southern and Western areas.

At the end of the SRV period, ordinary business ratepayers on average will pay the following amounts above what they would have paid without the SRV (i.e. normal rate peg increases only):

- \$7.17 per week in Berowra and the north east
- \$11.79 per week in Hornsby area
- \$10.07 per week in the Semi rural area
- \$18.26 per week in the Southern and Western areas.

With respect to CBD Business ratepayers, the average increase in 2026/27 be \$902, or \$17.30 per week.

Council's outstanding rates ratio

Table 18 Hornsby Shire Council outstanding rates ratio

Financial year	NSW average outstanding rates ratio	Outstanding rates ratio	NSW ranking
2020/21	6.71	2.34	4
2019/20	6.90	2.32	5
2018/19	6.09	1.81	7
2017/18	5.72	1.82	7
2016/17	5.70	1.91	7

Outstanding rates ratios are a good indication of both capacity and willingness to pay. Due to the impact of COVID-19, NSW in general has seen an increase in outstanding rates in both 2019/20 and 2020/21 financial years, as councils were granted generous COVID-19 hardship provisions and reduced debt recovery activity. Hornsby Shire Council has consistently been in the top 7 of all NSW councils with respect to outstanding rates, well below the NSW averages. Council has improved its ranking from 7th in 2018/19 up to 4th in 2020/21. This is a strong indication that there is a higher level of advantage, lower levels of disadvantage, and an overall capacity and willingness to pay rates across the LGA.



Conclusion

The LGA generally has higher levels of advantage, and lower levels of disadvantage when compared with Greater Sydney, NSW and Australia. This is indicated by high SEIFA ratings, high equivalised income levels and very low levels of housing stress. Across the LGA, under normal rate peg increases, the average residential rates in 2026/27 across the LGA would be \$1,444. Adding the SRV will result in the average residential rates in 2026/27 across the LGA being \$1,667. This means that in the final SRV year, residential ratepayers will pay an average of additional \$4.28 per week over what they would have paid had there been no SRV.

This impact is distributed across the LGA based on land values, resulting in the Southern and Western area incurring higher average rate rises due to the higher land values. This area had higher levels of wealth, very low levels of disadvantage and very high levels of advantage. The average residential rates increase over what they would have paid had there been no SRV will be \$5.65 per week in this area.

It is important for Council to acknowledge that there are areas of disadvantage within the community, and that it does not significantly marginalise particularly vulnerable individuals and households. Areas such as Hornsby do have slightly lower SEIFA rankings, equivalised income and slightly more housing stress relative to the LGA, but significantly better than the Greater Sydney, NSW and Australian averages. The average increase in residential rates over what they would have paid had there been no SRV will be relatively lower at \$3.80 per week in this area.

Council regularly has among the lowest levels of outstanding rates in NSW, an indication of both capacity and willingness to pay. Therefore, we conclude that ratepayers do have a capacity to pay, particularly if supported by appropriate hardship policies.



Appendix F

**Hornsby Shire Council's Asset Management Strategy
2023/24 – 2032/33**

ATTACHMENT 1 - ITEM 1

HORNSBY SHIRE COUNCIL ASSET MANAGEMENT STRATEGY

2023/24 – 2032/33

ATTACHMENT 1 - ITEM 1

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ATTACHMENT 1 - ITEM 1



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ATTACHMENT 1 - ITEM 1

We acknowledge the Traditional Custodians of this land, the Darug and GuriNgai peoples, and pay respect to their Ancestors and Elders past and present and to their Heritage. We acknowledge and uphold their intrinsic connections and continuing relationships to Country.

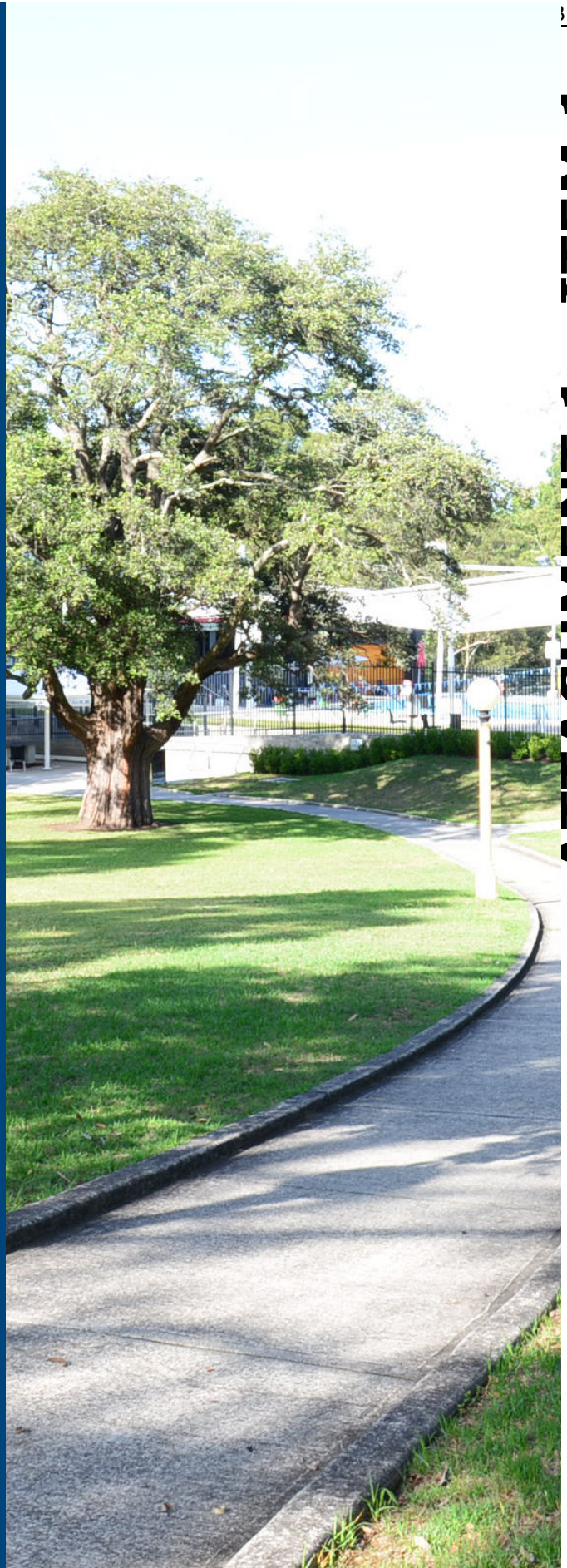
Executive Summary

“

Hornsby Shire Council delivers a wide range of services to the community, many of which depend on the assets we own and maintain. Asset management is a whole of life approach – from acquiring new assets or replacing old assets, maintaining existing assets and disposing of assets at the end of their life.

This Asset Management Strategy details Council's approach to managing our asset base and our assessment of the ongoing costs to ensure that our assets remain at a standard which meets the needs of our community.

”



ATTACHMENT 1 - ITEM 1

Our Current Asset Base

The gross carrying amount and written down value (WDV) of our assets is reported each year in our General Purpose and Special Purpose Financial Statements and Associated Special Schedules. Values reported for our depreciable infrastructure assets in our unaudited 30 June 2022 statements were:

Infrastructure asset category	Gross carrying amount (cost) \$'000	Net carrying amount (WDV) \$'000
Buildings	236,634	155,301
Drainage	569,489	439,619
Open spaces	113,887	68,460
Roads and transport assets	520,852	408,681

Our two largest asset categories are:

- Drainage – this includes stormwater pits and pipes, concrete box culverts, lined and unlined open channels and outlet structures; and
- Roads and transport assets – this includes sealed and unsealed road pavements, footpaths, shared paths, cycleways, kerb, gutter, bridges and road culverts.

Our Assessment & Funding Requirements

To assess the cost of maintaining our depreciable infrastructure asset base we have separated our assets into four categories – buildings, drainage, open spaces and roads and transport assets. For each of these categories we have collated data on the assets we own and have engaged external contractors to assist in verifying the accuracy of our data. In addition, community survey results on desired levels of service and technical levels of service have been relied upon in determining an appropriate standard. Further details on this are included in Section 3 below.

Using this data, we have calculated the expected costs to maintain and renew our existing asset base to a satisfactory standard over the next 10 years and compared this to recurrent budget funding allocations. This has resulted in a funding gap across all four asset categories. We have also factored in the forecast maintenance and renewal requirements of new assets that we expect to build over the next ten years provided the funding for the construction of these assets is confirmed.

Table 4.1 in Section 4 of the report below shows that after factoring in all funding requirements and available budgets, the average annual shortfall remaining is \$4.1 million per year.

In order to maintain our asset base to a sufficient standard, it is recommended that additional funding be allocated in the LTFP to cover the funding shortfalls identified.

The consequences of inadequate funding being allocated are:

- Deteriorating quality of existing assets (e.g. reduction in road network condition);
- Inability to renew ageing assets;
- Inability to adequately maintain newly constructed assets; and
- Increased exposure of Council to litigation relating to deteriorating assets.

1. Strategy Objectives

1.1 Overview

Council's Asset Management Strategy forms part of the overall Asset Management Framework.

- **ASSET MANAGEMENT POLICY** – Positioning statement that Council intends to manage its assets in a physical and financially sustainable manner.
- **ASSET MANAGEMENT STRATEGY** – This document – how Council intends to develop specific Asset Management Plans (AMP's) for each Asset Class and how this aligns with our goals and values.
- **ASSET MANAGEMENT PLAN(S) (AMP)** – A document which details Council's physical and financial management of its assets.

The **Policy** provides the: **WHY**

The **Strategy** provides the: **HOW**

The **Plans** provide the: **WHAT**

1.2 Legislative Requirements

This document has been developed in accordance with the guidelines contained within the Integrated Planning & Reporting Handbook for Local Councils in NSW issued by the Office of Local Government in September 2021.

1.3 Strategic & Corporate Goals

The Strategy is to reinforce that each asset management document is to be prepared, reviewed, and updated under the direction of Hornsby Shire Council's core set of values:

SERVICE – We provide a helpful and efficient service. We are local and know the neighbourhood.

TRUST – We are fair and reasonable. We are mindful of the best interests of all stakeholders in the decisions we make.

RESPECT – We listen and encourage open and transparent communication. We are respectful of all views.

INNOVATION – We are resourceful and incorporate sustainable work practices. We seek to be innovative and to do things better across all facets of Council's operations.



ATTACHMENT 1 - ITEM 1

2. Levels of Service

Levels of Service refer to the definition of benchmarks that Council aims to achieve for the delivery of services and the ongoing performance of assets.

2.1 Community Levels of Service

Assets provided by Council are designed and funded to meet a defined level of demand and/or need of the community.

Community Levels of Service represent the prioritised needs and desires of the Community, as defined by the community itself through regular interaction and survey. Engagement of the community seeks to determine for each Asset Class/Type:

QUALITY

How good is the service/asset ... what is the condition or quality of the service?

FUNCTION

Is it suitable for its intended purpose Is it the right service?

CAPACITY/USE

Is the service over or under used ... do we need more or less of these assets?

The AMP for each Asset Class is to state the Community Levels of Service for the Asset Class as a whole or each Asset Type as defined through Council's most current engagement with the community regarding the provision and maintenance of services/assets by Council to the Community.

The most recent engagement by Council with the community regarding the service provision of assets is:

- Hornsby Shire Council – Asset Management Community Insights Report (URBIS November 2020);

As part of this engagement, participants were asked to participate in a hypothetical budgeting exercise where they were given a limited budget and were required to prioritise funding for each of our asset classes according to their desired level of service.

In the scale used below, a level of service of 1 represents a high level of service where assets have no backlog and only ongoing maintenance is required. At the other end of the scale, a level of service at 4 represents a facility which is not meeting the needs of the community with regards to appearance, capacity, access or overall condition.

1	Excellent/ very good	High standard, no work required. Only ongoing maintenance.
2	Good	Meet the needs of the community with some minor maintenance.
3	Satisfactory	Requiring of some ongoing maintenance to maintain acceptable standard to the community
4	Poor	Facility generally not meeting the needs of the community with regards to appearance, capacity, access or overall utility.

The Community were not asked to consider a level of service of 5, which is at the end of the scale used by the Office of Local Government and by Council for reporting, as assets with this rating have typically failed and it was assumed that the community would not indicate a preference for assets that cannot be used.

Participants involved in this exercise rated the desired level of service for Council's infrastructure to the following standards:

- Buildings – participants preferred a level of service of 2 for libraries and amenities buildings and a level of service of 3 for aquatic centres, community centres and indoor sporting facilities. The service provided by our libraries was valued highly by participants, especially during the COVID-19 period.
- Open Spaces – participants preferred a level of service of 2 for sporting fields, park facilities and playgrounds and a level of service of 3 for trees, gardens and mountain bike tracks. Participants felt that higher levels of condition for our sporting fields would attract visitors to Hornsby Shire which would create additional economic benefits. Safety was considered a high priority for playgrounds.

- Roads and related infrastructure – participants preferred a level of service of 2 for footpaths, bridges and roads and a level of service of 3 for carparks, shared paths, kerb and guttering. Emphasis was placed on the importance of flat, safe and unobstructed footpaths and pedestrian crossings.
- Stormwater infrastructure – participants preferred a level of service of 3 for stormwater drainage.

Additional information relied upon to assist with the definition of an expected Community level of service or service provision included further reports/documentation that provided for community consultation such as

- “Your Vision, Your Future” Hornsby Shire Community Strategic Plan 2018-2028 (engagement: Oct/Nov 2017);
- Disability Inclusion Action Plan (DIAP) (engagement: June 2017);
- Hornsby Snapshot Findings and Future Planning for Hornsby Community Plan (engagement: June 2016);
- Active Living Hornsby Strategy (engagement: August 2015);
- Quality of Life and Asset Management Survey March 2020;
- Asset Management – Community Insights Report November 2020; and
- Community Satisfaction Survey Report July 2021.

Customer levels of service are subjective and can be qualitatively monitored through structured community engagement and/or measurement of less formal community contact with Council (for example CRMs, emails, social media comments, etc).

In deciding on the funding required for each asset class, careful consideration was given to the desired level of community service and technical levels of service.

2.2 Technical Levels of Service

Technical Levels of Service are operational or technical measures of performance and support the achievement of the customer service levels. These technical measures relate to the allocation of resources to service activities to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- Operations – the regular activities to provide services (e.g. opening hours, cleansing, mowing grass, energy, inspections, etc);
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. road patching, unsealed road grading, building and structure repairs);
- Renewal – the activities that return the service capability of an asset up to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement); and
- Upgrade/New (“Acquisition”) – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Council Officers referred to as Service Managers and Asset Custodians are required to plan, implement and control technical service levels to influence customer service levels. Since the adoption in 2020 of an Asset Management Roles & Responsibilities Determination, there has been significant impact on responsibilities for the operation, maintenance and renewal of asset sub-types. As a result, Asset Custodians are required to collaborate with Service Managers to review the measurement and reporting of both Customer and Technical levels of service which are appropriate for differing asset sub-types.

Technical Levels of Service, where able, are to be defined in the AMP for each Asset Class however care should be taken to determine qualitative characteristics of asset/service delivery that are:

- Able to be clearly identified and measured;
- Meaningful for the measurement of asset/service performance; and
- Less susceptible to distortion from events outside Council’s control.

3. Current State of Infrastructure

3.1 Asset Class: Buildings

3.1.1. PHYSICAL INDICATORS

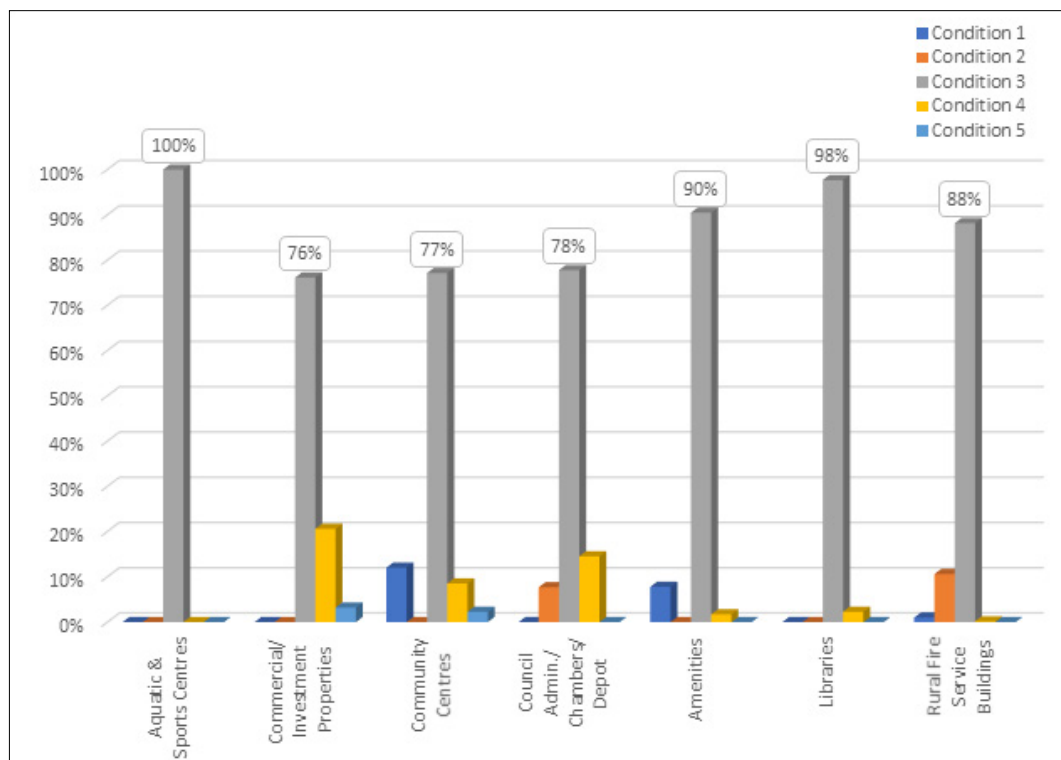
At 30 June 2022, the net carrying amount of Council's buildings portfolio was \$155.3 million. Council owns buildings for various purposes including:

- Aquatic centres;
- Community centres;
- Libraries;
- Council offices;
- Rural Fire Service stations/structures; and
- Commercial and residential properties leased out to tenants.

Council uses the AssetFuture system to record and track the maintenance requirements of our buildings portfolio. In early 2021, external contractors were engaged to validate the maintenance data recorded in the AssetFuture system for a selection of Council's highest value buildings. This assessment showed that our maintenance data within AssetFuture is reliable and correlated with the data collected by the external contractors. This compares favourably to work performed in 2013 by external consultants Morrison & Low who undertook a review of Council's asset management knowledge, policies, and practices in accordance with Office of Local Government guidelines. At that time, Council achieved a rating of "C" indicating a "Core" level of overall asset planning and management. In 2015, Morrison Low again reviewed Council's progression towards developing a more mature approach to asset management, with Council achieving a "B" or "Advanced" level of overall asset management maturity. The validation of maintenance data recorded within AssetFuture demonstrates our progress in advancing our asset management maturity through improved maintenance management and data reconciliation.



Figure 3.1.1 below shows the condition of Council's building portfolio. A condition rating of 1 equates to a building in excellent condition with no repairs or maintenance required whilst a condition rating of 5 equates to a building in very poor condition where replacement is required. The table shows that most of our buildings are current rated a 3 or better with a very small number of buildings rated below this. A score of 3 equates to a building in fair condition with some repairs required.



It has been noted in community surveys that a key area of interest to the community is our amenity buildings located in parks and other outdoor locations. It is recommended that going forward a strategy be developed for amenity buildings to formulate the level of funding required to upgrade key facilities across the Shire.

3.1.2. FINANCIAL POSITION

Table 3.1 below shows our assessment of the costs required to maintain our existing building portfolio as well as the amount of funds available to cover these costs in our budget. Due to the nature of the projected maintenance, renewal and replacement process in the buildings AssetFuture system; the expenditure profile exhibits troughs and peaks, however current funding levels in Council's Long Term Financial Plan (LTFP) are not sufficient to maintain required service levels.

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Budget (\$'000)	\$3,271	\$3,440	\$3,635	\$3,823	\$4,018	\$4,232	\$4,454	\$4,672	\$4,915	\$5,167
Operations & Maintenance	\$3,064	\$2,886	\$3,263	\$3,936	\$5,224	\$5,325	\$4,202	\$4,338	\$4,460	\$4,584
Capital Renewal	\$693	\$639	\$580	\$762	\$1,102	\$1,117	\$794	\$814	\$834	\$855
Acquisition	\$52	\$43	\$44	\$56	\$80	\$82	\$60	\$62	\$63	\$65
Forecast Exp. (\$'000)	\$3,809	\$3,568	\$3,887	\$4,754	\$6,406	\$6,524	\$5,056	\$5,214	\$5,357	\$5,504
Surplus/ Shortfall (\$'000):	-\$538	-\$128	-\$252	-\$931	-\$2,388	-\$2,292	-\$602	-\$542	-\$442	-\$337
Average Annual Funding Shortfall of ('000):										-\$845

While difficult to quantify, we also expect extreme weather events to increase the ongoing maintenance cost of our building assets to cover the costs of remediating damaged assets. These type of weather events may also shift community expectations and result in the expectation of increased service standards.

3.2 Asset Class: Open Spaces

3.2.1. PHYSICAL INDICATORS

At 30 June 2022, the net carrying amount of Council's Open Spaces asset category was \$68.5 million. Hornsby operates over 180 different open-space locations across the Shire for use by residents and visitors for both formal and informal recreational pursuits. These sites range from small pocket parks with play equipment to specialist sporting precincts. Of the approximately 8000 assets, this includes:

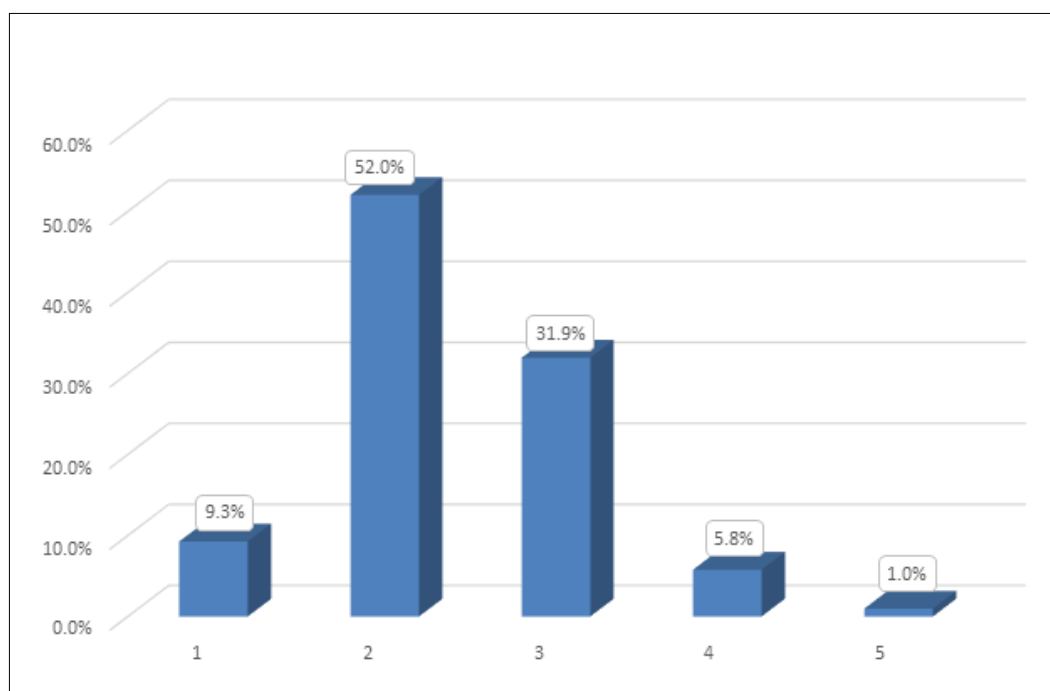
- More than 700 park benches/seats;
- Over 50 BBQs with or without enclosures;
- More than 300 pieces of playground equipment; and
- 7 flagpoles.

Council's Parks and Recreation database of Open Space assets were assessed by external contractors in 2021 by way of a physical asset inspection. The resultant data was processed in conjunction with prior datasets (collected in 2010 and 2015) and showed an improvement in overall average asset condition across all types of parks/open space.

Figure 3.2.1 shows that over 80% of our assets were assessed as either a condition 2 or 3, with less than 10% considered to be in a poor or failed condition.

Future maintenance costs are expected to increase as new assets are created and as the cost of materials and labour rise.

FIGURE 3.2.1: OPEN SPACE ASSETS - CONDITION PROFILE



3.2.2 FINANCIAL POSITION

Table 3.2 below highlights that due to a significant number of open space assets being created as part of the Section 7.11 projects, there is a significantly increasing maintenance cost associated with these new assets. Current funding levels in Council's LTFP are not sufficient to maintain required service levels.

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Budget (\$'000)	\$6,903	\$7,104	\$7,335	\$7,511	\$7,772	\$7,959	\$8,150	\$8,370	\$8,592	\$8,807
Operations & Maintenance	\$6,354	\$6,454	\$6,853	\$6,950	\$7,048	\$7,383	\$7,536	\$7,864	\$8,099	\$8,406
Capital Renewal	\$942	\$1,140	\$1,653	\$1,256	\$3,777	\$1,340	\$1,276	\$1,344	\$1,706	\$1,800
Acquisition	\$228	\$234	\$241	\$247	\$253	\$259	\$265	\$271	\$278	\$285
Forecast Exp. (\$'000)	\$7,524	\$7,828	\$8,747	\$8,453	\$11,078	\$8,982	\$9,077	\$9,479	\$10,083	\$10,491
Surplus/ Shortfall (\$'000):	-\$621	-\$724	-\$1,412	-\$942	-\$3,306	-\$1,023	-\$927	-\$1,109	-\$1,491	-\$1,684
Average Annual Funding Shortfall of ('000):										-\$1,324

While difficult to quantify, we also expect extreme weather events to increase the ongoing maintenance cost of our open space assets to cover the costs of remediating damaged assets. These type of weather events may also shift community expectations and result in the expectation of increased service standards.

3.2.3 HORNSBY PARK

Council has commenced its largest ever capital project being the construction of Hornsby Park. This project involves the redevelopment of the abandoned Hornsby Quarry and adjacent Old Mans Valley on the western side of Hornsby into open space for recreation purposes. The total estimated cost of the facilities canvassed in the Master Plan for the park is \$130 million funded from the NSW Government's Stronger Communities Fund, Section 7.11 development contributions and capital contributions from commercial arrangements.

Due to the size and scale of this capital project, a review of forecasted costs was undertaken by a specialist external consulting firm – Capital Insight. Their review concluded that the average asset life cycle costs were forecast at \$3.1 million per year upon completion of the project.

Further due diligence was exercised through a peer review of the capital and recurrent costs by specialist consulting firm, WT Australia. Their review validated the forecasts used in the Plan to be appropriate. Accordingly, Council's LTFP includes forecast recurrent costs of \$3.1 million per year which have been allocated in line with the most recent construction cash flow for the project. A \$1.4 million recurrent allocation is provided in 2026 and 2027, which increases to \$3.1 million from 2028 reflecting the timeline for the completion of key components at the park. These costs have not been included in Table 3.2 above however are included in the LTFP.

3.3 Asset Class: Roads & Road Infrastructure

3.3.1. PHYSICAL INDICATORS

At 30 June 2022, the net carrying amount of Council's road and road infrastructure assets was \$408.7 million. Based on data held in Council's asset register, the assets covered in this category include:

- 575km of sealed road pavement;
- 28km of unsealed road;
- 3km of dedicated cycleway;
- 390km of footpaths;
- Over 760km of constructed kerb & gutter;
- Over 15,000m² of public car parks; and
- 44 separate road bridge structures (including multi-cell road culverts).

Sealed roads represent the largest of the above asset categories by value. The condition of sealed roads is determined within the SMEC Pavement Management System via the production of a Pavement Condition Index (PCI) per segment of road. The PCI is calculated using physical parameters of the road surface as measured via independent contractors on a four-year rolling inspection program. Council is targeting an average PCI across the network of 8.2 as this corresponds to a condition 2 on Council's 1 to 5 scale, which is the desired level of service preferred by the community as discussed on page 5. Based on the most recent condition data held in the SMEC system, the network average PCI is shown in Figure 3.3.1 below:

FIGURE 3.3.1: SEALED ROADS - CONDITION PROFILE

Road Classification	Length (km)	Average PCI	Length-Weighted Average Network PCI
Sub-arterial	39.83	7.65	8.17 (8.2)
Collector	49.03	8.05	
Principal Local	108.29	7.84	
Local	377.92	8.34	

3.3.2. FINANCIAL POSITION

Table 3.3 below shows our assessment of the costs required to maintain all assets within our roads category, as well as the amount of funds available to cover these costs in our budget. Current funding levels in Council's LTFP are not sufficient to maintain required service levels.

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Budget (\$'000)	\$10,215	\$10,554	\$10,883	\$11,177	\$11,480	\$11,779	\$12,098	\$12,425	\$12,774	\$13,119
Operations & Maintenance	\$2,091	\$2,183	\$2,748	\$2,847	\$2,938	\$3,045	\$3,154	\$3,254	\$3,387	\$3,496
Capital Renewal	\$6,742	\$6,938	\$7,143	\$7,314	\$7,490	\$7,669	\$7,853	\$8,042	\$8,243	\$8,449
Acquisition	\$1,486	\$1,529	\$1,572	\$1,610	\$1,649	\$1,688	\$1,729	\$1,770	\$1,814	\$1,860
Forecast Exp. (\$'000)	\$10,319	\$10,650	\$11,463	\$11,771	\$12,077	\$12,402	\$12,736	\$13,066	\$13,444	\$13,805
Surplus/ Shortfall (\$'000):	-\$104	-\$96	-\$580	-\$594	-\$597	-\$623	-\$638	-\$641	-\$670	-\$686
Average Annual Funding Shortfall of ('000):										-\$523

It is noted that the PCI rating shown in Figure 3.3.1 shows that our road assets are currently meeting our target rating of 8.2. While this target is being met, a funding shortfall into the future has been identified due to the creation of new assets and future costs increases.

While difficult to quantify, we also expect extreme weather events to increase the ongoing maintenance cost of our road assets to cover the costs of remediating damaged assets. These type of weather events may also shift community expectations and result in the expectation of increased service standards.

3.4 Asset Class: Stormwater Drainage

3.4.1. PHYSICAL INDICATORS

At 30 June 2022, the net carrying amount of Council's stormwater drainage assets was \$439.6 million. The Drainage infrastructure asset class comprises a significant proportion of Council's overall asset portfolio by value. Drainage assets are generally underground in stable environments and as such are generally long-life assets, ranging from 50 to 150 years. Assets within the class include:

- Over 300km of concrete pipes and box culverts;
- Over 15km of open channels (earthen/concrete lined); and
- Over 18,500 individual pits and outlet structures (headwalls)

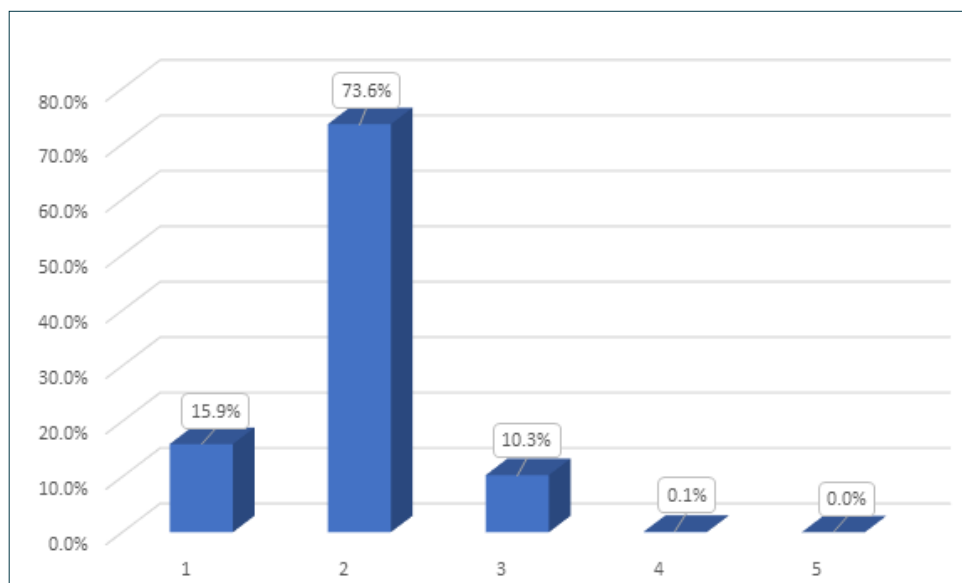
Drainage infrastructure is constructed to manage the flow of stormwater through both public and private property, usually discharging to natural creek lines and receiving waters. It is constructed within discrete "catchments" that are defined by topography, with water flowing from crests towards the outlet, or lowest point, of the catchment. These may then be divided further into sub-catchments which aggregate to form the overall catchment. Flows do not naturally pass between sub-catchments except to add flows to the "downstream catchment" at the outlet.

The pipe/culvert network are buried assets and similarly pits are often accessible through only a small opening and may be located in a hazardous environment for inspection access (e.g. roadside). All the constructed network, with the exception of open channels, are considered "confined spaces", with special requirements for access and inspections.

A large-scale identification of stormwater drainage infrastructure assets was undertaken by Council in the mid- to late-1990s. This included the identification of attributes such as pit/pipe size, material type, connections, condition and depth to invert (base of pit or internal base of pipe/culvert). Since the completion of this initial data collection project, Council has attempted, as funds are available, to continue a rolling program of re-survey and condition inspection of stormwater assets across the 12 major catchments/40 sub-catchments in the Shire. To increase the level of asset maturity in determining future drainage requirements, it is recommended that that additional funding is allocated for a regular rolling CCTV inspection program of the network.

Figure 3.4.1 below shows the current condition data from the PipePak system. A rating of 1 indicates excellent or very good condition whilst a rating of 5 indicates very poor condition. It is noted that work is being undertaken in the development of an Overland Flood Risk Management Strategy that may seek additional funding in respect to increasing drainage capacity. The outcomes from this strategy will need to be considered in a future revision of the Asset Management Strategy.

FIGURE 3.4.1: STORMWATER DRAINAGE ASSETS - CONDITION PROFILE



3.4.2. FINANCIAL POSITION

Figures 3.4.2 and 3.4.3 below show a shortfall in funding across each of the forecast years. Included within the required funding amount is an average of \$1.1m per year for capital works. Drainage projects are generally large-scale costly projects and as such the expectation is that this annual amount of \$1.1m will accrue each year so enough funding is available when large projects arise. Current funding levels in Council's LTFP are not sufficient to maintain required service levels.

FIGURE 3.4.2: STORMWATER DRAINAGE - ALL ASSETS -EXPENDITURE PROFILE

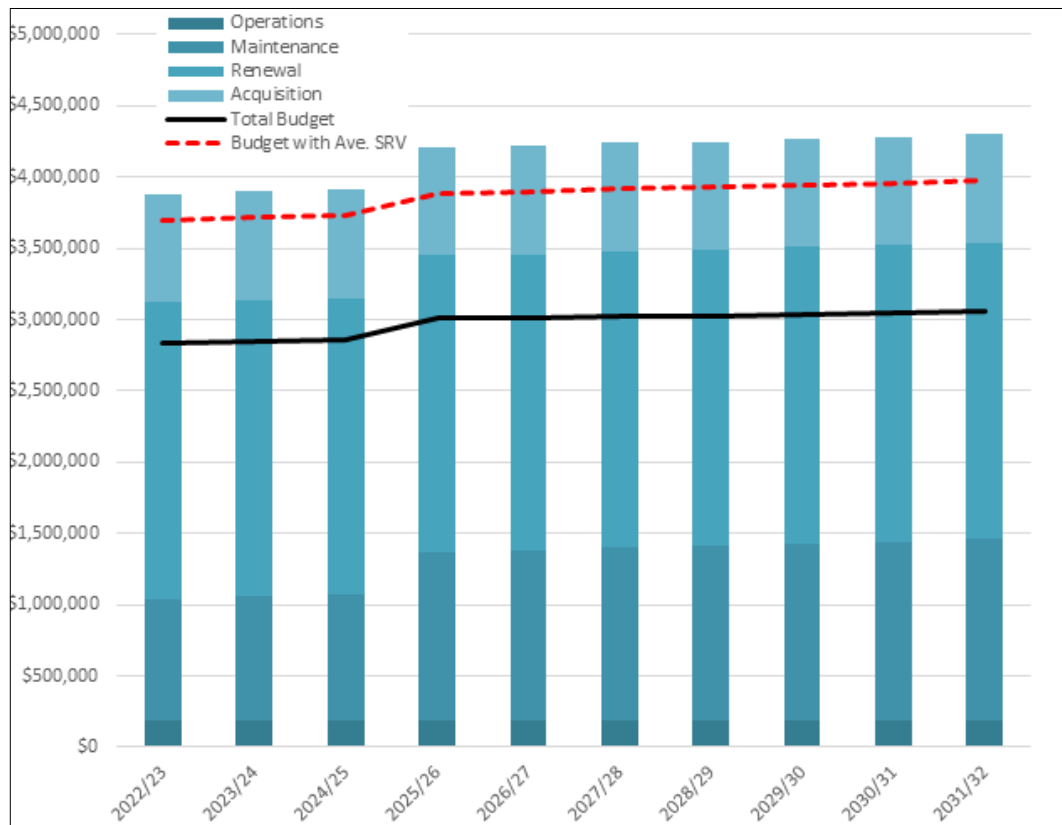


FIGURE 3.4.3: STORMWATER DRAINAGE – 22/23 TO 31/32 PROJECTIONS

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Budget (\$'000)	\$2,950	\$3,046	\$3,142	\$3,218	\$3,306	\$3,397	\$3,491	\$3,587	\$3,689	\$3,795
Operations & Maintenance	\$1,087	\$1,129	\$1,336	\$1,380	\$1,436	\$1,481	\$1,541	\$1,590	\$1,655	\$1,710
Capital Renewal	\$2,163	\$2,226	\$2,288	\$2,343	\$2,399	\$2,457	\$2,516	\$2,576	\$2,641	\$2,707
Acquisition	\$787	\$809	\$832	\$852	\$872	\$893	\$915	\$937	\$960	\$984
Forecast Exp. (\$'000)	\$4,037	\$4,164	\$4,456	\$4,575	\$4,707	\$4,831	\$4,972	\$5,103	\$5,256	\$5,401
Surplus/ Shortfall (\$'000):	-\$1,087	-\$1,118	-\$1,314	-\$1,357	-\$1,401	-\$1,434	-\$1,481	-\$1,516	-\$1,567	-\$1,606
Average Annual Funding Shortfall of ('000):										-\$1,388

While difficult to quantify, we also expect extreme weather events to increase the ongoing maintenance cost of our drainage assets to cover the costs of remediating damaged assets. These type of weather events may also shift community expectations and result in the expectation of increased service standards.

4. Funding through the Long Term Financial Plan

4.1 Forecast Methodology

The four major asset management plans are to take a “bottom-up” approach to their development and forecasting relies on community surveys that provide information in respect to desired levels of community service and technical levels of service. That is, the physical datasets are to be interrogated and, where able, given to external contractors for verification in the field. Based on the current condition, the needs of each asset class/type are to be estimated over the 10-year LTFP timeframe.

As discussed in section 3 above, we have improved our processes around asset data collection as well as maintenance and condition reporting. A selection of this data has been validation by external contractors, which increases our confidence in the long-term prediction of funding requirements to achieve and maintain the required levels of service for our asset classes.

Changes due to the adoption of the Asset Management – Roles & Responsibilities Determination have had an impact on the completeness of the data set held with SMEC. Meaningful forward works programs will not be able to be undertaken until a full reconciliation and additional survey for full confirmation of Council's full asset base has occurred.

Total asset values are forecast to increase as additional assets are added into service.

Additional assets will generally add to the operations and maintenance needs in the longer term, as well as the need for future renewal. Additional assets will also add to future depreciation forecasts.



4.2 Consolidated Outlook

Table 4.1 below shows the forecast shortfall in funding as identified across the four major Asset Classes in Section 3, and the average shortfall across the forecast period:

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Buildings	-\$538	-\$128	-\$252	-\$931	-\$2,388	-\$2,292	-\$602	-\$542	-\$442	-\$337
Roads & Road Infrastructure	-\$104	-\$96	-\$580	-\$594	-\$597	-\$623	-\$638	-\$641	-\$670	-\$686
Stormwater Drainage	-\$1,087	-\$1,118	-\$1,314	-\$1,357	-\$1,401	-\$1,434	-\$1,481	-\$1,516	-\$1,567	-\$1,606
Open Space & Land	-\$621	-\$724	-\$1,412	-\$942	-\$3,306	-\$1,023	-\$927	-\$1,109	-\$1,491	-\$1,684
Shortfall	-\$2,350	-\$2,066	-\$3,558	-\$3,824	-\$7,692	-\$5,372	-\$3,648	-\$3,808	-\$4,170	-\$4,313
Average Annual Funding Shortfall of ('000):										-\$4,080

Table 4.1 highlights that to achieve community desired service levels and technical service levels, there exists a deficit (shortfall) of **\$4.1m** per year on average over the LTFP between FY23/24 and FY32/33. This represents approximately just over 0.2% of the gross replacement cost of Council's asset base of approximately **\$2b**

4.3 Recommended Funding Approach

Section 3 above highlights increasing maintenance costs from an expanding asset base, while Section 4 above identifies funding shortfalls over the next 10 years. Given this, prudence is recommended in the decision to either:

- Increase the current asset base beyond that currently predicted, and/or
- Increase Levels of Service for current assets, incurring additional maintenance/operational/renewal financial requirements.

In order to maintain our asset base to a sufficient standard, it is recommended that additional funding be allocated in the LTFP to cover the funding shortfalls identified. To meet this funding shortfall, it would be appropriate for Council to consider a special rate variation as recommended in the LTFP.

4.4 Consequences

In order to maintain our asset base to a sufficient standard, it is recommended that additional funding be allocated in the LTFP to cover the funding shortfalls identified. To meet this funding shortfall, it would be appropriate for Council to consider a special rate variation as recommended in the LTFP.

- Deteriorating quality of existing assets (e.g.: reduction in road network condition);
- Inability to renew ageing assets;
- Inability to adequately maintain newly constructed assets; and
- Increased exposure of Council to litigation relating to deteriorating assets.

As noted in 4.3 above, in order to maintain our asset base to a sufficient standard it is recommended that additional funding be allocated in the Long Term Financial Plan to cover the identified funding shortfalls through a special rate variation.

Council's infrastructure asset ratios over the next ten years have been forecast below. Each ratio will fall below acceptable levels if the funding gap identified in this strategy is not addressed:

Indicator	Benchmark	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Asset Maintenance Ratio	>100%	73.21%	72.02%	74.43%	76.46%	77.74%	77.78%	77.87%	76.46%	77.74%	77.74%
Asset Renewals Ratio	>100%	86.24%	84.85%	83.49%	82.15%	80.84%	79.54%	78.27%	77.01%	75.78%	75.78%
Infrastructure Backlog Ratio	<2%	1.75%	1.95%	2.22%	2.71%	3.11%	3.50%	3.76%	4.14%	4.52%	4.52%



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NEED HELP?

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Chinese Simplified

需要帮助吗？

本文件包含了重要的信息。如果您有不理解之处，请致电 131 450 联系翻译与传译服务中心。请他们代您致电 9847 6666 联系 Hornsby 郡议会。郡议会工作时间为周一至周五，早上 8:30 - 下午 5 点。

Chinese Traditional

需要幫助嗎？

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German

Brauchen Sie Hilfe?

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Hindi

क्या आपको सहायता की आवश्यकता है?

इस दस्तावेज़ में महत्वपूर्ण जानकारी दी गई है। यदि आप इसे समझ न पाएँ, तो कृपया 131 450 पर अनुवाद और दुभाषिया सेवा को कॉल करें। उनसे हॉर्न्सबी शायर काउंसिल से संपर्क करने के लिए आपकी ओर से 9847 6666 पर फोन करने का निवेदन करें। काउंसिल के कार्यकाल का समय सोमवार से शुक्रवार, सुबह 8.30 बजे-शाम 5 बजे तक है।

Korean

도움이 필요하십니까?

본 문서에는 중요한 정보가 포함되어 있습니다. 이해가 되지 않는 내용이 있으시면, 통역번역서비스(Translating and Interpreting Service)로 전화하셔서(131 450번) 귀하를 대신하여 혼즈비 셔 카운슬에 전화(9847 6666번)를 걸어 달라고 요청하십시오. 카운슬의 업무시간은 월요일~금요일 오전 8시 30분~오후 5시입니다.

Tagalog

Kailangan ng tulong?

Itong dokumento ay naglalaman ng mahalagang impormasyon. Kung hindi ninyo naiintindihan, pakitawagan ang Serbisyo sa Pagsasalinwika at Pag-iinterpretar (Translating and Interpreting Service) sa 131 450. Hilingin sa kanilang tawagan ang 9847 6666 para sa inyo upang kontakin ang Hornsby Shire Council. Ang oras ng opisina ng Council ay Lunes hanggang Biyernes, 8.30n.u.-5n.h.

Farsi

نیاز به کمک دارید؟

این سند حاوی اطلاعات مهم می باشد. چنانچه آن را درک نمی کنید، لطفاً با خدمات ترجمه کتبی و شفاهی به شماره 131 450 تماس بگیرید. از آنها بخواهید از جانب شما با شماره 9847 6666 یا شورای شهر هورنزی شایر تماس بگیرند. ساعات کاری شورای شهر دوشنبه تا جمعه، از 8:30 صبح تا 5 بعدازظهر است.

Hornsby Shire Council
ABN 20 706 996 972

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Visit us

Hornsby Shire Council Administration Centre
296 Peats Ferry Road, Hornsby NSW 2077

Office hours: Please check the website for the latest opening hours for the Customer Service Centre and Duty Officer.

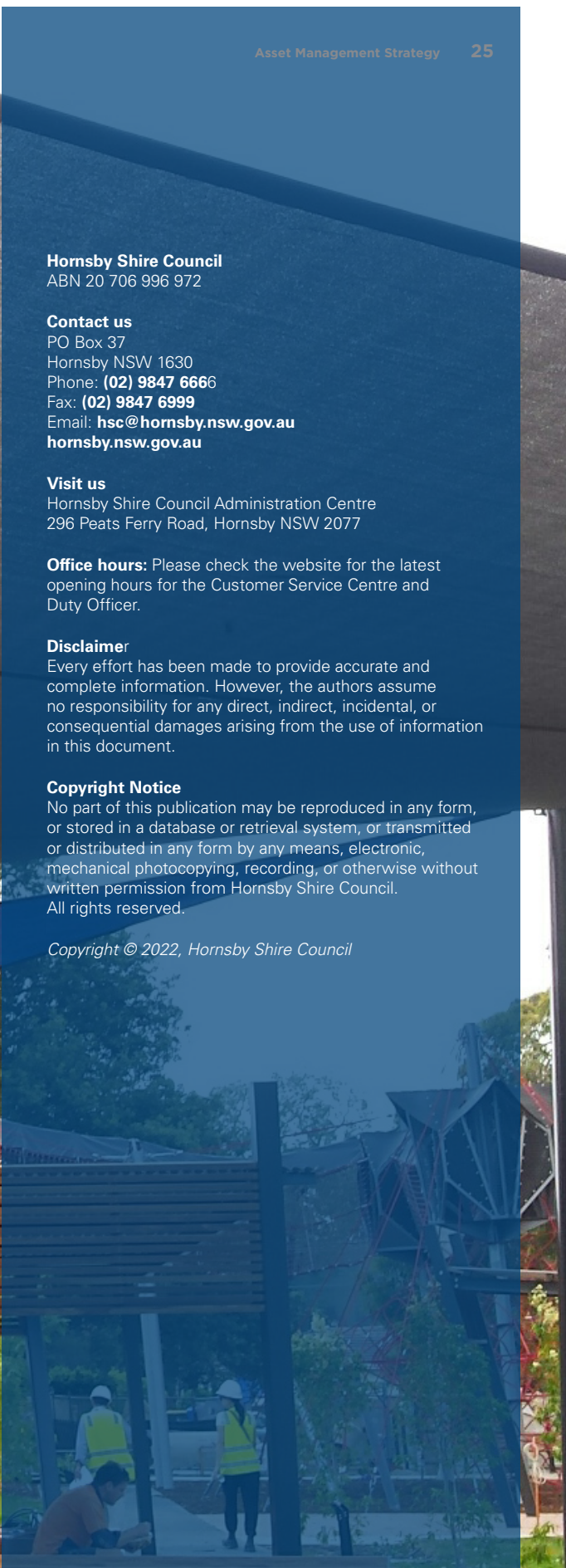
Disclaimer

Every effort has been made to provide accurate and complete information. However, the authors assume no responsibility for any direct, indirect, incidental, or consequential damages arising from the use of information in this document.

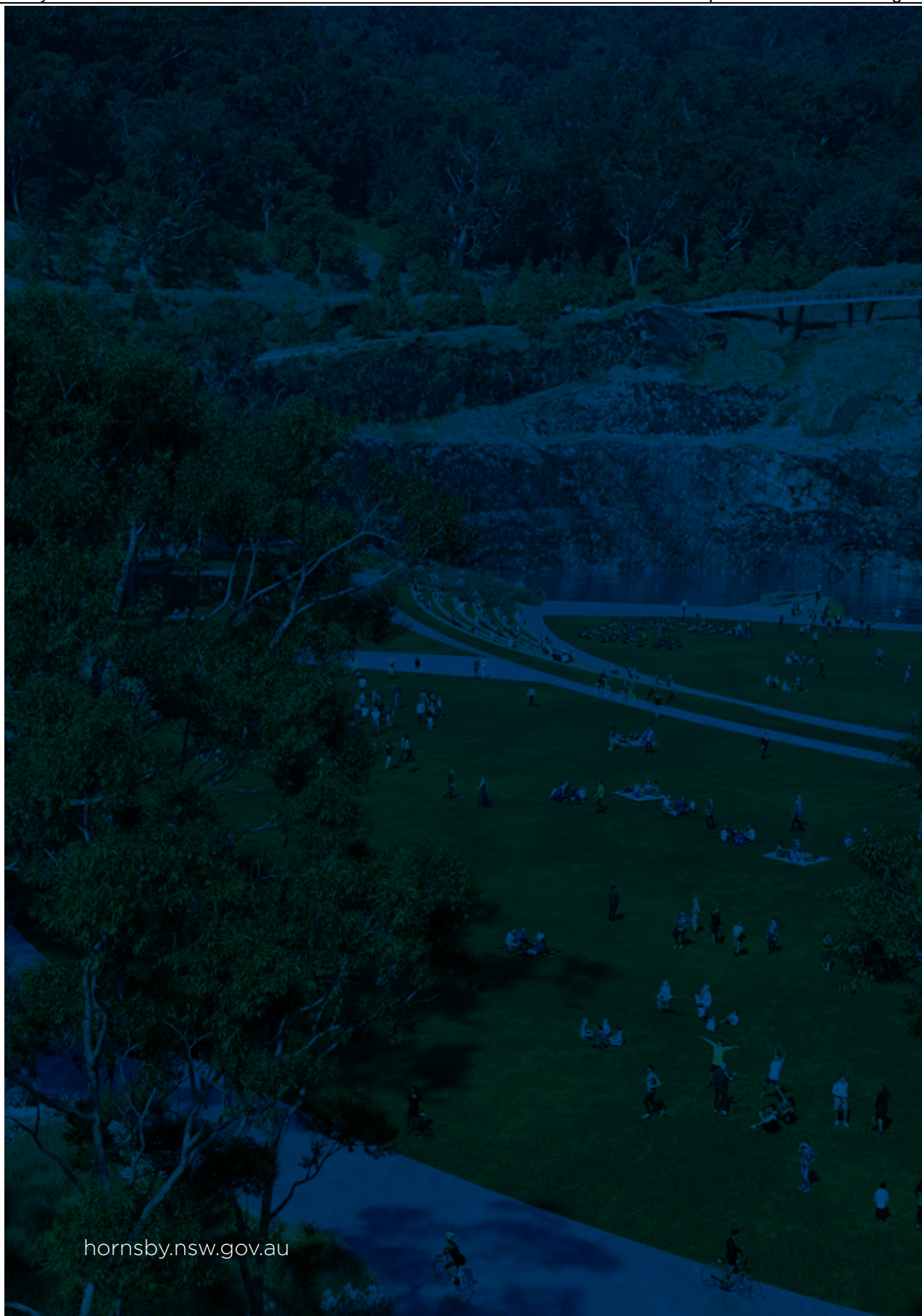
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Appendix G Presentation PowerPoint for Community Forums and Stakeholder Presentations: TWO x PowerPoint Presentations

Council delivered two presentations to the community. The first was the Community Roadshow presentation from senior council staff to the key community, residents and sporting groups and the second was the presentation delivered by Morrison Low, as an independent consultant, to the public forums.

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Community Roadshow Presentation

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BUILDING A STRONG FUTURE FOR HORNSBY SHIRE

HAVE YOUR SAY

PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 8 NOVEMBER 2022



 yoursay.hornsby.nsw.gov.au/srv



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TONIGHT'S AGENDA

- This update will cover:
 - Council's current financial position
 - The proposed SRV and what it will be used to fund
 - Impact on average rates
 - The SRV process and next steps.
- Opportunity to ask questions
- Where to find out more and make a formal submission



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SUSTAINABILITY CHALLENGES

- The 2016 boundary adjustment saw Council lose approximately \$10 million in revenue annually, with little reduction in services or service levels.
- The NSW Government provided \$90 million in capital grants for the redevelopment of Hornsby and Westleigh Parks as part compensation.
- With these developments coming online, Council must fund their ongoing operations and maintenance, as well as the capital renewal of these assets as they deteriorate.
- In general, the rate peg does not keep pace with cost increases councils incur.



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WHAT YOU HAVE TOLD US



LONG TERM FINANCIAL PLAN DEVELOPMENT

- Results from Community Surveys
- Allow for Hornsby and Westleigh Projects
- Continued provision of services
- Maintaining our assets to a satisfactory condition



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COMMUNITY FEEDBACK ON SERVICES AND CONDITIONS OF ASSETS

- **Quality of Life and Asset Management Survey – March 2020**
 - Measure progress with a range of Quality-of-Life statements against a 2017 baseline
 - Understand community aspirations for future improvements in Council's assets and infrastructure
- **Asset Management Workshops – November 2020**
 - Council's approach to asset management
 - Levels of service expected for particular asset classes and assets within the class
 - Approach to funding and resourcing asset management activities for current and future generations
- **Community Satisfaction Survey – April 2021**



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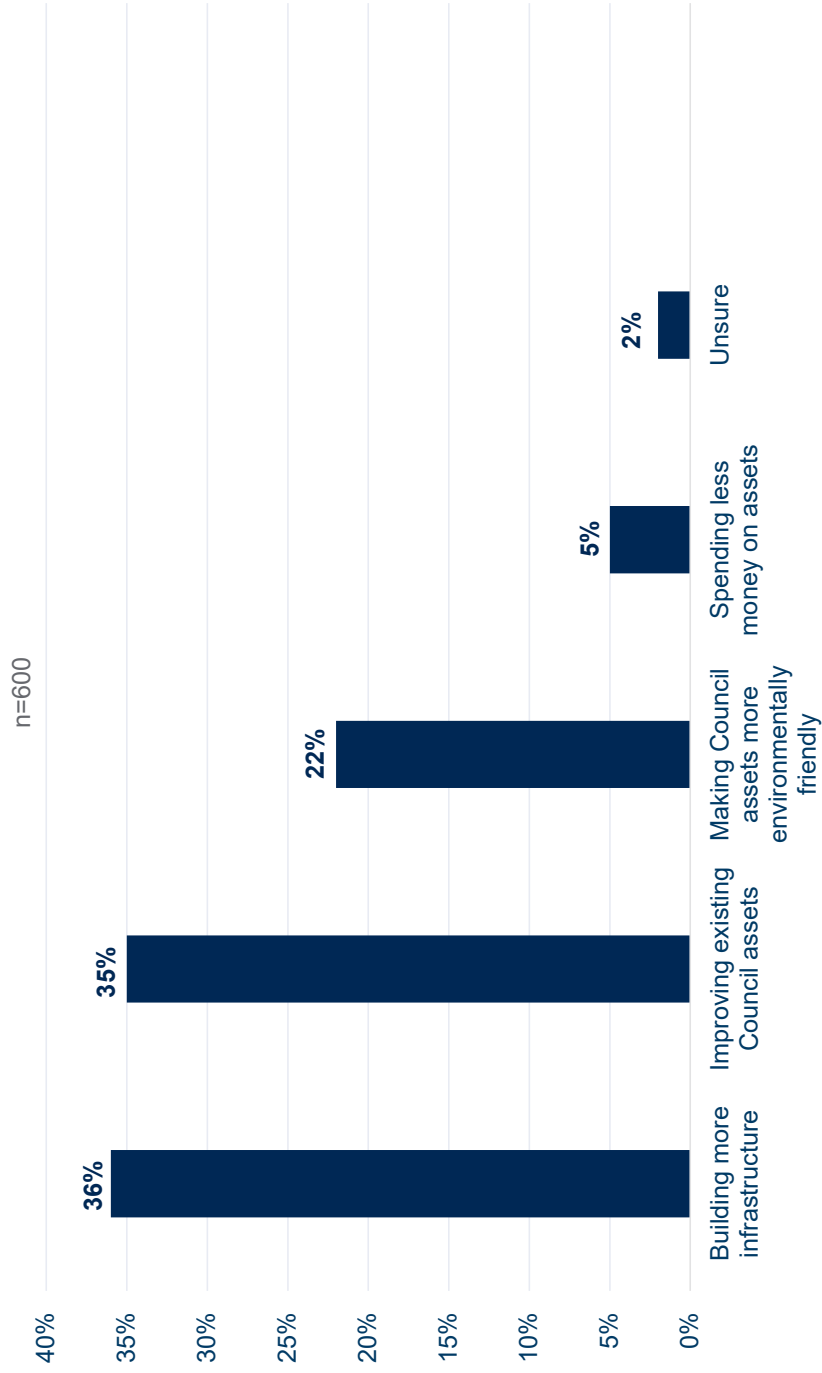
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What should be the greatest priority among the following?



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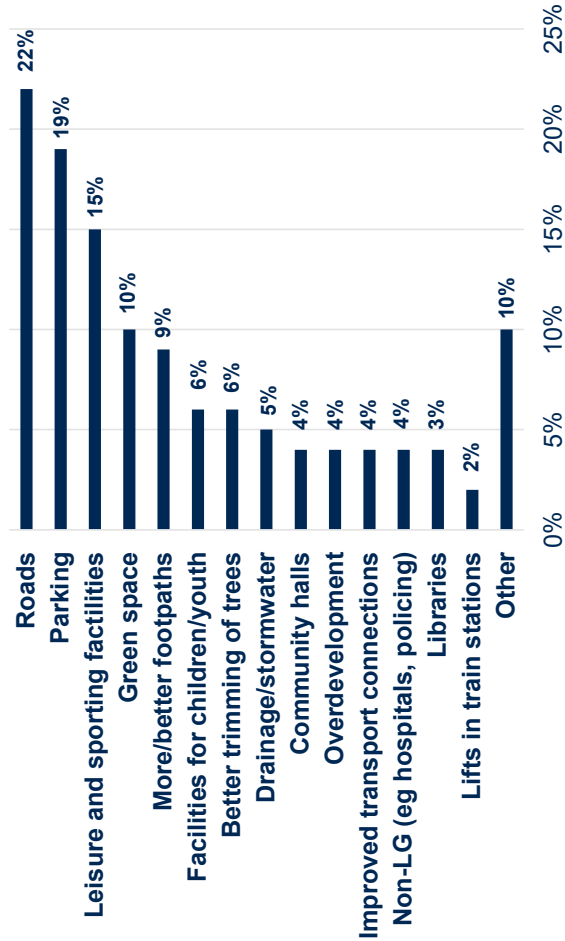
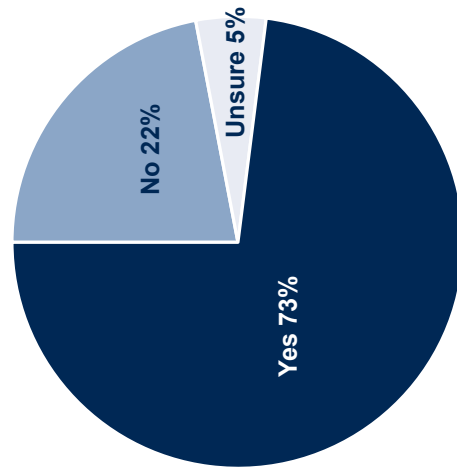


ASSET MANAGEMENT SURVEY

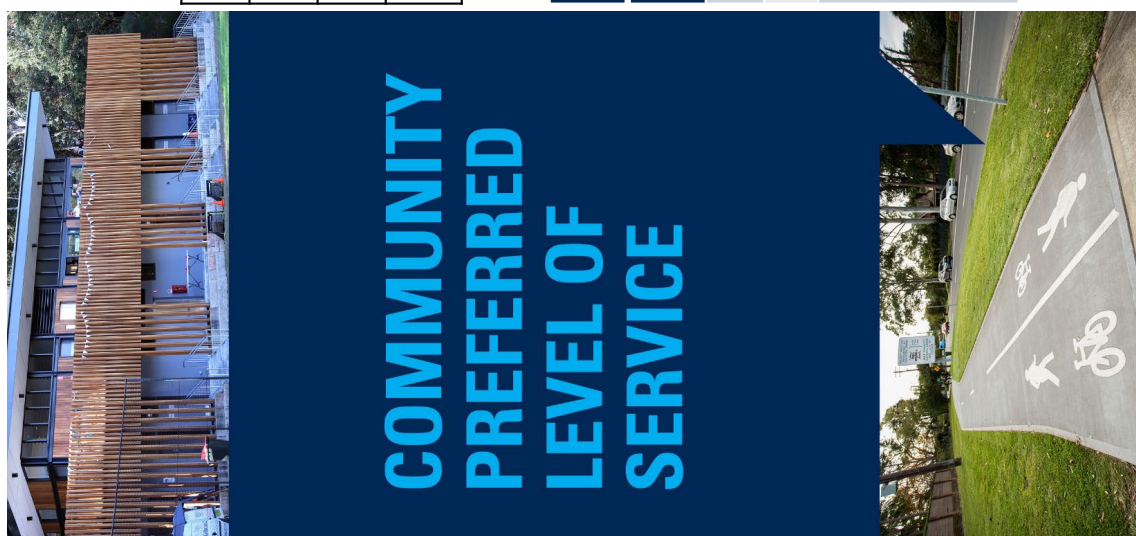
Council assets that need improvement



Can you think of any Council assets that need to be improved?



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1 Excellent/very good	High standard, no work required. Only ongoing maintenance.
2 Good	Meet the needs of the community with some minor maintenance.
3 Satisfactory	Requiring of some ongoing maintenance to maintain acceptable standard to the community.
4 Poor	Facility generally not meeting the needs of the community with regards to appearance, capacity, access or overall utility.

BUILDINGS		OPEN SPACE		ROADS & STORMWATER	
Asset type Listed by group priority	Preferred condition	Asset type Listed by group priority	Preferred condition	Asset type Listed by group priority	Preferred condition
1. Libraries	2	1. Sporting fields	2	Footpaths	2
2. Amenities buildings	2	Park facilities (e.g. bbq, tables)	2	1. Bridges (vehicular) Sealed roads and unsealed roads	2
Aquatic centres Community centres 3. Indoor sports stadium Council offices/administration Commercial/lease facilities	3	2. Park lighting Playgrounds	2	Carparks	3
		3. Street trees and trees in parks Formal gardens/landscaping Mountain bike tracks	3	2. Shared paths and cycleways Kerb & guttering Stormwater drainage	3

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ASSET MANAGEMENT STRATEGY FUNDING GAP

ADDITIONAL FUNDING	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	AVERAGE
ROADS, BRIDGES, FOOTPATHS	104,000	96,000	580,000	594,000	597,000	623,000	638,000	641,000	670,000	686,000	522,900
DRAINAGE	1,087,000	1,118,000	1,314,000	1,357,000	1,401,000	1,434,000	1,481,000	1,516,000	1,567,000	1,606,000	1,388,100
LAND IMPROVEMENTS	621,000	724,000	1,412,000	942,000	3,306,000	1,023,000	927,000	1,109,000	1,491,000	1,684,000	1,323,900
BUILDINGS	538,000	128,000	252,000	931,000	2,388,000	2,292,000	602,000	542,000	442,000	337,000	845,200
TOTAL	2,350,000	2,066,000	3,558,000	3,824,000	7,692,000	5,372,000	3,648,000	3,808,000	4,170,000	4,313,000	4,080,100



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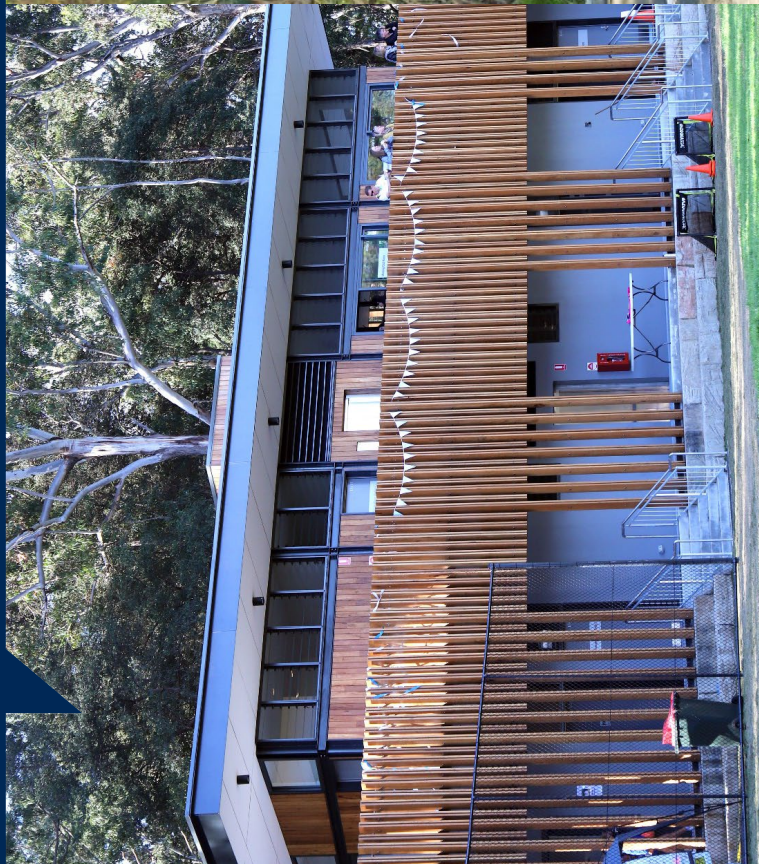


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BUILDINGS (SPECIALISED AND NON SPECIALISED)



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ROADS, BRIDGES & FOOTPATHS



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ROADS, BRIDGES & FOOTPATHS



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STRATEGIC INITIATIVES



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STRATEGIC PRIORITY INITIATIVES



- 36 strategies and plans completed over recent years
- Consistent themes and priorities identified by the community over many years
- Council has limited capacity to fund these initiatives
- 14 key initiatives identified for the next 10 years



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STRATEGIC PRIORITY INITIATIVES

\$67,257,886
over 10 years



Sustainable and resilient community –\$6,035,096

- Community Resilience Program - climate change adaptation and mitigation
- Bushfire risk mitigation
- Community Development Programs (e.g. social isolation – Hello Hornsby)



Planning for our future – \$1,000,000

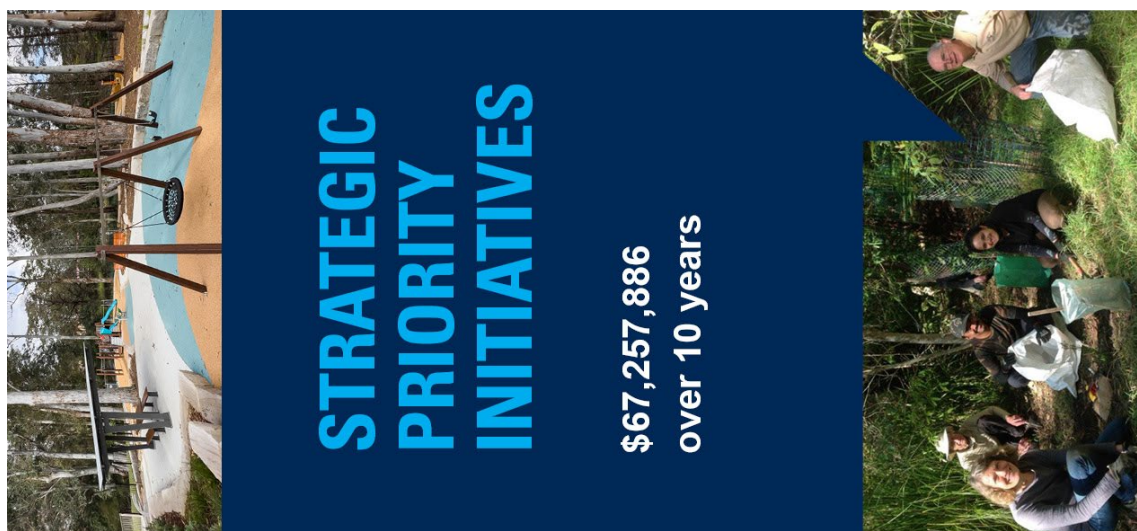
- Improve strategic planning, including developing the Pennant Hills Town Centre Master Plan and Place Plan



Upgrading your community infrastructure – \$30,807,000

- Renew our public amenities
- Community centre access and use upgrades
- Prioritised stormwater upgrades
- Improve sportsgrounds change rooms

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Connected walking and cycling paths – \$17,982,370

- Shared paths – footpaths and cycleways
- Track and trail upgrades for accessibility
- Track and trail maintenance



Protecting bushland and improving open space – \$10,283,419

- Bushland asset management
- Playground upgrades



Safeguarding our systems – \$1,150,000

- Providing better customer service, including enhanced cyber security

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RATE INCREASE REQUIRED AND FINANCIAL RESULTS



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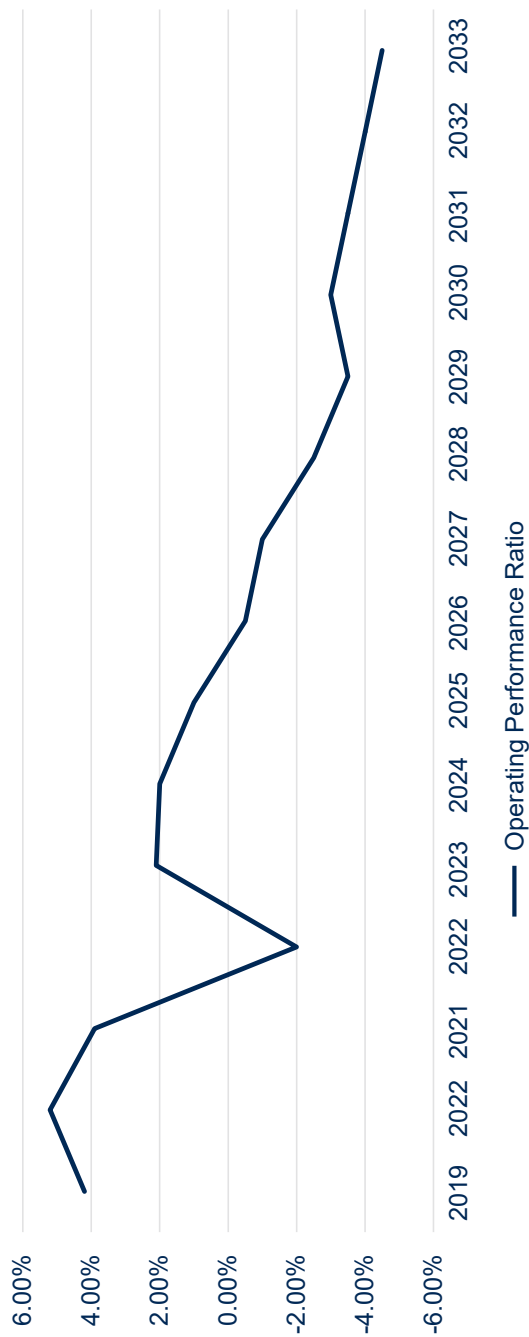
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IMPACT ON FINANCIAL SUSTAINABILITY – LTFP RESULTS

- The current high levels of inflation impacting the costs of the material and contracts that Council purchases to deliver services means that it can no longer keep expenditure contained at current levels and needs to forecast increases in line with inflation in its Long-Term Financial Plan (LTFP).
- This will have the impact of increasing deficits over the 10 year forecast period.



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ACTIONS TO CONTAIN COSTS AND INCREASE EFFICIENCY

- Over the last 10 years, Council has implemented a range of strategies to contain costs and find productivity gains, including:
 - A review of internal services in 2012 and external services in 2013
 - Vigilant budgetary management through the quarterly review process, identifying and ring-fencing savings throughout the financial year
 - Utilising savings achieved to reduce the need for debt to fund projects
 - A general freeze on any increase to non-labour operational expenditure unless grants and/or fees and charges could support an increase in 2014-15 and again in 2017-18.
- As a result, Council has delivered average of \$6.2 million per annum in ongoing savings and a further \$3.2 million in one off savings.
- Council is developing a program of regular service reviews to continue to ensure best value for money.



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PROPOSED SPECIAL RATE VARIATION

- Rates would rise by 8.5% in 2023/24, 7.5% in 2024/25, 6.5% in 2025/26 and 5.5% in 2026/27.
- Represents an increase of **31.05% (cumulative) staged over four years**, including the annual rate peg set by IPART, to ensure Council remains financially sustainable and to fund the proposed strategic initiatives.

	2023/24	2024/25	2025/26	2026/27	Cumulative
Permanent increase above the rate peg	4.80%	4.00%	3.50%	3.00%	
Forecasted rate peg	3.70%	3.50%	3.00%	2.50%	13.31%
Total increase	8.50%	7.50%	6.50%	5.50%	31.05%



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WHAT DOES THIS MEAN FOR RESIDENTS?

- The average residential rates will go from \$1,273 this year to \$1,668 at the end of the SRV rate increase, an total increase of \$395.

	2022/23	2023/24	2024/25	2025/26	2026/27	Cumulative increase
Annual Average Rates	\$1,272.79	\$1,380.98	\$1,484.55	\$1,581.05	\$1,668.01	\$395.21
Weekly Average rate increase		\$2.07	\$1.99	\$1.85	\$1.67	\$7.58



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COMPARATIVE RATING DATA



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22/23 RATE COMPARISONS

Category 7 Councils

NSROC Councils

Composition of the residential rate base



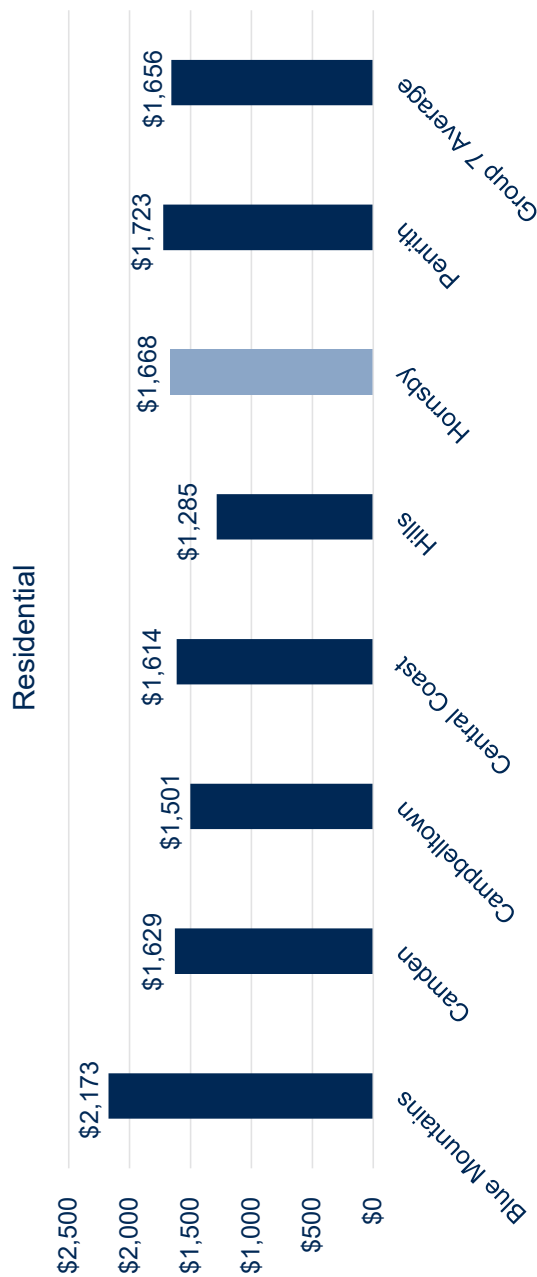
Cat 7 – Council Name	Average Residential Rate
Blue Mountains	\$1,917.62
Camden City Council	\$1,396.00
Campbelltown City Council	\$1,319.80
Central Coast	\$1,423.00
Hills Shire Council	\$1,129.43
Hornsby Shire Council	\$1,272.79
Penrith	\$1,520.82
Overall Average	\$1,425.64

NSROC Council Name	Average Residential Rate
Hornsby Shire Council	\$1,272.79
Hunters Hill	\$1,989.90
Ku-ring-gai	\$1,577.65
Lane Cove	\$1,286.00
Mosman	\$1,558.00
North Sydney	\$838.21
Ryde	\$1,066.12
Willoughby	\$1,048.19
Overall Average	\$1,329.61

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COMPARISON TO OTHER COUNCILS' RATES – RESIDENTIAL

Even with the proposed Special Rate Variation, Hornsby Shire Council's average rates remain close to the average of other comparable councils.



yoursay.hornsby.nsw.gov.au/srv



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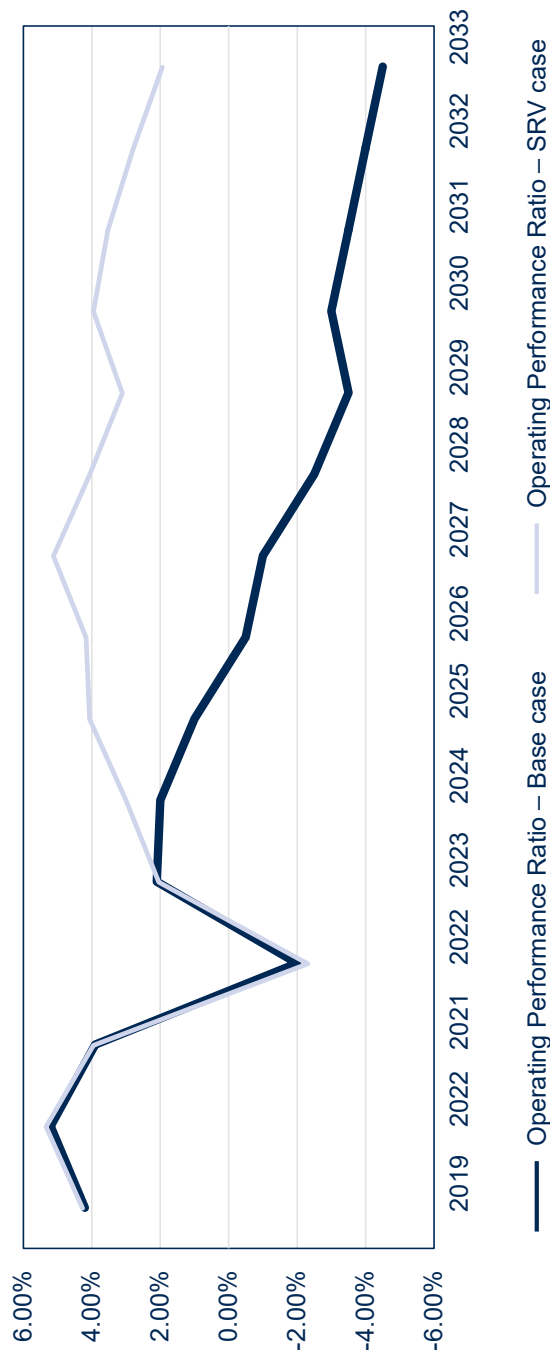
Email hsc@hornsby.nsw.gov.au



ATTACHMENT 1 - ITEM 1

WHAT DOES IT MEAN FOR COUNCIL?

The proposed special rate variation would enable Council to maintain a sustainable operating position and generate sufficient cash to maintain and renew its assets.



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WHAT HAPPENS NEXT

- **October & November 2022:** Community consultation on the SRV
- **November 2022:** Council will consider all submissions and decide on whether to proceed to apply for the SRV
- **February 2023:** Council lodges the SRV application (subject to above decision)
- **Between March and April 2023:** IPART invites submissions and evaluates the application
- **May 2023:** IPART makes its determination and Council determines if it will apply all or part of the approved SRV



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ATTACHMENT 1 - ITEM 1

HOW THE SRV WILL BE ASSESSED?

IPART assesses the SRV applications using the following criteria:

1. The **need and purpose** of a different rate path for the council's General Fund is clearly articulated and identified in council's IP&R documents
2. Evidence that the **community is aware** of the need for and the extend of a rate rise
3. The **impact on affected ratepayers** must be reasonable
4. The relevant **IP&R documents** must be exhibited, approved and adopted by Council
5. The IP&R documents or councils application must explain and quantify the **productivity improvements and cost containment strategies**
6. Any other matter that IPART considers relevant



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ATTACHMENT 1 - ITEM 1

WHERE TO FIND OUT MORE

- Visit our project page at yoursay.hornsby.nsw.gov.au to
 - Read the supporting documentation
 - Take a short survey
 - Register to attend a community forum:
 - Business Ratepayers | Monday 10 October | 6-8pm | Hornsby RSL
 - Community Ratepayers Forum | Monday 17 October, 6-8pm | Hornsby RSL
 - Open Community Forum | Tuesday 25 October, 6-8pm | Online
 - Community Drop-in Session (Mandarin, Korean and Farsi Interpreters available until 6pm) | Thursday 27 October, 1-8pm | Hornsby Library
- Provide a formal submission on the proposed SRV or Draft Long term Financial Plan – or both



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QUESTIONS



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ATTACHMENT 1 - ITEM 1

Public Forum Presentation



ATTACHMENT 1 - ITEM 1

Special Rate Variation – Community forum

Hornsby Shire Council

October 2022



ATTACHMENT 1 - ITEM 1



Prepared for:

Ref	Date	Version	Approving Director
7648	4 Oct	1	G Smith

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Introduction

- Who is Morrison Low?
 - We are a local government focused management consultancy with expertise in helping councils address sustainability challenges.
 - Morrison Low has reviewed Hornsby Shire Council's financial position and its long term financial plan.
- Purpose for today:
 - to inform you of the proposed Special Rate Variation (SRV) and the reasons for it
 - to provide you with an opportunity to ask questions to understand the SRV proposal.
- By the end of this meeting you should be more informed to develop and express your views on the SRV.

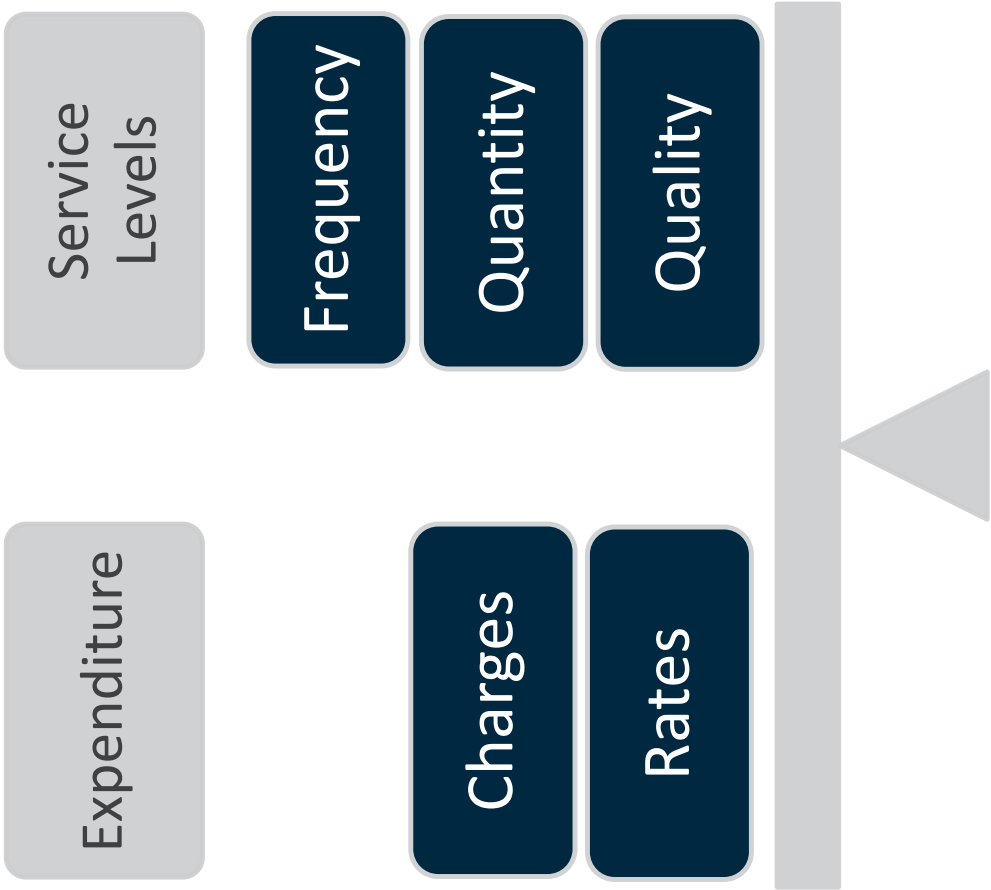
Today's process

- Presentation on the Council's current financial position, the proposed SRV and its impact on average rates.
- Opportunity to ask questions at the end of the presentation.
- This forum will cover:
 - Council's current financial position
 - The proposed SRV and what it will be used to fund
 - Impact on average rates
 - The SRV process and next steps.
- This forum is not intended to:
 - Review Council's Delivery Program or Community Strategic Plan
 - Make a decision on whether to apply for the SRV

Council must be financially sustainable

- The Local Government Act requires councils to apply sound financial management principles.
- S8(b) of the Act - Council spending should be responsible and sustainable, aligning general revenue and expenses.
- This includes:
 - achieving a **fully funded operating position**
 - maintaining **sufficient cash reserves**
 - having an appropriately **funded capital program**
 - **maintaining its asset base** 'fit for purpose'
 - having adequate resources to meet ongoing **compliance obligations**.
- **Not negotiable** - failure to meet these obligations can lead to NSW Office of Local Government intervention.

Balancing services with resources



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Sustainability challenges

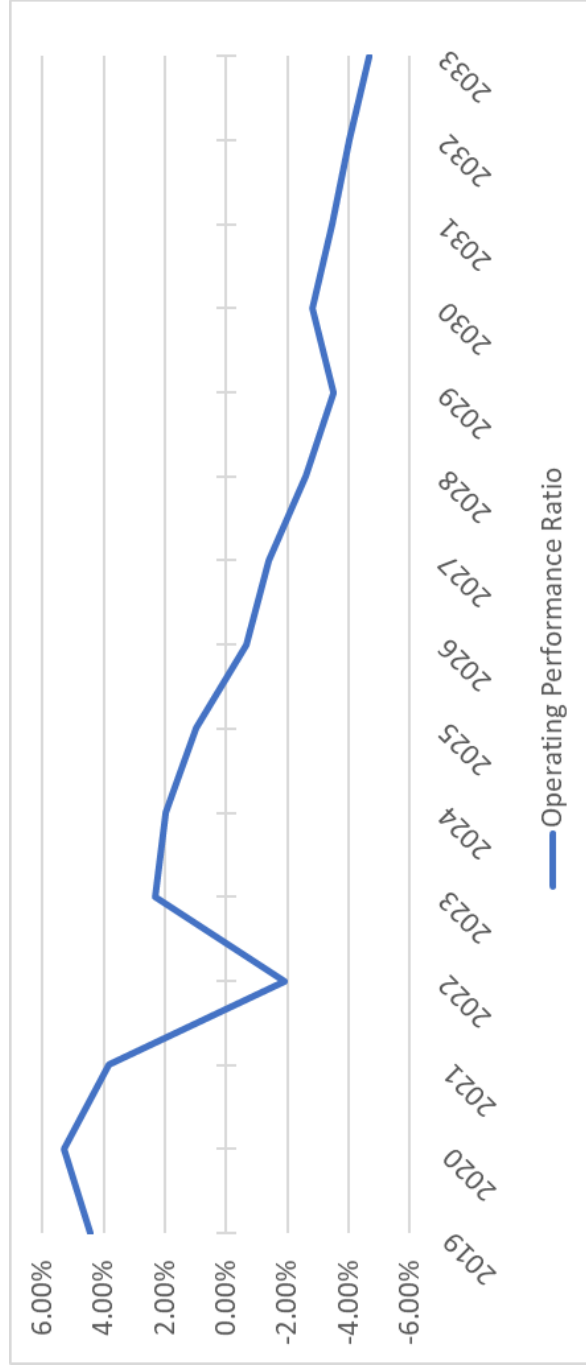
- The 2016 boundary adjustment saw Council lose approximately \$10 million in revenue, with little reduction in services or service levels.
- The NSW Government provided \$90 million in capital grants for the redevelopment of Hornsby and Westleigh Parks as part compensation.
- With these developments coming online, Council must fund their ongoing operations and maintenance, as well as the capital renewal of these assets as they deteriorate.
- In general, the rate peg does not keep pace with cost increases councils incur.
- Over its 10 year Long Term Financial Plan, Council has forecast an average rate peg of 2.8% pa. Over the same period, average wage growth is forecast at 3.3% pa, average growth in the costs of goods and services 2.6% pa and growth in depreciation is forecast at 4.2% pa.

Productivity and cost containment

- Over the last 10 years, Council has implemented a range of strategies to contain costs and find productivity gains, including:
 - A review of internal services in 2012 and external services in 2013.
 - Vigilant budgetary management through the quarterly review process, identifying and ring-fencing savings throughout the financial year.
 - Utilising savings achieved to reduce the need for debt to projects.
 - A general freeze on any increase to non-labour operational expenditure unless grants and/or fees and charges could support an increase in 2014-15 and again in 2017-18.
- As a result, Council has delivered an average of \$6.2 million per annum in ongoing savings and a further \$3.2 million in one off savings.
- Council is developing a program of regular service reviews to continue to ensure best value for money.

Operating result

- The current high levels of inflation impacting the costs of the materials and contracts that Council purchases to deliver services means that it can no longer keep expenditure contained at current levels and needs to forecast increases in line with inflation in its Long Term Financial Plan (LTFP).
- This will have the impact of increasing deficits over the 10 year forecast period.



Review of Long Term Financial Plan

- Council's review of its Long Term Financial Plan identified the need to take a number of actions to secure **long term financial stability**, including:
 - Continue to **deliver services at current levels** and ensure capacity to deal with future shocks (\$8.2 million pa over 10 years)
 - **Maintain current assets** at their fit for purpose level (\$4.1 million pa over 10 years)
 - **Maintain and renew major projects** like Hornsby Park (\$3.1 million pa from 2028 onward)
 - Deliver top priority strategic initiatives to ensure **sufficient future capacity of assets** and mitigate key risks (\$6.7 million pa over ten years)

Strategic initiatives

- Council identified 14 priority strategic initiatives with a total cost of \$67 million over 10 years, which will address the community's top ten issues.
- They deliver otherwise unfunded outcomes from 17 strategic documents covering all four themes in the Community Strategic Plan.

Program	Proposed total expenditure
Sustainable and resilient community	\$6,035,096
Planning for our future	\$1,000,000
Upgrading community infrastructure	\$30,807,000
Connected walking and cycling paths	\$17,982,370
Protecting bushland and improving open space	\$10,283,419
Improving our technology	\$1,150,000
Total	\$67,257,886

Proposed Special Rate Variation

- A cumulative special rate variation of **31.05%** over four years inclusive of the forecasted rate peg is proposed to ensure Council remains financially sustainable, maintains its assets to the required standard and to fund the proposed strategic initiatives.

	2023-24	2024-25	2025-26	2026-27	Cumulative
Permanent increase above the rate peg	4.80%	4.00%	3.50%	3.00%	16.19%
Forecasted rate peg	3.70%	3.50%	3.00%	2.50%	13.31%
Total increase	8.50%	7.50%	6.50%	5.50%	31.05%

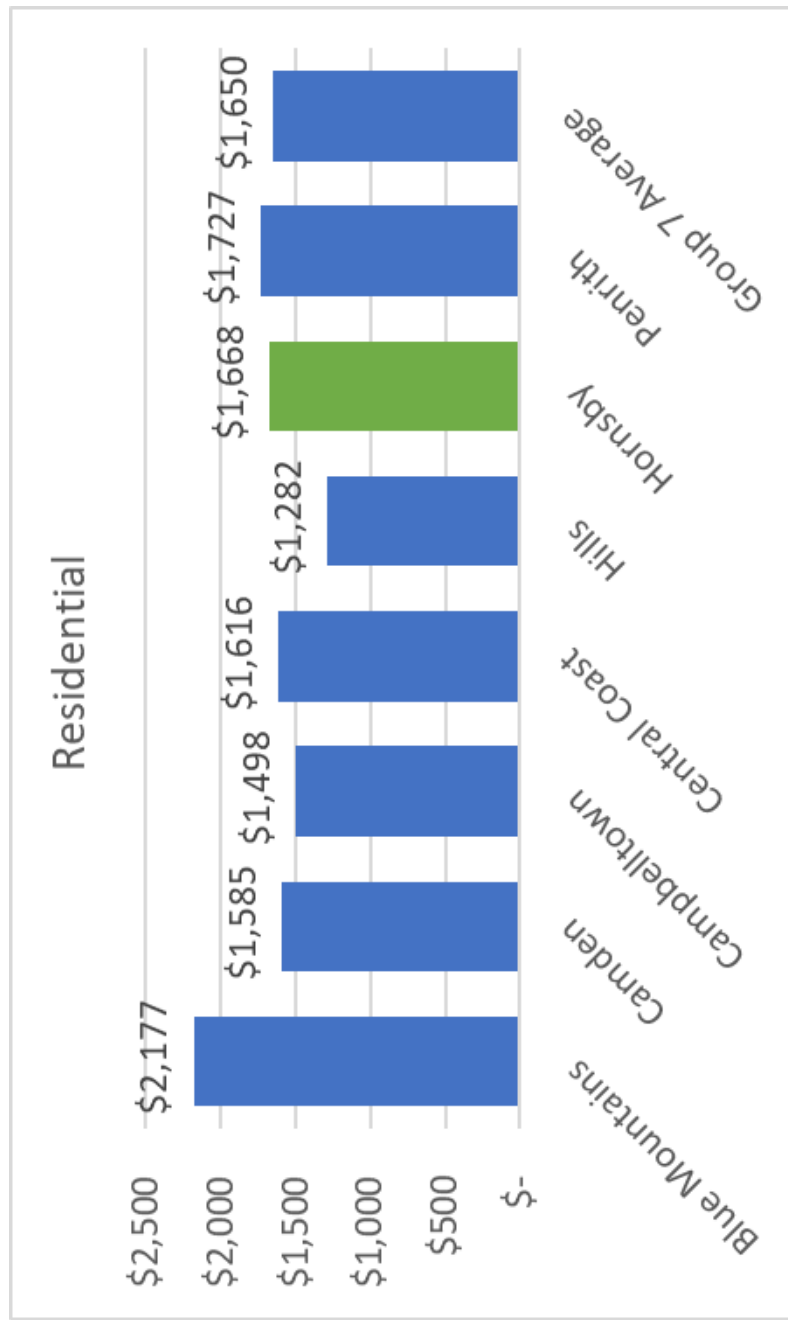
What does this mean for residents?

- The average residential rates will go from \$1,273 this year to \$1,668 at the end of the SRV rate increase, a total increase of \$395.

	2022-23	2023-24	2024-25	2025-26	2026/27	Cumulative increase
Annual average rates	\$1,272.79	\$1,380.98	\$1,484.55	\$1,581.05	\$1,668.01	\$395.21
Weekly average rate increase		\$2.07	\$1.99	\$1.85	\$1.67	\$7.58

Comparison to other councils – residential

- Even with the proposed Special Rate Variation, Council's average rates remains close to the average of other comparable councils.



What does this mean for businesses?

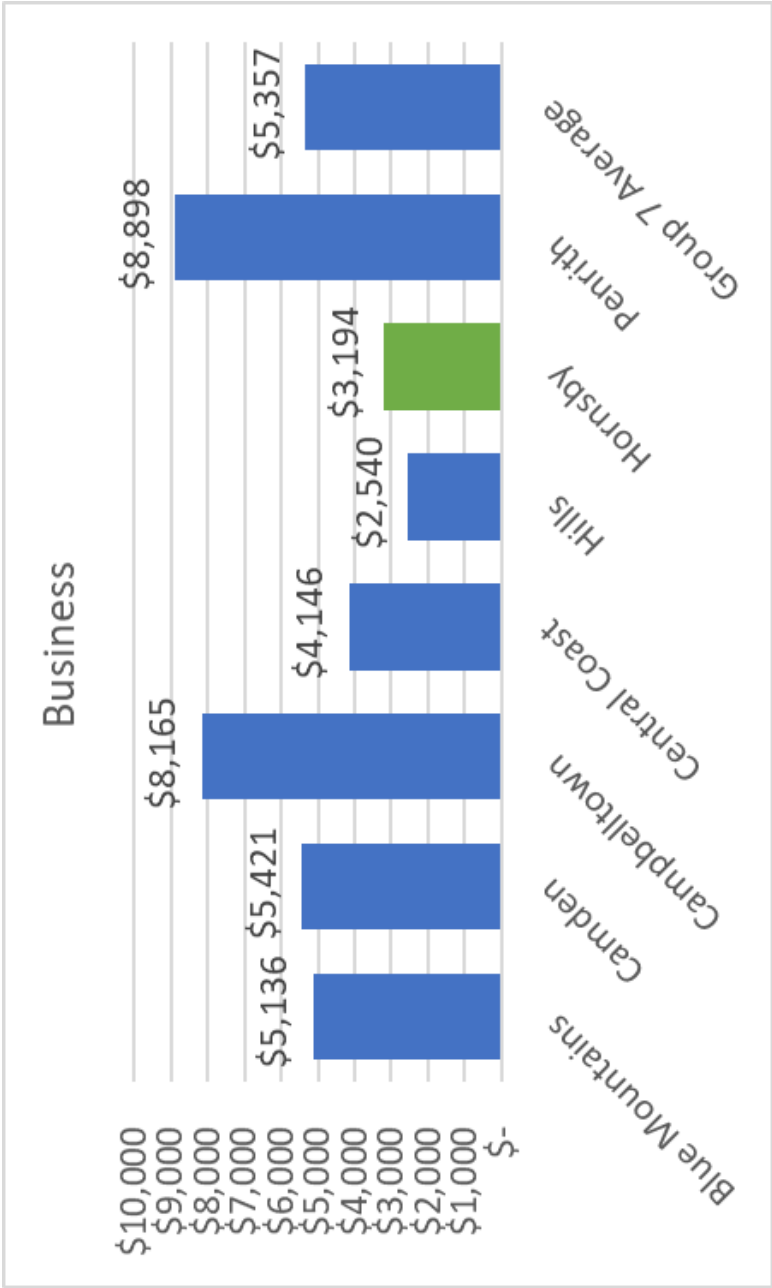
- The average business rates will go from \$2,437 this year to \$3,194 at the end of the SRV rate increase, a total increase of \$757.

	2022-23	2023-24	2024-25	2025-26	2026/27	Cumulative increase
Annual average rates	\$2,437.00	\$2,644.15	\$2,842.46	\$3,027.22	\$3,193.71	\$756.71
Weekly average rate increase		\$3.97	\$3.80	\$3.54	\$3.19	\$14.51



Comparison to other councils - business

- Even after the proposed Special Rate Variation, Council’s business rates remains significantly below the average of other comparable councils.



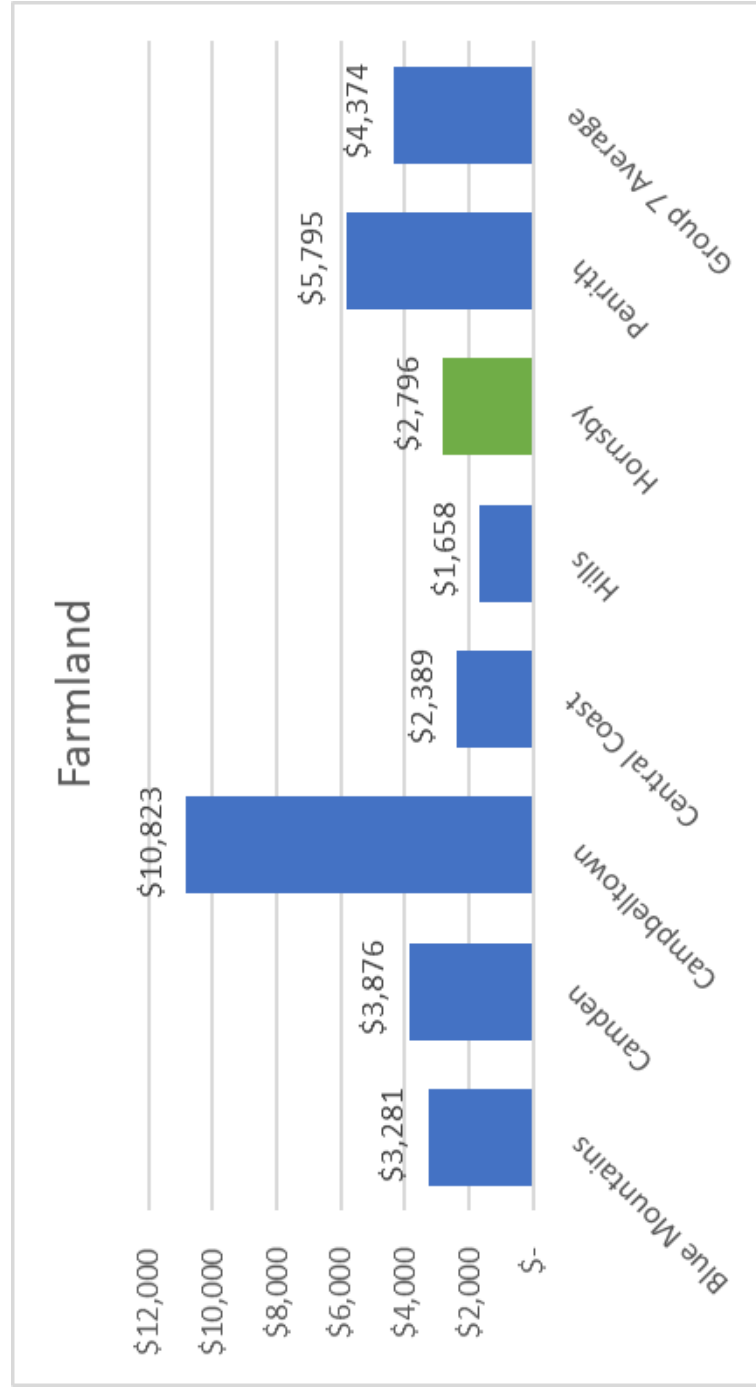
What does this mean for farmland?

- The average farmland rates will go from \$2,134 this year to \$2,796 at the end of the SRV rate increase, a total increase of \$623.

	2022-23	2023-24	2024-25	2025-26	2026/27	Cumulative increase
Annual average rates	\$2,133.64	\$2,315.00	\$2,488.63	\$2,650.39	\$2,796.16	\$622.52
Weekly average rate increase		\$3.48	\$3.33	\$3.10	\$2.80	\$12.71

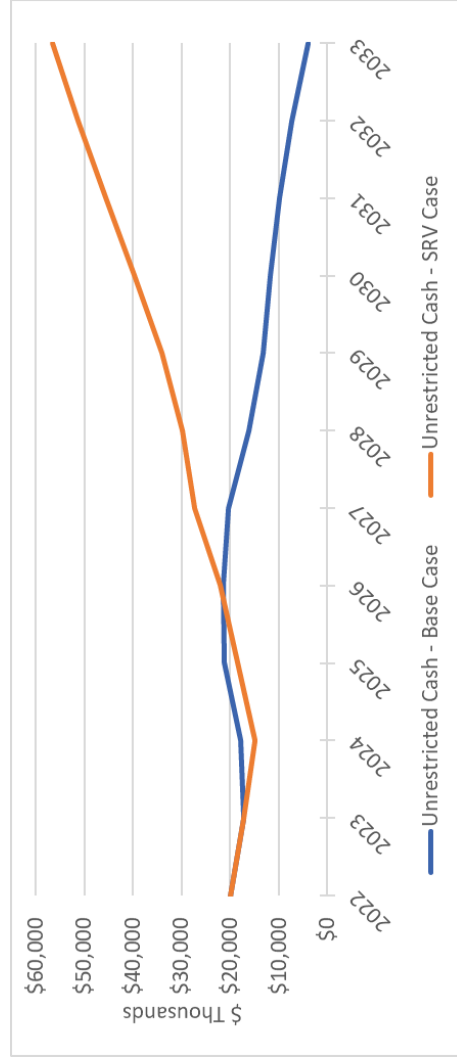
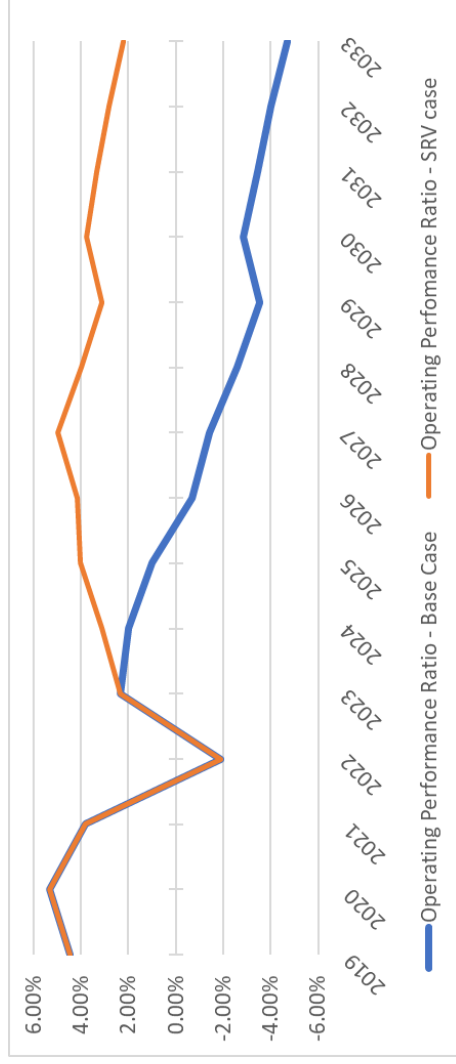
Comparison to other councils – farmland

- Even after the proposed Special Rate Variation, Council's farmland rates remains significantly below the average of other comparable councils.



What does it mean for Council?

- The proposed Special Rate Variation would enable Council to maintain a sustainable operating position and generate sufficient cash to maintain and renew its assets.



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What happens next

- **October & November 2022:** Community consultation on the SRV.
- **November 2022:** Council will consider all submissions and decide on whether to proceed to apply for the SRV.
- **February 2023:** Council lodges the SRV application (subject to above decision).
- **Between March and April 2023:** IPART invites submissions and evaluates the application.
- **May 2023:** IPART makes its determination and Council determines if it will apply all or part of the approved SRV.

How the SRV will be assessed?

IPART assesses the SRV applications using the following criteria:

1. The **need and purpose** of a different rate path for the council's General Fund is clearly articulated and identified in the council's IP&R documents.
2. Evidence that the **community is aware** of the need for and the extent of a rate rise.
3. The **impact on affected ratepayers** must be reasonable.
4. The relevant **IP&R documents** must be exhibited, approved and adopted by the council.
5. The IP&R documents or the councils application must explain and quantify the **productivity improvements and cost containment** strategies.
6. Any other matter that IPART considers relevant.

How to have your say?

- Visit Council's Have Your Say page at <https://yoursay.hornsby.nsw.gov.au/srv>

to:

- read the supporting documentation and FAQs
- take a short survey
- provide a formal submission on the SRV and/or the updated Long

Term Financial Plan.

- Public forums:

- ✓ Business Community Forum | 10 October 2022 6-8pm | Hornsby RSL
- ✓ Community Forum | 17 October 2022 6-8pm | Hornsby RSL
- ✓ Community Forum | 25 October, 6-8pm | Online
- ✓ Drop-in Session (all ratepayers and residents) | 27 October | 1-8pm |

Hornsby Library

(interpreters in Mandarin, Korean and Farsi available between 1-6pm)

- Additional Community Forum | 31 October, 6-8pm | Hornsby RSL

Questions





Appendix H Examples of Comments and Feedback from Submissions

Examples of supportive submissions

Supportive of the proposed SRV:

As rate payers of Cheltenham we support the proposal to implement the special rate variation process. We enjoy living in an area where environmental, community and infrastructure programs can be implemented effectively and accept that if we pay higher rates(taxes) a better outcome can be achieved.

I write to you in 100% support of the Special Rates Variation the Council has recommended. ...Also, I have been able to conclude to date that there has been prudent and balanced expenditure across all areas of need in the Shire. This includes taking into account requests and recommendations by community members at Council meetings. The rate variation will enable many ongoing works and projects to continue.

In the presentation I attended and from my reading of documentation, the projected income shortfall clearly requires a plan to meet current and sensible future needs of the community. I believe this to be wise and prudent. This is because my preference would not be for the Council to go into administration as has happened elsewhere in Sydney, or in years to come be broken up between adjacent council areas. The variation is fair in that it is modest in cost, a suggestion in the best interests of the community and is staged over a number of years. Furthermore, on closer examination it includes the normal yearly CPI increase and a graduated additional increase over a number of years.

As for all increases in cost-of-living people are generally unhappy with accepting this and it would not surprise me in the current climate if there were many people struggling and cannot afford to have an increase. From the WWBA's point of view the best time for an increase is now before the council falls behind and into a negative balance sheet if this happens, we all must pay anyway. The Hornsby Council have several promises to fulfill to the local Hornsby residence and the only way we see that the HSC can do this is by increasing rates. The WWBA and its associate members represent over 24 local sporting, schools, and associations with members in the many thousands, we also have directly 850 residents who personally signed up to our group. The WWBA job is to represent our community and to ensure the proper development of Westleigh Park proceeds, with out the SRV we cannot achieve this, so we support the council and the proposal for SRV increase.

I hope that Hornsby Council, its Councillors and IPART give a healthy respect for the massive silent majority that will be staying at home, passively accepting the SRV, but not completing any survey or attending a meeting. Most of my friends and neighbours are in this silent majority, they received a note or two in the mail, and an email and saw a few posts on Facebook, Instagram and WhatsApp informing them of the SRV, they passively accept it and will not make the effort to complete a survey or attend a meeting.

On behalf of Bike North I commend Hornsby Council for its ongoing support for the maintenance and extension of active transport infrastructure in Hornsby Shire in recent times. In the context of Council's proposal to apply to IPART for a special rate variation (SRV) Bike North also notes that a small component of the extra revenue Council hopes to receive, if its proposal is approved, will enable Council to invest in safe, accessible and attractive pedestrian paths, crossings, cycleways, bicycle parking and supporting infrastructure. Bike North therefore wishes to place on record its wholehearted support for this aspect of the proposed SRV application, in accordance with our commitment to the improvement of active transport options everywhere in the north of the Sydney Metropolitan area.



Supportive but subject to conditions:

In principle I am broadly supportive of the special rate variation. I believe Hornsby Council to be easily the best council area I have ever lived in and I have enjoyed many of it's free services such as the library, native plant give aways, chipping for mulch days, the recycling centre, the upgraded playgrounds in my area and so on.

Any increase in rate should come with a corresponding improved and better services.

To summarise I would be happy to pay a rate rise BUT ONLY if dog owners in this shire were given a fair go.

While I don't mind the mild further increase in rates, I do require us to see something from them!!

Given the current economic situation I do not feel council should be prioritising "special initiatives" but should be concentration on those projects that are an absolute requirement...Priority should be given to basic infrastructure rather than special initiatives such as road repairs and upgrades.

Council can and should be able to better able to manage its finances, and/or simply say no to some lesser essential wish list items.

I understand you have a list of what ratepayers have told you is important, but Council needs to manage expenditure within its means and ratepayers need to manage their expectations accordingly.

Of course rates need to increase to some degree but 31% is too steep. My recommendations going forward would be;

- Reprioritise projects and delay the start of some*
- Review whether any of the projects could be partially scaled back*
- Senior council staff consider a salary reduction*
- Council look at whether any of the priorities could be partially funded through grants, costs shared with businesses etc.*

We agree a reasonable increase, say 50% increase instead of more than 220% increase which is too much high. I don't object the increase, but strongly object the proposed SRV rate which is completely not reasonable.

Of course rates need to increase to some degree but 31% is too steep.

I am receptive to a fair rate increase in order for Council to meet its financial obligations but not at such rates and certainly not at this moment in time.

Therefore, I would strongly recommend that council go to IPART with a reduced target increase, say 12%-15% over the 4 year period, with a corresponding reduction in capital spend budget and NOT the currently proposed 31%.

Berowra/Berowra Heights Residents and those living north of Hornsby have paid more than their share for Facilities and Services. So any chance HSC will compensate those oldies living north of Hornsby for their many financial contributions to Hornsby Shire. Maybe build the Berowra Pool or Indoor Sports centre. Or a rate reduction. To conclude. I am in favour of the proposed increases in environmental and active transport spending and if HSC could come up with an iron clad guarantee there, would be a fair share of the resources and residents were involved in the actual decision making I could support it. However I'm not sure HSC could do that.



Opposing submissions – Common Themes

The following section describes the common themes from the submissions, with a sample of feedback for each theme to illustrate the sentiment.

Theme: Unaffordability, SRV increase is too high – cost of living pressures, inflation, interest rate, economic conditions, energy bills, rent rise, mortgages

The proposed increases are totally unacceptable.

I feel that a cumulative rate increase of 31.05% over 4 years is too steep. I base this opinion on;

- *Rising energy prices associated with the war in Ukraine*
- *Rising petrol prices and the cessation of the withdrawn fuel subsidy*
- *Multiple interest rate rises for people with mortgages*
- *Predicted substantial increases in food prices associated with the floods.*

The escalation of rates is a very significant burden on ratepayers already faced with many increases in this post Covid times such as energy costs, health insurance costs and various other rises.

With the cost of living rising exponentially in the current time I would like to understand how this extra cost will provide any benefit to where I live in the council area. Can you advise what you are providing for the Dural area in this special levy?

As interest rates rise, cost of living increases I think you should seriously think if a 30% rise is the right time for the best interests of your community.

A huge amount of people will be doing it very tough for a few years.

A proposed increase of another 31.05% over the next 4 years would be just another 'cost of living burden' on rate payers already struggling with significant increases in home loan interest rates, fuel, and most daily necessities.

We simply cannot afford to add your 31.5% to all the other increases including power etc.

I strongly disagree SRV, reasons as following:

- * many families are hit by covid19*
- * many families suffered as inflation flies*
- * strong pressure of home loan as interest rates higher each month*
- I appreciate if you could hold SRV for another 5 years at least.*

Working people & families finding it difficult already to meet all the commitments and payments associated with daily living.

There is not a one person who could say they received 8.5% rise in salary or pension, rather in the region of 2.5% if they were lucky.

It is disgraceful to propose such a large rates increase. when people already struggling. CPI Index is only 2.8%+.

We simply will not afford these changes to our already planned financial position in these tough times.

With all the prices going up and interest rates constantly increasing, as a single mother, I can barely make ends meet.... Sorry can't afford the SRV.



In this current climate of inflation, mortgage increases, prices for most things going up, now is NOT the time to have such a steep increase in rates... If we can't afford it, don't do it! I am firmly against this SRV increase.

As a rate paying resident I would like to vote AGAINST the special rate variation due to following reasons:

- the increasing cost of living and hardships associated with that to put bread on the table*
- the pressures created by increasing interest rates and higher home loan repayments*
- salaries not catching up with the increases in cost of living*

It is impossible to accept this proposal based on the current cost of living increases we have had to accept.

I believe, that at this point in time, with all the 'cost of living' pressures we are incurring, that to burden many of us with an additional increase in our rates is not something that should be entertained. The 'usual' annual rate increase places enough pressure as it is... We have had over two years of stress with Covid and lockdowns and now with the economic outlook both here and throughout the world not looking good, this additional rate rise is the last thing we should have to burden ourselves with.

It is disturbing that Council seeks this proposal following almost 3 years of Covid disruptions and lock downs, and now increasing inflation and rising energy prices. This is a crisis time for small business owners.

As stated at the meeting, I am against any rate increase at this time.

After so many years of plenty, we have been warned by many people in important positions in financial organisations such as the World Bank, IMF, Australian Reserve Bank, Federal Treasury etc to expect a large percentage of inflation and other difficulties with the economy.

If you have stayed in tune to what is happening in western countries and the wider world you would be proposing rate relief. Inflation rates, mortgage stress, insurance increases, food prices, transport costs etc. are quickly leading us down the path to a recession.

Given the current financial climate now is not the time to be adding financial pressure to households. Residents of Hornsby shire are already facing increasing interest rates, inflation and cost of living pressures, and a looming recession. An increase of over 30% is huge even in times of prosperity. Delay the increase in rates to a more suitable time and adopt a more frugal approach in the interim as the general population has been expected to in order to curb inflation... In this economic setting we believe that is an excessive, indulgent and totally unreasonable position that the Council proposes the rate be increased by cumulative 31.1% notwithstanding the merits or otherwise of the budgeted outlays and wish list it might have. It is difficult to believe that a council should expect to be isolated from the real world and not be asked to trim their expectations to what is a reasonable impost on the ratepayers.

Theme: Harder impact of the SRV on retirees, pensioners, the elderly

I am totally against this increase and it is totally unaffordable. With inflation and cost of living already so high and still going up, this increase by you is atrocious and uncalled for? ... We are senior citizen and self funded retirees, how can we afford this increase.

Just where does the Council expect pensioners to get the funds to pay a 30% increase in rates.

As a pensioner it is already impossible to keep up with all the rises in costs and nothing seems to rise what we are told is the inflation rate but always a lot more.



I do not understand how the council expects the elderly on a fixed income to come up with the extra 31.5%? Pensioner discount on rates is just barely above 10% as it is... Please build a caravan park for us to move to. We will ask the kids to buy us a tent for Christmas.

Self-funded retirees as I am, are struggling to keep afloat and pay the bills, be it Electricity, Water and Council Rates which have been steadily increasing over the last years . Not to mention the cost of basic living expenses for food.

I find Council Rates very high already. For a sole pensioner living alone on the property where rates have been paid for more than 60 years an increase will be a cost that is hard to pay. Please consider ratepayers in my situation in your consultation. Thank you.

Being a pensioner and without the pension increasing to cover every price rise we are experiencing we are doing a dis-service to the whole local community. There are many family already struggling.

Added to this we are pensioners and have a limited income. Yes, we do receive a concession on our rates but still find it increasingly difficult to meet all our expenses. We don't want to be forced to leave our family home and our familiar surrounds at this stage in our lives. The thought of this additional rate rise is extremely stressful to us and detrimental to our mental health and well being, as I'm sure it is to many in the Shire.

Obviously it must be recognised that the Hornsby Shire Council , like everyone of its ratepayers, will in the next few years be faced with the effects of spiralling inflation caused by many factors.. We as self funded retired ratepayers on limited and fixed incomes, without the ability to obtain any relief from the impacts of the general increase in costs of everything from power to day to day essentials, will be severely affected.

Theme: Suggested solutions for Council such as increase efficiencies, productivity or savings, reduce wastage, reduce overhead costs; prioritise essential projects (not a wish list) or defer non-essential projects

In these straitened economic times, council should be spending money on an efficiency drive across all its operation and divisions, to keep any rates increase to an absolute minimum, certainly no higher than other councils looking for an SRV...How about cutting out some pointless expenditures like using street sweeping machines in Berowra, and perhaps keeping council vehicles for an extra year before replacing?

... Lets not make the shire so expensive that we increase social problems eg homelessness because we wanted to build new toilets at a park!

In respect of the proposed budget resulting in the SRV proposal, I would like to express my opposition to the annual recurrent allowance of \$1.32mill for shared connected cycle ways and paths amounting to \$13.2mill which is some 20% of the budget... The cycle ways and pathways in Hornsby shire are currently adequate and we manage with them now, this further Capital expenditure should be foregone to alleviate the burden of residents in these hard times.

Given the current economic situation I do not feel council should be prioritising "special initiatives" but should be concentration on those projects that are an absolute requirement... Priority should be given to basic infrastructure rather than special initiatives such as road repairs and upgrades.

The council needs to first eliminate waste and then improve productivity before increasing rates with a SRV. I have seen Council workers just hanging around and chatting while one person is working. Need to improve all this before going in for a SRV.



Council needs to reduce wasteful expenses not ask residents for an extra hand out. Improve the efficiency of the council. Reduce the pay of senior most people. They do not warrant the money they earn. Personally I don't believe that the council does a good job now and I do not believe that giving more money to people who already do a bad job is going to improve things. To the contrary it will make council even more wasteful and disrespectful of our community funds.

So many proposed projects can be scaled back to more reasonable levels.

I wonder though if there might be ways that council could simultaneously build in ways that rate payers could reduce the impact of the rate rises. For instance, could council have the option for people to have a smaller red bin (80L) and get a reduction on their rates if they opt for this? I believe Ryde council does this.

Council needs to seek savings through internal means not ask for extra money from rate payers.

Council has an ethical duty of care to work within their budget, as we all do. That is the purpose of a budget: to enforce efficiencies and allow realistic goals. Please tell me the last time Council was downsized and staff were laid off or retrenched, has it ever happened? Council is not supposed to be a 'sheltered workshop' for an elite few but to work for the betterment of the ratepayers. This is a shameful proposal.

In addition, I find some of the projects that you have labelled as important have ridiculous amounts of cost such as \$17.9 million for walking and cycling paths.\$1 million for strategic planning etc.

The best thing Hornsby Shire Council can do is to identify and implement efficiencies that will:

A) Improve the effectiveness of spend, and

B) Identify yourself as a commercially minded organisation that has to earn revenue like most other businesses.

By doing the above, (operating as an organisation that has to earn it's revenue and also provide evidence of good management to the people who pay that revenue (ie rate payers)), I'm sure Hornsby Shire Council can save a truckload of money through efficiencies and good strong commercial practice.

Theme: Council is expected to tighten its belt – live within its means – or just focus on Council's essential services

Hornsby council will, like the rest of us, need to tighten its belt. We are all forced to change our priorities, & council will also need to prioritise & not expect to get everything on its wish list.

While I understand the Council's desire to continually improve facilities ,they should consider that in the current economic climate where cost of living is rising dramatically and citizens are asked to manage this situation, it should be the same for Council. Council should reduce the proposed rate increase and manage their cost like everyone else.

I am sure you are aware every person in Australia is facing increases in costs with stagnant or very low wage growth. We are constantly being told to live within our means and I echo this to the Hornsby Council. We all have to tighten our belt and not just keep increasing costs as this will only add to inflationary pressure. I do not believe that Hornsby Council has any justification or mandate to inflict this type of cost increase onto the community... As mentioned in your letter you are stewards, and like all of us must spend only within your means.



Theme: Growth in development to provide increased rates

Increasing levies on developers for the many highrise and town house developments that increase our population, requiring more and upgraded facilities would seem logical too.

Many problems are caused by development approval without any infrastructure being included in the developers commitment. Schools, medical facilities, parks, sports grounds, libraries, theatres, you name it....list the developers that include these in their proposals . So no more major planning approvals without the developer paying for infrastructure.

As a long time resident, I have witnessed my suburb of Asquith undergo a rapid transformation due to the massive change from single dwellings on a suburban block to multiple units on the same site housing anywhere up to 50 people more than the single dwelling it replaces. Lords Avenue and Peats Ferry Rd Asquith are prime examples of streets that are now filled with units. Surely this higher density will increase the rate income for the council?

Your informative letter does regrettably fail to include Hornsby Councils expanding rates income cash flow due to the increased residential capacity, as generated by the increased dwelling density.

Other Concerns

Hornsby Council is talking about responsible financial management & planning...and who is paying for the quarry hole in the ground? Why the contract between t Council & CSR was so badly managed?

Any other company when they pull out & finish be it mining, or installing pipelines have to environmentally restore the grounds after they completed the work?

Us the ratepayers were asked to pay for the restoration of the site. Why did the contract with CSR Construction Materials (formerly Readymix) did not include the provisions of environmentally restoring the site after the mining has finished.? An oversight on the part of Hornsby Council? CSR simply pulled out and left an unstable hole in the ground without any commitment?

I also would like to bring to your attention the "Quarry" issue. Us the ratepayers were asked to pay for the restoration of the site. Why did the contract with CSR Construction Materials (formerly Readymix) did not include the provision of environmentally restoring the site after the mining has finished.? An oversight on the part of Hornsby Council? CSR simply pulled out and left an unstable hole in the ground without any commitment?

Any other company is required to replant and restore the site.

The cost of living for families is on the rise and they already have copped rate increases, plus a host of other levies and charges over the last several years, including the special quarry levy.

Yes, it has been a while since we had a special levy. Who could forget the purchase of a hole in the ground.

The escalation of rates is a very significant burden on ratepayers already faced with many increases in this post Covid times such as energy costs, health insurance costs and various other rises.

We have had over two years of stress with Covid and lockdowns and now with the economic outlook both here and throughout the world not looking good, this additional rate rise is the last thing we should have to burden ourselves with.

It is disturbing that Council seeks this proposal following almost 3 years of Covid disruptions and lock downs, and now increasing inflation and rising energy prices. This is a crisis time for small business owners.



Whilst we blamed that on Covid-19 and La-Nina weather event, we are into 2022, but the services have not improved. Covid-19 was declared over and although we have a bit of rain in Hornsby area, it was nothing compared to 2021.

I am receptive to a fair rate increase in order for Council to meet its financial obligations but not at such rates and certainly not at this moment in time.

Such a Council initiative comes with very poor timing! At a time when most of us are bunkering down given an impossible, multi-factorial cost spike in living expenses Council, seemingly blind to all that, is heaping further cost stressors onto its ratepayers!

The fact that HSC sent all ratepayers this proposal at this time, detailing proposed rate increases (more than double the IPART Forecasted Rate Peg) is in itself an indictment, demonstrating just how insensitive and out of touch they are with everyday Australians and the current financial strain we are bearing now and into the medium term future.

To up the rates 31% over 5 years just shows how out of touch with the people the council truly is.

Your rates are much higher than other councils which shows how uncompetitive you are?

I pay \$2300 rate for a average 750 sq mts block which in other council will be \$1500.

As a rate paying resident I would like to vote AGAINST the special rate variation due to following reasons ... Hornsby rates being already higher than in Ryde, North Sydney, Willoughby

With the cost of living rising exponentially in the current time I would like to understand how this extra cost will provide any benefit to where I live in the council area.

We already receive little too no benefit living west of the Galston gorge

We are already paying for services that are not required.

My husband and I live on acreage and pay higher rates than most in the Shire - for fewer services eg poor road surfaces, no street lighting, no footpaths and poorly maintained (if at all) Council strips for walking.

Rural rate payers bear the same if not higher rate increases than suburban rate payers and receive fewer services in return.

Rural rate payers bear the same if not higher rate increases than suburban rate payers and receive fewer services in return... It seems that our neighbouring council Area in Baulkham Hills reaps the benefits of unfettered development which then feeds into Hornsby infrastructure which we are expected to fund.

... you are proposing not just one increase but many over a number of years? Also how about advising the weekly increase to everyone's rate charges per year for every increase, not just the first year?

Increases have happened over time and were generally unjustified.

When the council amalgamations ground to a disastrous halt and Hornsby lost a substantial source of income from rates, we were assured by the State government that the council would in no way be financially disadvantaged. Yet here we are obviously short of future finance. What is the State Government doing now to make good this ongoing loss of income?



The only reason the rates have to rise by this extraordinary amount is the loss of the two largest rate paying areas (Carlingford and Epping) to Parramatta Shire Council from the failed local government amalgamation some years ago. Parramatta is undertaking billion dollar upgrades due to the windfall rates bonanza from HSC unconditionally transferring those two high rates generating areas before securing the incoming rateable suburbs – something which the State government since promised to compensate HSC for but which has not eventuated.

The changing electoral boundaries was a significant change which has impacted the administration and finances of the Council. It is understandable that a decision needed to be made given this context.

Can you give me any details of your projections of income?

Notably the flyer and the accompanying letter to residents reveals nothing about what, if any, effort Council has made to trim costs and eliminate unnecessary or discretionary spending in order to achieve improved operational efficiency without resorting to annual rate increases above the official rate cap each year... We believe that the proposal should be accompanied by financial information which describes in detail the spending program to be funded by the SRV together with a timetable for the completion of the works and services included in it. Glib statements like "managing our assets to better protect our bushland and improve open spaces" require a greater degree of specificity both in terms of the actual works to be undertaken and the cost and timeframe involved.

We totally oppose the proposed Special Rate Variation (SRV) which the Council intends to be permanent. The very purpose of a SRV is for special reasons and not meant to be a permanent impost on ratepayers.

As rate payers for the last 22 years in HSC, we are not in favour of the special (permanent) rate variation which would see our rates increase by a cumulative total of 31.05% over the next four years.

I understand you have a list of what ratepayers have told you is important, but Council needs to manage expenditure within its means and ratepayers need to manage their expectations accordingly.

In response to this, as ratepayers we will need to curb our demands on Council, and have confidence that current budget (without the special rate variation) will be spent on urgent matters only.



Appendix I Information in Communication Channels

ATTACHMENT 1 - ITEM 1

Letter and Flyer



ATTACHMENT 1 - ITEM 1



00001-FR

Mr Ratepayer

Business name

PO Box number

GROSVENOR PLACE NSW 1220

13 October 2022

Dear Ratepayer

Proposal for a Special Rate Variation and Draft Long Term Financial Plan

The people of Hornsby Shire have been clear and consistent in expressing their vision for our beautiful Shire. We know you want to secure a positive future for our coming generations that is liveable, sustainable, productive and collaborative. As a Council, we are proud to serve you to help you achieve this vision. To do this, it is essential that we have sound financial foundations and as responsible stewards, we must continue to spend only within our means.

To that end, we have recently reviewed our Long Term Financial Plan, which identified that we need to take a number of actions to secure **long term financial stability, maintain our assets and fund the high priority initiatives you have told us are important**. Among the high priority actions we have identified is a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a permanent **Special Rate Variation (SRV)**.

We are consulting you, the community, until 8 November 2022 about this potential rise in rates which will allow us to maintain the high levels of service that you have come to expect and resource projects to address what you have told us are your long-term priorities.

Hornsby Shire Council is well regarded for our careful and prudent financial management. The decision to consult with you about this SRV has been taken following careful consideration and financial modelling, which is outlined in our revised draft Long Term Financial Plan. The additional rates would work in parallel with a range of other actions we have already undertaken, and will continue to take, to ensure that our proud record of financial sustainability continues into the coming decades.

A Special Rate Variation is a common mechanism and allows for councils to respond to, and satisfy, future needs through a change in the rates that residents and businesses pay.

The last time Hornsby Shire Council applied for a Special Rate Variation was over ten years ago.

Hornsby Shire Council

ABN 20 706 996 972

296 Peats Ferry Rd, Hornsby 2077

PO Box 37, Hornsby NSW 1630

Phone 02 9847 6666

Email hsc@hornsby.nsw.gov.auWeb hornsby.nsw.gov.au

ATTACHMENT 1 - ITEM 1

4084474-SEM-049446-ASA001-00001

We are proud to have provided excellent services and infrastructure for you for the past decade without the need to apply for a further SRV. However, like many other organisations, a range of internal and external factors have emerged, putting us under financial pressure and making it necessary to secure our future through an SRV.

What you have told us is important

In addition to maintaining **financial stability and ensuring ongoing funding for the maintenance of current assets and services**, a Special Rate Variation would allow us to deliver what you have said is important to you in order to maintain your **quality of life**, including:

- Building a **sustainable and resilient community** that is well prepared for future shocks including climate change, floods, storms and bush fires, and is socially connected
- **Planning for the future**, including developing a masterplan to revive Pennant Hills Town Centre
- **Upgrading your community infrastructure**, including public toilets, community centres, sportsgrounds and stormwater systems
- Delivering a **connected network** of footpaths, cycleways and trails with improved accessibility
- Managing our assets to better **protect our bushland and improve open spaces**
- **Improving our technology** to provide better customer service, including enhanced cyber security

How would the SRV affect me?

You may know that IPART determines a percentage by which councils can increase their rates each year. This is known as a 'rate peg'. Our forecasted calculations show that even with this annual rate peg increase, it will not be sufficient to achieve our collective objectives. While we understand that everyone is under pressure with rising costs, we too are navigating these same issues and we have a duty of care to manage Council's budget responsibly.

Rates would rise by **8.5% in 2023/24, 7.5% in 2024/25, 6.5% in 2025/26 and 5.5% in 2026/27**, which represents an increase of **31.05% (cumulative) staged over four years**, including the annual rate peg set by IPART.

For residents currently paying our average rate, this would mean an increase of **\$2.07** a week in the first year. For business ratepayers, the weekly increase on the average rate would be **\$3.97** in the first year.

Residents in the Hornsby Shire local government area traditionally pay lower rates than the average of other councils in the Northern Sydney region and less than NSW councils in the same category as ours.

Find out more and share your thoughts

Engaging and working with our community underpins all that we do. So, there are several ways you can hear more about these changes and tell us your thoughts:

Hornsby Shire Council

ABN 20 706 996 972

296 Peats Ferry Rd, Hornsby 2077

PO Box 37, Hornsby NSW 1630

Phone 02 9847 6666

Fax 02 9847 6999

Email hsc@hornsby.nsw.gov.au

Web hornsby.nsw.gov.au

Please read the **enclosed flyer** to learn more about what these changes will mean for you, and what we will deliver for you through an approved SRV.

You're also invited to attend a community forum to hear more and ask questions about the SRV:

Open Community Forum

Tuesday 25 October, 6-8pm

Online

Community Drop-in Session (Mandarin, Korean and Farsi Interpreters available until 6pm)

Thursday 27 October, 1-8pm

Hornsby Library

Community Ratepayers Forum

Monday 31 October, 6-8pm

Hornsby RSL

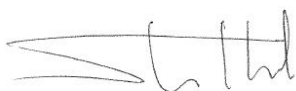
Find out more, register to attend a forum, take a short survey or provide a formal submission at yoursay.hornsby.nsw.gov.au/srv

At the same link above, you'll also find supporting documentation, Frequently Asked Questions and a full timeline with details of what happens next.

Hard copies of the supporting documentation are also available for viewing at our four libraries in Hornsby, Pennant Hills, Galston and Berowra, and at our Customer Service Centre at 296 Peats Ferry Road, Hornsby.

Together, we can build a strong future for Hornsby Shire.

Yours sincerely



Steven Head
General Manager

TRIM Reference: D08502738



4084474-SEN-019446-AS0001-00001

Hornsby Shire Council

ABN 20 706 996 972

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NEED HELP?



This document contains important information. If you do not understand it, please call the Translating and Interpreting Service on 131 450. Ask them to phone 9847 6666 on your behalf to contact Hornsby Shire Council. Council's business hours are Monday to Friday, 8.30am-5pm.

Chinese Simplified

需要帮助吗？

本文件包含了重要的信息。如果您有不理解之处，请致电 131 450 联系翻译与传译服务中心。请他们代您致电 9847 6666 联系 Hornsby 郡议会。郡议会工作时间为周一至周五，早上 8:30 - 下午 5 点。

Chinese Traditional

需要幫助嗎？

本文件包含了重要的信息。如果您有不理解之處，請致電 131 450 聯繫翻譯與傳譯服務中心。請他們代您致電 9847 6666 聯繫 Hornsby 郡議會。郡議會工作時間為周一至周五，早上 8:30 - 下午 5 點。

German

Brauchen Sie Hilfe?

Dieses Dokument enthält wichtige Informationen. Wenn Sie es nicht verstehen, rufen Sie bitte den Übersetzer- und Dolmetscherdienst unter 131 450 an. Bitten Sie ihn darum, für Sie den Hornsby Shire Council unter der Nummer 9847 6666 zu kontaktieren. Die Geschäftszeiten der Stadtverwaltung sind Montag bis Freitag, 8.30-17 Uhr.

Hindi

क्या आपको सहायता की आवश्यकता है?

इस दस्तावेज़ में महत्वपूर्ण जानकारी दी गई है। यदि आप इसे समझ न पाएँ, तो कृपया 131 450 पर अनुवाद और दुभाषिया सेवा को कॉल करें। उनसे हॉर्न्सबी शायर काउंसिल से संपर्क करने के लिए आपकी ओर से 9847 6666 पर फोन करने का निवेदन करें। काउंसिल के कार्यकाल का समय सोमवार से शुक्रवार, सुबह 8.30 बजे-शाम 5 बजे तक है।

Korean

도움이 필요하십니까?

본 문서에는 중요한 정보가 포함되어 있습니다. 이해가 되지 않는 내용이 있으시면, 통역번역서비스(Translating and Interpreting Service)로 전화하셔서(131 450번) 귀하를 대신하여 혼즈비 셔 카운슬에 전화(9847 6666번)를 걸어 달라고 요청하십시오. 카운슬의 업무시간은 월요일~금요일 오전 8시 30분~오후 5시입니다.

Tagalog

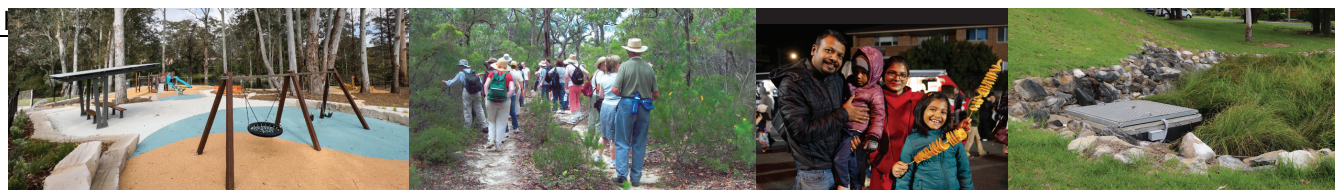
Kailangan ng tulong?

Itong dokumento ay naglalaman ng mahalagang impormasyon. Kung hindi ninyo naiintindihan, pakitawagan ang Serbisyo sa Pagsasalinwika at Pag-iinterpretar (Translating and Interpreting Service) sa 131 450. Hilingin sa kanilang tawagan ang 9847 6666 para sa inyo upang kontakin ang Hornsby Shire Council. Ang oras ng opisina ng Council ay Lunes hanggang Biyernes, 8.30n.u.-5n.h.

Farsi

نیاز به کمک دارید؟

این سند حاوی اطلاعات مهم می باشد. چنانچه آن را درک نمی کنید، لطفاً با خدمات ترجمه کتبی و شفاهی به شماره 131 450 تماس بگیرید. از آنها بخواهید از جانب شما با شماره 9847 6666 با شورای شهر هورنزبی شایر تماس بگیرند. ساعات کاری شورای شهر دوشنبه تا جمعه، از 8:30 صبح تا 5 بعدازظهر است.



BUILDING A STRONG FUTURE FOR HORNSBY SHIRE

PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 8 NOVEMBER 2022

HAVE
YOUR
SAY



The people of Hornsby Shire have been clear and consistent in expressing their vision for our beautiful Shire. We know you want to secure a positive future for our coming generations that is liveable, sustainable, productive and collaborative. To do this, it is essential that we have sound financial foundations and as responsible stewards, we must continue to spend only within our means.

We recently reviewed our Long Term Financial Plan, which identified that we need to take a number of actions to secure long term financial stability, maintain our assets and fund the high priority initiatives you have told us are important. Among the high priority actions we identified is a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a permanent Special Rate Variation (SRV).

We are consulting you, the community, about this rise in rates which will allow us to maintain the high levels of service that you have come to expect and resource projects to address what you have told us are your long-term priorities.

WHAT YOU HAVE TOLD US IS IMPORTANT



Long term financial sustainability

Ensure that we have sufficient funding to deliver the services you have come to expect and have capacity to respond to unknown shocks, such as natural disasters



Connected walking and cycling paths – \$17,982,370

- Shared paths – footpaths and cycleways
- Track and trail upgrade for accessibility
- Track and trail maintenance



Sustainable and resilient community – \$6,035,096

- Community Resilience Program – climate change adaptation and mitigation
- Bushfire risk mitigation
- Community Development Programs (e.g. social isolation – Hello Hornsby)



Upgrading your community infrastructure – \$30,807,000

- Renew our public amenities
- Community centre access and use upgrades
- Prioritised stormwater upgrades
- Improve sportsgrounds change rooms



Maintaining our assets

Ensure we maintain our buildings, open spaces, roads and drainage at a standard which meets the needs of our community



Planning for our future – \$1,000,000

- Improve strategic planning, including developing the Pennant Hills Town Centre Master Plan and Place Plan



Protecting bushland and improving open space – \$10,283,419

- Bushland asset management
- Playground upgrades



Improving our technology – \$1,150,000

- Providing better customer service, including enhanced cyber security

4084474-SEM-049446-ASA001-00001



yoursay.hornsby.nsw.gov.au/srv



Phone (02) 9847 6666



Email hsc@hornsby.nsw.gov.au



WHAT WOULD THIS MEAN FOR ME?

IPART determines a percentage by which councils can increase their rates each year. This is known as a 'rate peg'. Our forecasted calculations show that even with this annual rate peg increase, it will not be sufficient to achieve our collective objectives.

We are looking to apply for an increase of 28% staged over four years (**31.05%** cumulative) – including the forecasted rate peg – as follows:

	2023/24	2024/25	2025/26	2026/27	Aggregate	Cumulative
Proposed HSC Rating Increase	8.50%	7.50%	6.50%	5.50%	28%	31.05%
Forecasted Rate Peg	3.70%	3.50%*	3.00%*	2.50%*	12.70%	13.31%

* subject to IPART advice confirming future rate pegs

For residents currently paying our average rate, this would mean an increase of \$2.07 a week in the first year. For business ratepayers, the weekly increase on the average rate would be \$3.97 in the first year.

The table below gives an indication of the average annual rates likely to be experienced by residential and business ratepayers with and without the SRV.

Rating category	2022/23	2023/24	2024/25	2025/26	2026/27
Residential – with SRV	NA	\$1,380.98	\$1,484.55	\$1,581.05	\$1,668.00
Residential – without SRV	\$1,272.79	\$1,319.88	\$1,366.08	\$1,407.06	\$1,442.24
Business – with SRV	NA	\$2,644.15	\$2,842.46	\$3,027.22	\$3,193.71
Business – without SRV	\$2,437.00	\$2,527.17	\$2,615.62	\$2,694.09	\$2,761.44

Residents in the Hornsby Shire local government area traditionally pay lower rates than the average rates of other councils in the Northern Sydney region and than NSW councils in the same category as ours.

HOW TO GET INVOLVED

Engaging and working with our community underpins all that we do. So, there are several ways you can hear more about these changes, learn what they mean for you and tell us your thoughts:

yoursay.hornsby.nsw.gov.au/srv

Visit our project page to find out more, take a short survey or provide a formal submission.



Information available on the project page includes:

- Draft Long Term Financial Plan
- Asset Management Plan
- SRV Background Report
- Capacity to Pay Report
- Community Engagement Action Plan
- Comparison tables to NSROC councils and category 7 councils in NSW
- Frequently Asked Questions, including Council's Hardship Policy
- Timeline and next steps

You can also register to attend a community forum to hear more and ask questions about the SRV:

Open Community Forum 25 October, 6-8pm Online	Drop-in Session 27 October, 1-8pm Hornsby Library (Korean, Mandarin and Farsi interpreters available until 6pm)	Community Ratepayers Forum 31 October, 6-8pm Hornsby RSL
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yoursay.hornsby.nsw.gov.au/srv

Phone (02) 9847 6666

Email hsc@hornsby.nsw.gov.au





SRV Marketing Communications Collateral Portfolio

ATTACHMENT 1 - ITEM 1



Special Rate Variation Marketing Communications Collateral October – November 2022

Includes:

- Local Newspaper Insert
- Local CALD Communities Invitation
- Ratepayer direct mail
- Newspaper Advertising
- E-news
- Posters
- Digital Assets

Local Newspaper Insert

- A3 folded to A4
- Content translated from English to Korean, Farsi and Simplified Chinese
- Letterbox distribution with the November editions of:
 - Hornsby Kuringai Post – 8,000 households
 - Bush Telegraph – 16,250 households
 - Galston & Glenorie News – 3,500 households
 - Dooral Roundup – 9,000 households

Artwork:

BUILDING A STRONG FUTURE FOR HORNSBY SHIRE
PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 8 NOVEMBER 2022

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We are consulting you, the community, about this rise in rates which will allow us to maintain the high levels of service that you have come to expect and resource projects to address what you have told us are your long term priorities.

WHAT YOU HAVE TOLD US IS IMPORTANT

Long term financial sustainability - \$1,500,000
Ensure that we have sufficient funding to deliver the services you have come to expect and have capacity to respond to unforeseen shocks, such as natural disasters.

Connected walking and cycling paths - \$1,092,370
a Shared paths - footpaths and cycleways
b Track and trail upgrades for accessibility
c Bushfire risk mitigation
d Community Development Programs (e.g. social inclusion - Hello Hornsby)

Sustainable and resilient community - \$6,035,096
a Community Resilience Program - climate change adaptation and mitigation
b Bushfire risk mitigation
c Community Development Programs (e.g. social inclusion - Hello Hornsby)

Upgrading your community infrastructure - \$30,881,000
a Renew our public amenities and services
b Community centre access and use upgrades
c Prioritised stormwater upgrades
d Improve sports/sounds change rooms

Planning for our future - \$1,000,000
a Increase housing planning, including developing the Hornsby Hills Town Centre Master Plan and Place Plan

Protecting our landscape and improving open space - \$1,250,419
a Bushland asset management
b Playground upgrades

Improving our technology - \$1,150,000
a Providing better customer service, including enhanced cyber security

WHAT WOULD THIS MEAN FOR ME?
IPART determines a percentage by which councils can increase their rates each year. This is known as a 'rate cap'. Our forecasted calculations show that even with the annual rate cap increase, it will not be sufficient to achieve our collective objectives. Rates would rise by 8.5% in 2022/23, 15% in 2023/24, 6.5% in 2024/25, 6.5% in 2025/26 and 5.5% in 2026/27, which represents an increase of 31.6% (unevenly staged over four years), including the annual rate cap set by IPART. For residents currently paying our average rate, this would mean an increase of \$2.02 a week in the first year. For business ratepayers, the weekly increase on the average rate would be \$3.97 in the first year.

HOW TO GET INVOLVED
Engaging and working with our community underpins all that we do. Please visit our project page to learn more about these changes, take a short survey or provide a formal submission by Tuesday, 8 November 2022.
your.hornsby.nsw.gov.au/new

نظرات خود را در اینجا دهید
ایجاد آینده ای قوی برای هورنزی شایر
طرح پیشنهادی برای تغییر نرخ و پیش نویس برنامه مالی بلند مدت
در نمایش 8 تا 8 نوامبر 2022

ما به عنوان شهروندان هورنزی شایر در افکار خودمان برای آینده شایرمان روشن و تابناک و پویا هستیم. ما می دانیم که شما هم عواطف ایده ای دارید که برای شایرمان، ما را به یک جامعه ای با آینده ای روشن و تابناک و پویا تبدیل کند. برای انجام این کار، حیاتی است که ما به هم پیوسته باشیم و به عنوان همکاران و شریکان، به یکدیگر کمک کنیم. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید و ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید.

چه به ما گفته اید مهم است

پایداری مالی بلند مدت - \$1,500,000
a اطمینان از اینکه ما به اندازه کافی بودجه داریم تا خدماتی را که شما می خواهید ارائه دهیم و ظرفیت داشته باشیم تا به تغییرات غیرمنتظره پاسخ دهیم.
b برنامه های توسعه ای برای دسترسی بهتر به خدمات و امکانات
c اولویت بندی پروژه های آب و هوا و آتش سوزی
d برنامه های توسعه ای برای خدمات اجتماعی (مثلاً: برنامه های اجتماعی - Hello Hornsby)

مسئله های جامعه ای تابناک و مقاوم - \$6,035,096
a برنامه تاباکی برای تغییرات آب و هوا و تاباکی
b مدیریت ریسک آتش سوزی
c برنامه های توسعه ای برای خدمات اجتماعی (مثلاً: برنامه های اجتماعی - Hello Hornsby)

ارتقاء زیرساخت های جامعه ای - \$30,881,000
a بازسازی و ارتقاء خدمات و امکانات
b دسترسی بهتر به خدمات و امکانات
c اولویت بندی پروژه های آب و هوا و آتش سوزی
d ارتقاء فضاهای ورزشی و صوتی

برنامه ریزی برای آینده - \$1,000,000
a افزایش برنامه ریزی، از جمله توسعه طرح جامع منطقه و طرح جامع شهر هورنزی هیلز

محافظت از منظره و بهبود فضای باز - \$1,250,419
a مدیریت دارایی های طبیعی
b ارتقاء فضاهای بازی

بهبود فناوری های ما - \$1,150,000
a ارائه خدمات بهتر به مشتریان، از جمله ارتقاء امنیت سایبری

این برای من به چه معنی می باشد؟
IPART تعیین کننده درصدی است که شهرداری ها می توانند هر سال نرخ خود را افزایش دهند. این به عنوان یک "سقف نرخ" شناخته می شود. محاسبات ما نشان می دهد که حتی با افزایش سقف نرخ سالانه، این برای رسیدن به اهداف مشترک ما کافی نیست. نرخ ها به ترتیب 8.5٪ در 2022/23، 15٪ در 2023/24، 6.5٪ در 2024/25، 6.5٪ در 2025/26 و 5.5٪ در 2026/27 افزایش می یابند، که معادل افزایش 31.6٪ (در طول چهار سال به طور نامنوب) از نرخ سالانه است، از جمله سقف نرخ تعیین شده توسط IPART. برای شهروندانی که در حال حاضر نرخ متوسط ما را می پردازند، این به معنی افزایش هفتگانه 2.02 دلار در سال اول خواهد بود. برای مالکان کسب و کار، افزایش هفتگانه 3.97 دلار در سال اول خواهد بود.

چگونه می توانم مشارکت داشته باشم؟
مشارکت و همکاری با جامعه شهروندان هورنزی شایر از اهمیت ویژه ای برخوردار است. لطفاً به صفحه پروژه ما در 8 نوامبر 2022 مراجعه کنید تا بتوانید به ما بگویید که شما چه خدماتی را می خواهید و ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید.

your.hornsby.nsw.gov.au/new Phone (02) 9647 6566 Email hsc@hornsby.nsw.gov.au

هورنسی شایر برای آینده ای قوی را تقویت کنید
پیش نویس برنامه مالی بلند مدت و پیشنهاد تغییر نرخ
2022 تا 8 نوامبر 2022

دیدگاه خود را بیان کنید

هورنسی شایر مردمی است که به وضوح و مداومت در بیان دیدگاه خود برای شایر زیبای ما دارند. ما می دانیم که شما می خواهید آینده ای روشن و تابناک و پویا برای نسل های آینده خود را تضمین کنید. برای این کار، حیاتی است که ما به هم پیوسته باشیم و به عنوان همکاران و شریکان، به یکدیگر کمک کنیم. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید و ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید.

ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید.

چرا این برای من مهم است؟
IPART تعیین کننده درصدی است که شهرداری ها می توانند هر سال نرخ خود را افزایش دهند. این به عنوان یک "سقف نرخ" شناخته می شود. محاسبات ما نشان می دهد که حتی با افزایش سقف نرخ سالانه، این برای رسیدن به اهداف مشترک ما کافی نیست. نرخ ها به ترتیب 8.5٪ در 2022/23، 15٪ در 2023/24، 6.5٪ در 2024/25، 6.5٪ در 2025/26 و 5.5٪ در 2026/27 افزایش می یابند، که معادل افزایش 31.6٪ (در طول چهار سال به طور نامنوب) از نرخ سالانه است، از جمله سقف نرخ تعیین شده توسط IPART. برای شهروندانی که در حال حاضر نرخ متوسط ما را می پردازند، این به معنی افزایش هفتگانه 2.02 دلار در سال اول خواهد بود. برای مالکان کسب و کار، افزایش هفتگانه 3.97 دلار در سال اول خواهد بود.

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مشارکت و همکاری با جامعه شهروندان هورنسی شایر از اهمیت ویژه ای برخوردار است. لطفاً به صفحه پروژه ما در 8 نوامبر 2022 مراجعه کنید تا بتوانید به ما بگویید که شما چه خدماتی را می خواهید و ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید. ما به شما می خواهیم که به ما بگویید که شما چه خدماتی را می خواهید.

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A4 Invitation to Local CALD Communities - Drop-In Session

- Content translated from English to Korean, Farsi and Simplified Chinese
- Distributed via email to Australian Asian Cultural Association, Chinese Australian Services Society, Community Migrant Resource Centre, Relationships Australia Community Builders program, Mission Australia CALD playgroup coordinator, Hornsby Police Multicultural Officer, Hornsby Chinese senior group, Hornsby Chinese Art group, Iranian group, Korean network, Korean family group, Hong Kong Multicultural Network, Hong Kong Family & Children Network, North Sydney Region Chinese Network, Village Hub,

Artwork:

BUILDING A STRONG FUTURE FOR HORNSEY SHIRE

PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN

ON EXHIBITION UNTIL 8 NOVEMBER 2022

HAVE YOUR SAY

Invitation to a Drop-In Session on Council's proposal for a Special Rate Variation

Dear Hornsey Shire Resident

Hornsey Shire Council has recently reviewed its Long Term Financial Plan, which identified that it needs to take a number of actions to secure **long term financial stability, maintain community assets and fund the high priority initiatives that you have told them are important**.

Among the high priority actions, Council has identified a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPRT) for a permanent **Special Rate Variation (SRV)**.

Reveals would allow us to increase rates by **0.5% in 2023/24, 1.5% in 2024/25, 0.5% in 2025/26 and 5.5% in 2026/27**, which represents an increase of **\$18.00 immediately raised over four years**, including the annual rate peg of 1% IPRT.

For residents currently paying on average this, this would mean an increase of **\$2.7 a week** in the first year.

Council is consulting with you, the community, until 8 November 2022 about this potential rise in rates.

It is very important to us that we connect with all members of our shire community. We have arranged a special drop-in session at Hornsey Library with interpreters available and signs to help you through the information and answer your questions. We encourage you to come along.

Drop-in Session
 Thursday 21 October, 10pm
 Hornsey Library
 28-34 George St, Hornsey NSW 2077
 Council, Members and all Participants are invited to attend this drop-in session.

If you are unable to attend this drop-in session, please email us about the proposal and share your thoughts by taking a short survey or providing a formal submission via the project page yoursay.hornsey.nsw.gov.au/survey

Yours faithfully

Shreen Iqbal
 General Manager

yoursay.hornsey.nsw.gov.au/survey
[Phone \(02\) 9547 8666](tel:0295478666)
[Email \[email@hornsey.nsw.gov.au\]\(mailto:email@hornsey.nsw.gov.au\)](mailto:email@hornsey.nsw.gov.au)

ایجاد آینده ای قوی برای هورنزی شایر

پیشنهاد برای تغییر نرخ و طرح بلندمدت مالی شورای هورنزی

در نمایشگاه تا ۸ نوامبر ۲۰۲۲

دعوت نامه به جلسه ای حضوری برای بحث و تبادل نظر در مورد تغییر نرخ و عوارض

گرامی ساکنان هورنزی شایر

شورای هورنزی شایر اخیراً بررسی کرده است که برای اطمینان از آینده مالی شایر، نیاز به اتخاذ اقداماتی دارد که شما به عنوان ساکنان شایر به آن اهمیت می‌دهید. در میان این اقدامات، شورای هورنزی شایر تصمیم گرفته است که درخواست خود را برای تغییر نرخ و عوارض به هیئت نظارت مستقل قیمت‌گذاری و تنظیم مقررات (IPRT) NSW ارائه دهد. این تغییر نرخ به شما اجازه می‌دهد تا نرخ را به میزان ۰.۵٪ در سال ۲۰۲۳/۲۴، ۱.۵٪ در سال ۲۰۲۴/۲۵، ۰.۵٪ در سال ۲۰۲۵/۲۶ و ۵.۵٪ در سال ۲۰۲۶/۲۷ افزایش دهید، که معادل افزایش سالانه ۱۸ دلار در طول چهار سال است، از جمله افزایش سالانه ۱٪ نرخ تعیین شده توسط IPRT.

برای ساکنانی که به طور متوسط به ازای هر هفته ۲.۷ دلار پرداخت می‌کنند، این به معنای افزایش سالانه ۲۷ دلار در سال اول خواهد بود.

شما می‌توانید تا ۸ نوامبر ۲۰۲۲ در مورد این پیشنهاد با ما گفتگو کنید و نظرات خود را در مورد این پیشنهاد به ما بگویید. اگر شما نمی‌توانید در جلسه حضوری شرکت کنید، می‌توانید با ارسال ایمیل یا پر کردن یک فرم نظرسنجی کوتاه یا ارسال یک نامه رسمی به ما، نظرات خود را در مورد این پیشنهاد به ما بگویید.

جلسه حضوری:
 چهارشنبه ۲۱ اکتبر، ساعت ۱۰:۰۰
 کتابخانه هورنزی شایر
 ۲۸-۳۴ جورج استریت، هورنزی NSW ۲۰۷۷
 ما به همه ساکنان و اعضای هیئت مدیره و همه شرکت‌کنندگان دعوت می‌کنیم تا در این جلسه شرکت کنند.

اگر شما نمی‌توانید در جلسه حضوری شرکت کنید، می‌توانید با ارسال ایمیل یا پر کردن یک فرم نظرسنجی کوتاه یا ارسال یک نامه رسمی به ما، نظرات خود را در مورد این پیشنهاد به ما بگویید.

پیشنهادهای ما: ۰.۵٪ در سال ۲۰۲۳/۲۴، ۱.۵٪ در سال ۲۰۲۴/۲۵، ۰.۵٪ در سال ۲۰۲۵/۲۶ و ۵.۵٪ در سال ۲۰۲۶/۲۷

این به معنای افزایش سالانه ۱۸ دلار در طول چهار سال است، از جمله افزایش سالانه ۱٪ نرخ تعیین شده توسط IPRT.

برای ساکنانی که به طور متوسط به ازای هر هفته ۲.۷ دلار پرداخت می‌کنند، این به معنای افزایش سالانه ۲۷ دلار در سال اول خواهد بود.

شما می‌توانید تا ۸ نوامبر ۲۰۲۲ در مورد این پیشنهاد با ما گفتگو کنید و نظرات خود را در مورد این پیشنهاد به ما بگویید.

جلسه حضوری:
 چهارشنبه ۲۱ اکتبر، ساعت ۱۰:۰۰
 کتابخانه هورنزی شایر
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 ما به همه ساکنان و اعضای هیئت مدیره و همه شرکت‌کنندگان دعوت می‌کنیم تا در این جلسه شرکت کنند.

اگر شما نمی‌توانید در جلسه حضوری شرکت کنید، می‌توانید با ارسال ایمیل یا پر کردن یک فرم نظرسنجی کوتاه یا ارسال یک نامه رسمی به ما، نظرات خود را در مورد این پیشنهاد به ما بگویید.

پیشنهادهای ما: ۰.۵٪ در سال ۲۰۲۳/۲۴، ۱.۵٪ در سال ۲۰۲۴/۲۵، ۰.۵٪ در سال ۲۰۲۵/۲۶ و ۵.۵٪ در سال ۲۰۲۶/۲۷

این به معنای افزایش سالانه ۱۸ دلار در طول چهار سال است، از جمله افزایش سالانه ۱٪ نرخ تعیین شده توسط IPRT.

برای ساکنانی که به طور متوسط به ازای هر هفته ۲.۷ دلار پرداخت می‌کنند، این به معنای افزایش سالانه ۲۷ دلار در سال اول خواهد بود.

شما می‌توانید تا ۸ نوامبر ۲۰۲۲ در مورد این پیشنهاد با ما گفتگو کنید و نظرات خود را در مورد این پیشنهاد به ما بگویید.

جلسه حضوری:
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 کتابخانه هورنزی شایر
 ۲۸-۳۴ جورج استریت، هورنزی NSW ۲۰۷۷
 ما به همه ساکنان و اعضای هیئت مدیره و همه شرکت‌کنندگان دعوت می‌کنیم تا در این جلسه شرکت کنند.

اگر شما نمی‌توانید در جلسه حضوری شرکت کنید، می‌توانید با ارسال ایمیل یا پر کردن یک فرم نظرسنجی کوتاه یا ارسال یک نامه رسمی به ما، نظرات خود را در مورد این پیشنهاد به ما بگویید.

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این به معنای افزایش سالانه ۱۸ دلار در طول چهار سال است، از جمله افزایش سالانه ۱٪ نرخ تعیین شده توسط IPRT.

برای ساکنانی که به طور متوسط به ازای هر هفته ۲.۷ دلار پرداخت می‌کنند، این به معنای افزایش سالانه ۲۷ دلار در سال اول خواهد بود.

شما می‌توانید تا ۸ نوامبر ۲۰۲۲ در مورد این پیشنهاد با ما گفتگو کنید و نظرات خود را در مورد این پیشنهاد به ما بگویید.

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 کتابخانه هورنزی شایر
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 ما به همه ساکنان و اعضای هیئت مدیره و همه شرکت‌کنندگان دعوت می‌کنیم تا در این جلسه شرکت کنند.

اگر شما نمی‌توانید در جلسه حضوری شرکت کنید، می‌توانید با ارسال ایمیل یا پر کردن یک فرم نظرسنجی کوتاه یا ارسال یک نامه رسمی به ما، نظرات خود را در مورد این پیشنهاد به ما بگویید.

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این به معنای افزایش سالانه ۱۸ دلار در طول چهار سال است، از جمله افزایش سالانه ۱٪ نرخ تعیین شده توسط IPRT.

برای ساکنانی که به طور متوسط به ازای هر هفته ۲.۷ دلار پرداخت می‌کنند، این به معنای افزایش سالانه ۲۷ دلار در سال اول خواهد بود.

شما می‌توانید تا ۸ نوامبر ۲۰۲۲ در مورد این پیشنهاد با ما گفتگو کنید و نظرات خود را در مورد این پیشنهاد به ما بگویید.

جلسه حضوری:
 چهارشنبه ۲۱ اکتبر، ساعت ۱۰:۰۰
 کتابخانه هورنزی شایر
 ۲۸-۳۴ جورج استریت، هورنزی NSW ۲۰۷۷
 ما به همه ساکنان و اعضای هیئت مدیره و همه شرکت‌کنندگان دعوت می‌کنیم تا در این جلسه شرکت کنند.

اگر شما نمی‌توانید در جلسه حضوری شرکت کنید، می‌توانید با ارسال ایمیل یا پر کردن یک فرم نظرسنجی کوتاه یا ارسال یک نامه رسمی به ما، نظرات خود را در مورد این پیشنهاد به ما بگویید.

پیشنهادهای ما: ۰.۵٪ در سال ۲۰۲۳/۲۴، ۱.۵٪ در سال ۲۰۲۴/۲۵، ۰.۵٪ در سال ۲۰۲۵/۲۶ و ۵.۵٪ در سال ۲۰۲۶/۲۷

این به معنای افزایش سالانه ۱۸ دلار در طول چهار سال است، از جمله افزایش سالانه ۱٪ نرخ تعیین شده توسط IPRT.

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جلسه حضوری:
 چهارشنبه ۲۱ اکتبر، ساعت ۱۰:۰۰
 کتابخانه هورنزی شایر
 ۲۸-۳۴ جورج استریت، هورنزی NSW ۲۰۷۷
 ما به همه ساکنان و اعضای هیئت مدیره و همه شرکت‌کنندگان دعوت می‌کنیم تا در این جلسه شرکت کنند.


اگر شما نمی‌توانید در جلسه حضوری شرکت کنید، می‌توان

[illegible]

Ratepayer Direct Mail

- A personalised letter was sent to all ratepayers in Hornsby Shire
- The letter was accompanied with an English double sided A4 overview of the SRV that included information on how to engage in the discussion
- Total articles posted 47,600 (47,078 single articles, 522 multiple letter packs)

Artwork - Letter:



13 October 2022

Dear Ratepayer

Proposal for a Special Rate Variation and Draft Long Term Financial Plan

The people of Hornsby Shire have been clear and consistent in expressing their vision for our beautiful Shire. We know you want to secure a positive future for our coming generations that is livable, sustainable, productive and collaborative. As a Council, we are proud to serve you to help you achieve this vision. To do this, it is essential that we have sound financial foundations and as responsible stewards, we must continue to spend only within our means.

To that end, we have recently reviewed our Long Term Financial Plan, which identified that we need to take a number of actions to secure long term financial stability, maintain our assets and fund the high priority initiatives you have told us are important. Among the high priority actions we have identified is a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a permanent Special Rate Variation (SRV).

We are consulting you, the community, until 8 November 2022 about this potential rise in rates which will allow us to maintain the high levels of service that you have come to expect and resource projects to address what you have told us are your long-term priorities.

Hornsby Shire Council is well regarded for our careful and prudent financial management. The decision to consult with you about this SRV has been taken following careful consideration and financial modelling, which is outlined in our revised draft Long Term Financial Plan. The additional rates would work in parallel with a range of other actions we have already undertaken, and will continue to take, to ensure that our proud record of financial sustainability continues into the coming decades.

A Special Rate Variation is a common mechanism and allows for councils to respond to, and satisfy, future needs through a change in the rates that residents and businesses pay.

The last time Hornsby Shire Council applied for a Special Rate Variation was over ten years ago.

Hornsby Shire Council
 426-22 759 996 972 PO Box 37, Hornsby NSW 1530 Phone 02 9547 6666 Email info@hornsby.nsw.gov.au
 296 Peats Ferry Rd, Hornsby 2077 Web hornsby.nsw.gov.au

We are proud to have provided excellent services and infrastructure for you for the past decade without the need to apply for a further SRV. However, like many other organisations, a range of internal and external factors have emerged, putting us under financial pressure and making it necessary to secure our future through an SRV.

What you have told us is important

In addition to maintaining financial stability and ensuring ongoing funding for the maintenance of current assets and services, a Special Rate Variation would allow us to deliver what you have said is important to you in order to maintain your quality of life, including:

- Building a sustainable and resilient community that is well prepared for future shocks including climate change, floods, storms and bush fires, and is socially connected
- Planning for the future, including developing a masterplan to revive Pennant Hills Town Centre
- Upgrading your community infrastructure, including public toilets, community centres, sportsgrounds and stormwater systems
- Delivering a connected network of footpaths, cycleways and trails with improved accessibility
- Managing our assets to better protect our bushland and improve open spaces
- Improving our technology to provide better customer service, including enhanced cyber security

How would the SRV affect me?

You may know that IPART determines a percentage by which councils can increase their rates each year. This is known as a 'rate peg'. Our forecasted calculations show that even with this annual rate peg increase, it will not be sufficient to achieve our collective objectives. While we understand that everyone is under pressure with rising costs, we too are navigating these same issues and we have a duty of care to manage Council's budget responsibly.

Rates would rise by 8.5% in 2023/24, 7.5% in 2024/25, 6.5% in 2025/26 and 5.5% in 2026/27, which represents an increase of 31.6% (cumulative) staged over four years, including the annual rate peg set by IPART.

For residents currently paying our average rate, this would mean an increase of \$2.07 a week in the first year. For business ratepayers, the weekly increase on the average rate would be \$3.97 in the first year.

Residents in the Hornsby Shire local government area traditionally pay lower rates than the average of other councils in the Northern Sydney region and less than NSW councils in the same category as ours.

Find out more and share your thoughts

Engaging and working with our community underpins all that we do. So, there are several ways you can hear more about these changes and tell us your thoughts:

Hornsby Shire Council
 426-22 759 996 972 PO Box 37, Hornsby NSW 1530 Phone 02 9547 6666 Email info@hornsby.nsw.gov.au
 296 Peats Ferry Rd, Hornsby 2077 Fax 02 9547 6999 Web hornsby.nsw.gov.au

Please read the enclosed flyer to learn more about what these changes will mean for you, and what we will deliver for you through an approved SRV.

You're also invited to attend a community forum to hear more and ask questions about the SRV.

Open Community Forum
 Tuesday 25 October, 6-8pm
 Online

Community Drop-in Session (Mandarin, Korean and Farsi Interpreters available until 6pm)
 Thursday 27 October, 1-4pm
 Hornsby Library

Community Ratepayers Forum
 Monday 31 October, 6-8pm
 Hornsby RSL


Find out more, register to attend a forum, take a short survey or provide a formal submission at www.hornsby.nsw.gov.au/srv

At the same link above, you'll also find supporting documentation, Frequently Asked Questions and a full timeline with details of what happens next.

Hard copies of the supporting documentation are also available for viewing at our four libraries in Hornsby, Pennant Hills, Galston and Berrara, and at our Customer Service Centre at 296 Peats Ferry Road, Hornsby.

Together, we can build a strong future for Hornsby Shire.

Yours sincerely



Steven Head
 General Manager

TRM Reference: D08502738

Hornsby Shire Council
 426-22 759 996 972 PO Box 37, Hornsby NSW 1530 Phone 02 9547 6666 Email info@hornsby.nsw.gov.au
 296 Peats Ferry Rd, Hornsby 2077 Fax 02 9547 6999 Web hornsby.nsw.gov.au

NEED HELP?

This document contains important information. If you do not understand it, please call the Translating and Interpreting Service on 131 450. Ask them to phone 0847 6666 on your behalf to contact Hornsby Shire Council. Council's business hours are Monday to Friday, 9.30am-5pm.

Chinese Simplified

需要帮助吗？

本文件包含了重要的信息。如果您有不理解之处，请致电131 450联系翻译与传译服务中心。请他们代您致电 0847 6666 联系Hornsby郡议会，以便在上班时间为您解答。早上9:30 - 下午5点。

Chinese Traditional

需要幫助嗎？

本文件包含了重要的信息。如果您有不理解之處，請致電131 450聯繫翻譯與傳譯服務中心。請他們代您致電 0847 6666 聯繫Hornsby郡議會，以便在工作時間為您解答。早上9:30 - 下午5點。

German

Benutzen Sie Hilfe?

Dieses Dokument enthält wichtige Informationen. Wenn Sie es nicht verstehen, rufen Sie bitte den Übersetzer- und Dolmetschendienst unter 131 450 an. Bitten Sie ihn darum, für Sie den Hornsby Shire Council unter der Nummer 0847 6666 zu kontaktieren. Die Geschäftszeiten der Stadterwaltung sind Montag bis Freitag, 9.30-17 Uhr.

Hindi

आपको मदद चाहिए क्या? इस दस्तावेज़ में महत्वपूर्ण जानकारी है। यदि आप इसे नहीं समझ सकते हैं, तो कृपया 131 450 पर संपर्क करें और कृपया हमारे सेवकों को 0847 6666 पर हमारे形象 के लिए सहायता करने के लिए कहें। कार्यालय के कार्यवाही के समय (सोमवार से शुक्रवार, सुबह 9:30 - शाम 5:00 तक)।

Korean

도움말 필요하십니까?

문서에는 중요한 정보가 포함되어 있습니다. 이해가 되지 않는 내용이 있으시면, 통역서비스(Translating and Interpreting Service)로 전화하십시오(131 450번) 도움을 받으십시오. 호즈비 시 카운슬에 전화(0847 6666)를 걸어 달라고 요청하십시오. 카운슬의 업무시간은 월요일-금요일 오전 9시 30분-오후 5시입니다.

Tagalog

Kailangan ng tulungan?

Ang dokumento ay naglalaman ng mahalagang impormasyon. Kung hindi ninyo alamindihan, pakitawagan ang Serbisyo sa Pagmamarka at Pag-interprete (Translating and Interpreting Service) sa 131 450. Hingiin sa kanilang telepono ang 0847 6666 para sa masamang kontak sa Hornsby Shire Council. Ang oras ng opening ng Council ay Lunes hanggang Baynes, 9.30h sa 5h.

Farsi

نیاز به کمک دارید؟ این سند حاوی اطلاعات مهم می باشد. در صورتی که آن را درک نمی کنید، لطفاً با خدمات ترجمه و تفسیر تماس بگیرید. این خدمات را می توانید با شماره 131 450 تماس بگیرید. از آنها بخواهید از جانب شما با شماره 0847 6666 با شورای شهر هورسبی تماس بگیرند. ساعات کاری شورای شهر هورسبی از 9:30 صبح تا 5 عصر روزهای شنبه تا پنجشنبه است.

Ratepayer Direct Mail & A4 flyer for handouts

Artwork – Special Rate Variation Overview:

BUILDING A STRONG FUTURE FOR HORNSBY SHIRE
PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 9 NOVEMBER 2022

HAVE YOUR SAY

The people of Hornsby Shire have been clear and consistent in expressing their vision for our beautiful Shire. We know you want to secure a positive future for our coming generations that is **livable, sustainable, productive and collaborative**. To do this, it is essential that we have **sound financial foundations and are responsible stewards**, we must continue to spend only within our means.

We recently reviewed our Long Term Financial Plan, which identified that we need to take a number of actions to secure long term financial stability, maintain our assets and fund the high priority initiatives you have told us are important. Among the high priority actions we identified is a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a permanent Special Rate Variation (SRV).

We are consulting you, the community, about this rise in rates which will allow us to maintain the high levels of service that you have come to expect and resource projects to address what you have told us are your long term priorities.

WHAT YOU HAVE TOLD US IS IMPORTANT

- Long term financial sustainability**
Ensure that we have sufficient funding to deliver the services you have come to expect and have capacity to respond to unforeseen shocks, such as natural disasters
- Connected walking and cycling paths – \$12,962,370**
 - Shared paths – footpaths and cycleways
 - Track and trail upgrade for accessibility
 - Track and trail maintenance
- Sustainable and resilient community – \$6,035,096**
 - Community Resilience Program – climate change adaptation and mitigation
 - Bushfire risk mitigation
 - Community Development Programs (e.g. social isolation – Hello Hornsby!)
- Upgrading your community infrastructure – \$30,803,000**
 - Renew our public amenities
 - Community centre access and use upgrades
 - Planned sewerage upgrades
 - Improve sportsgrounds change rooms
- Maintaining our assets**
Ensure we maintain our buildings, open spaces, roads and drainage at a standard which meets the needs of our community
- Planning for our future – \$1,000,000**
 - Improve strategic planning, including developing the Pleasant Hills Town Centre Master Plan and Place Plan
- Protecting bushland and improving open space – \$10,383,419**
 - Bushland asset management
 - Playground upgrades
- Improving our technology – \$1,150,000**
 - Providing better customer service, including enhanced cyber security

youmay.hornsby.nsw.gov.au/srv Phone (02) 9647 6666 Email hsc@hornsby.nsw.gov.au

WHAT WOULD THIS MEAN FOR ME?

IPART determines a percentage by which councils can increase their rates each year. This is known as a 'rate peg'. Our forecasted calculations show that even with this annual rate peg increase, it will not be sufficient to achieve our collective objectives.

We are looking to apply for an increase of 28% staged over four years (**31.05%** cumulative) – including the forecasted rate peg – as follows:

	2023/24	2024/25	2025/26	2026/27	Aggregate	Cumulative
Proposed HSC Rating Increase	8.50%	7.50%	6.50%	5.50%	28%	31.05%
Forecasted Rate Peg	3.70%	3.50%*	3.00%*	2.30%*	12.70%	13.31%

* subject to IPART advice confirming future rate peg

For residents currently paying our average rate, this would mean an increase of \$2.07 a week in the first year. For business ratepayers, the weekly increase on the average rate would be \$3.97 in the first year.

The table below gives an indication of the average annual rates likely to be experienced by residential and business ratepayers with and without the SRV.

Rating category	2023/23	2023/24	2024/25	2025/26	2026/27
Residential – with SRV	NA	\$1,380.86	\$1,484.05	\$1,581.05	\$1,688.00
Residential – without SRV	\$1,272.79	\$1,319.88	\$1,368.06	\$1,403.06	\$1,442.24
Business – with SRV	NA	\$2,644.15	\$2,842.46	\$3,027.22	\$3,193.71
Business – without SRV	\$2,433.00	\$2,527.17	\$2,615.62	\$2,694.09	\$2,761.44

Residents in the Hornsby Shire local government area traditionally pay lower rates than the average rates of other councils in the Northern Sydney region and then NSW councils in the same category as ours.

HOW TO GET INVOLVED

Engaging and working with our community underpins all that we do. So, there are several ways you can hear more about these changes, learn what they mean for you and tell us your thoughts:

youmay.hornsby.nsw.gov.au/srv

Visit our project page to find out more, take a short survey or provide a formal submission.

Information available on the project page includes:

- Draft Long Term Financial Plan
- Asset Management Plan
- SRV Background Report
- Capacity to Pay Report
- Community Engagement Action Plan
- Comparison tables to NSROC councils and category 7 councils in NSW
- Frequently Asked Questions, including Council's Hardship Policy
- Timeline and next steps

You can also register to attend a community forum to hear more and ask questions about the SRV.

Open Community Forum	Drop-in Session	Community Ratepayers Forum
25 October, 4:00pm Online	27 October, 4:00pm Hornsby Library Korner, Madam and First interpreters please call 9647 6666	31 October, 4:00pm Hornsby RSL

youmay.hornsby.nsw.gov.au/srv Phone (02) 9647 6666 Email hsc@hornsby.nsw.gov.au

Newspaper Advertising

- The Special Rate Variation Community Engagement was advertised in the October and November editions of the following newspapers:
 - Hornsby-Kuringai Post
 - Bush Telegraph
 - Galston & Glenorie News
 - Dooral Roundup
 - Living Heritage (Mayor's Message only)

Artwork:

Latest News

To lodge, view and track the latest Development Applications in your area please visit: hornsby.nsw.gov.au/property

What's on

HER MAJESTY QUEEN ELIZABETH II
1926 – 2022

The Councilors and staff of Hornsby Shire Council are deeply saddened by the passing of Her Majesty Queen Elizabeth II, who lived with a deep passion and respect for the people she served. We pay our respects to the Queen and extend our condolences to King Charles III and the Royal Family.

from the Mayor's Desk

In September, residents of Hornsby Shire joined with countless people around the world to mourn the loss of Her Majesty Queen Elizabeth II. The Queen was held in warm regards by the people of Australia, who respected her deeply. As a leader, she embodied dignity, duty, grace and kindness. We acknowledge the immense contribution she made to the Commonwealth during her historic seventy-year reign.

During the time of mourning, many Hornsby Shire residents paid their respects by writing messages in condolence books in our libraries. We will send these books with a letter to King Charles III, sharing our collective condolences.

We intend to advise that our June 2022 Performance Report, adopted at the 14 September Council Meeting, demonstrates that Council has, despite navigating a range of challenging circumstances, delivered the highest possible levels of service for our community. Available on our website, the report reveals how we are taking tangible steps towards building a resilient and prosperous community.

Community engagement is incredibly important to us, and we have several important projects that we want to hear from you about. Thank you to anyone who has shared their thoughts on the draft Brooklyn Car Park Management Plan. Please continue to provide feedback until 26 October.

We also know you want to secure a positive future across all of our beautiful Shire for our coming generations that is livable, sustainable, productive and collaborative. As a Council, we are proud to serve you in achieving this vision. To do this, it is essential that we have sound financial foundations and as responsible stewards continue to spend only within our means.

To that end, we recently reviewed our Long Term Financial Plan, which identified that we need to take a number of actions to ensure our long term financial viability, maintain our assets and fund the high priority initiatives you have told us are important. One of the highest priority actions identified in a recent consideration applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV). As a meeting on 28 September, Council will consider a report that proposes we engage with the community on this issue during October.

Please visit our website to have your say on these and other important projects.

Philip Radstock AO, Mayor
Hornsby Shire Council

What's on

HAVE YOUR SAY

BROOKLYN CARPARKING

1st Stage on Brooklyn Drive, Cnr Parking Management Plan (in consultation until 30 October 2022)

The plan looks to support the needs of both visitors and locals, while protecting Brooklyn's unique natural environment and ensuring that the village is a liveable place, welcoming and vibrant for the whole community.

To view and comment, visit hornsby.nsw.gov.au/yoursay

FREE MOVIE IN HORNSBY PARK

POSTPONED UNTIL SATURDAY 8 OCTOBER

JUMANJI – WELCOME TO THE JUNGLE (PG)

Genre: Action | Movie starts 7.15pm

Food trucks – enjoy your dinner | Movie entertainment | Free popcorn

hornsby.nsw.gov.au/movies

Careers at Hornsby Shire Council

Work in a dynamic, fair and flexible environment and play a part in making a real difference to people's lives. To view current job vacancies at Hornsby Shire Council, visit hornsby.nsw.gov.au/careers

WASTE & SUSTAINABILITY WORKSHOPS

Get busy and involved this October. Join us for a tour of Kambak, learn how to compost, worm farm or how to sustainably source and dispose of your clothing. Be inspired by a sustainable futuristic home in the Shire, chat for lunch or attend a workshop on creating a comfortable home in summer or winter. Check out our workshops hornsby.nsw.gov.au/whatson

HORNSBY ART PRIZE EXHIBITION 19-30 OCTOBER 2022

Wallerbush Arts and Cultural Centre and Hornsby Central Library
hornsby.nsw.gov.au/artprize

Latest News

To lodge, view and track the latest Development Applications in your area please visit: hornsby.nsw.gov.au/property

What's on

BUILDING A STRONG FUTURE FOR HORNSBY SHIRE

PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 8 NOVEMBER 2022

Visit: yoursay.hornsby.nsw.gov.au/srv

Thornleigh Community Recycling Centre OPEN DAY!
Sunday 13 November, 10am-2pm

Come and celebrate our 5th birthday! Join a behind the scenes tour, enjoy our new murals and meet the artists, get up close to a Cleanaway Truck, attend a compost and worm farming workshop and much more. **FREE** Bookings: hornsby.nsw.gov.au/whatson

HAVE YOUR SAY

Draft Healthy Ageing Hornsby 2022-2028 on exhibition until 7 November

- Arts and Cultural Advisory Group nominations open until 7 November
- Bencost Public Domain Guidelines Amendments on exhibition 14 November to 14 December

For more information, visit yoursay.hornsby.nsw.gov.au

THE WESTSIDE VIBE Spring

FRIDAY 25 NOVEMBER | 4PM-9PM

DURAL LANE, BURNSEY | LIVE MUSIC | FOOD TRUCKS | LICENSED BAR | LOTS MORE!

Visit: hornsby.nsw.gov.au/springwestsidevibe

WASTE & SUSTAINABILITY WORKSHOPS

Learn about What Can and Can't Go in your bin, Slow Fashion, Toy Swap, Zero Waste Christmas Decorations and set up your own worm farm. Free Chipping for mulch in Galston.

Check out our November workshops hornsby.nsw.gov.au/whatson

FRIENDS FOOD AND FUN!

Monday 21 November, 5pm-7pm in Hornsby Rd

Join us, have fun, connect with your seniors community and celebrate Social Inclusion Week. FREE, includes lunch and entertainment. Bookings essential hornsby.nsw.gov.au/whatson

COMMUNITY EVENT GRANTS PROGRAM

Funding is now available to support local community events run by not-for-profit organisations within Hornsby Shire. Submissions close 13 November.

For more information, visit hornsby.nsw.gov.au

Next Council meeting live streamed from Council's website Wednesday 12 October, 6.30pm hornsby.nsw.gov.au

Next Council meeting Wednesday 9 November, 6.30pm hornsby.nsw.gov.au

Council eNews

- The Special Rate Variation community engagement was advertised in the October and November editions of Council's eNews. This goes to a database of approximately 26,000 people.

Artwork:



A0 posters

- Posters were produced to use at the community forums.

Artwork:

BUILDING A STRONG FUTURE FOR HORNSBY SHIRE
 PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
 ON EXHIBITION UNTIL 8 NOVEMBER 2022

HAVE YOUR SAY

To deliver our community's vision for our beautiful Shire, which includes securing a positive future for our coming generations that is liveable, sustainable, productive and collaborative, it is essential that Council has sound financial foundations and, as responsible stewards, continue to spend only within our means.

A recent review of our Long Term Financial Plan identified, among other high priority actions, a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

This proposed increase in rates is to secure long term financial stability, maintain our assets and fund the high priority initiatives that you have told us are important.

WHAT YOU HAVE TOLD US IS IMPORTANT

Long term financial sustainability	Maintaining our assets	Sustainable and resilient community – \$6,035,096	Upgrading your community infrastructure – \$30,807,000	Connected walking and cycling paths – \$17,982,370	Planning for our future – \$1,000,000	Protecting bushland and improving open space – \$10,283,419	Improving our technology – \$1,150,000

We are looking to apply for an increase of **28%** staged over four years (**31.05% cumulative**) – including the rate peg as determined by IPART.

SHARE YOUR THOUGHTS, HEAR MORE AND ASK QUESTIONS
 Find out more, read the documentation and FAQs, register to attend a community forum, take a short survey or provide a formal submission at yoursay.hornsby.nsw.gov.au/srv

COMMUNITY FORUMS
 Registration for the forums is essential via yoursay.hornsby.nsw.gov.au/srv

Business Ratepayers Forum 10 October, 6-8pm Hornsby RSL	Community Ratepayers Forum 17 October, 6-8pm Hornsby RSL	Open Community Forum 25 October, 6-8pm Online	Drop-in Session 27 October, 1-8pm Hornsby Library (Korean, Mandarin and Farsi interpreters available until 6pm)
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yoursay.hornsby.nsw.gov.au/srv Phone (02) 9847 6666 Email hsc@hornsby.nsw.gov.au

HORNSBY SHIRE COUNCIL

- Digital artwork was produced for the footbridge, Hornsby Shire Council staff email signatures and the Hornsby Library plasma screens.

BUILDING A STRONG FUTURE FOR HORNSBY SHIRE

PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 8 NOVEMBER 2022

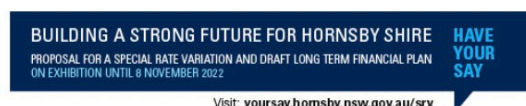
**HAVE
YOUR
SAY**

Visit: yoursay.hornsby.nsw.gov.au/srv

Hornsby Library plasma screens



Hornsby Shire Council staff email signature:



Council recognises the Traditional Owners of the lands of Hornsby Shire, the Darug and GuriNgai peoples, and pays respect to their Ancestors and Elders past and present and to their Heritage. We acknowledge and uphold their intrinsic connections and continuing relationships to Country.



Invitation to Drop-In Session for Culturally and Linguistically Diverse Communities (CALD)

ATTACHMENT 1 - ITEM 1

English



ATTACHMENT 1 - ITEM 1



BUILDING A STRONG FUTURE FOR HORNSBY SHIRE

PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 8 NOVEMBER 2022

**HAVE
YOUR
SAY**



Invitation to a Drop-In Session on Council's proposal for a Special Rate Variation

Dear Hornsby Shire Resident

Hornsby Shire Council has recently reviewed its Long Term Financial Plan, which identified that it needs to take a number of actions to secure **long term financial stability, maintain community assets and fund the high priority initiatives that you have told them are important.**

Among the high priority actions Council has identified is a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a permanent **Special Rate Variation (SRV).**

Rates would rise by **8.5% in 2023/24, 7.5% in 2024/25, 6.5% in 2025/26 and 5.5% in 2026/27**, which represents an increase of **31.05% (cumulative) staged over four years**, including the annual rate peg set by IPART.

For residents currently paying our average rate, this would mean an increase of \$2.07 a week in the first year.

Council is consulting with you, the community, until 8 November 2022 about this potential rise in rates.

It is very important to us that we connect with all members of our diverse community. We have arranged a special drop-in session at Hornsby Library with interpreters available until 6pm to help take you through the information and answer your questions. We encourage you to come along.

Drop-in Session

Thursday 27 October, 1-8pm

Hornsby Library

28-44 George St, Hornsby NSW 2077

Korean, Mandarin and Farsi interpreters available until 6pm

If you are unable to attend a drop-in session, you can read more about the proposal and share your thoughts by taking a short survey or providing a formal submission via the project page yoursay.hornsby.nsw.gov.au/srv

Yours faithfully

Steven Head

General Manager



yoursay.hornsby.nsw.gov.au/srv



Phone (02) 9847 6666



Email hsc@hornsby.nsw.gov.au



Farsi



ATTACHMENT 1 - ITEM 1



نظرات خود را ابراز دهید

ایجاد آینده ای قوی برای هورنزبی شایر
طرح پیشنهادی برای تغییر ویژه عوارض و پیش نویس برنامه مالی بلند مدت
در نمایش تا 8 نوامبر 2022



دعوت نامه به جلسه ای حضوری برای طرح پیشنهادی شورای شهر برای تغییر ویژه عوارض

ساکن گرامی هورنزبی شایر

شورای شهر هورنزبی شایر اخیراً برنامه مالی بلند مدت خود را بازنگری کرده است، که طی آن شناسایی شد که نیاز دارد تعدادی از اقدامات را به عمل آورد تا ثبات مالی بلند مدت را تثبیت کرده، دارایی های جامعه محلی را حفظ کند و بودجه اقدامات ابتکاری با اولویت بالا که شما گفته اید مهم هستند را تأمین کند.

یکی از اقدامات با اولویت بالا که شورای شهر آن را شناسایی کرده، نیاز به مدنظر گرفتن ارائه درخواست به NSW Independent Pricing and Regulatory Tribunal (IPART) برای تغییر ویژه عوارض (SRV) به صورت دائم است.

عوارض تا سال مالی 2023/24 تا 8.5 درصد، و 2024/25 تا 7.5 درصد، و 2025/26 تا 6.5 درصد و 2026/27 تا 5.5 درصد افزایش خواهند یافت که نشانگر افزایشی معادل 31.05 درصد (در مجموع) طی چهار سال، از جمله حداکثر میزان افزایش عوارض سالیانه تعیین شده توسط IPART می باشد.

برای ساکنینی که در حال حاضر عوارض متوسط ما را پرداخت می کنند، این به معنای افزایشی معادل 2.07 دلار در هفته در سال اول می باشد.

شورای شهر با شما، جامعه محلی، تا 8 نوامبر 2022 در مورد این افزایش بالقوه عوارض مشاوره خواهد کرد.

برای ما بسیار مهم است که با تمامی اعضای جامعه محلی گوناگون مان ارتباط برقرار کنیم. ما جلسه حضوری ویژه ای را در کتابخانه هورنزبی، با حضور مترجمان شفاهی تا ساعت 6 عصر، هماهنگ کرده ایم تا به شما کمک کنیم اطلاعات را مرور کرده و به سوالات تان پاسخ دهیم. شما را تشویق می کنیم به این جلسه بیاوید.

جلسه حضوری

پنجشنبه 27 اکتبر، 1 بعدازظهر تا 8 شب

کتابخانه هورنزبی

28-44 George St, Hornsby NSW 2077


مترجمان شفاهی کره ای، ماندارین و فارسی زبان تا ساعت 6 عصر موجود خواهند بود

چنانچه نمی توانید در جلسه حضوری شرکت کنید، می توانید اطلاعات بیشتر در مورد طرح پیشنهادی را خوانده و نظرات خود را از طریق انجام یک نظرسنجی کوتاه یا ارائه نظرات رسمی از طریق صفحه این پروژه ارائه دهید yoursay.hornsby.nsw.gov.au/srv

با احترام

استیون هد
مدیر کل

 yoursay.hornsby.nsw.gov.au/srv

 Phone (02) 9847 6666

 Email hsc@hornsby.nsw.gov.au



Korean



ATTACHMENT 1 - ITEM 1



혼스비 샤이어의 미래를 위한 강력한 기반 조성

특별 세율 변경을 위한 제안 및 장기 재정 계획안
2022년 11월 8일까지 일반 공개

의견을
개진
하세요



특별 세율 변경을 위한 카운슬의 제안에 관한 설명회 개최 안내

혼스비 샤이어 주민 여러분께

최근 혼스비 샤이어 카운슬에서 장기 재정 계획을 검토한 결과, **장기적인 재정 안정성을 확보하고 지역사회의 자산을 유지하며 주민들이 중요하다고 말한 최우선 사업 계획의 재원을 조달** 하려면 여러 가지 조치를 취해야 한다는 점을 확인했습니다.

카운슬에서 확인한 최우선 조치 중 하나는 NSW 독립물가규제위원회(IPARP)에 영구적인 **특별 세율 변경(SRV)**을 요청하는 방안을 고려할 필요가 있다는 것입니다.

세율은 **2023/24년도 8.5%, 2024/25년도 7.5%, 2025/26년도 6.5%, 2026/27년도에 5.5%**가 인상되며, 이는 IPART가 정한 연간 고정 세율을 포함하여 **4년에 걸쳐 총 31.05% (누적)** 증가하는 것입니다.

현재 평균 세율로 납부하고 있는 주민들의 경우 첫 해에 주당 \$2.07 달러가 늘어나는 셈입니다.

카운슬은 이러한 세율 인상 계획에 관해 2022년 11월 8일까지 지역사회 여러분과 협의합니다.

카운슬이 다양한 사회의 모든 구성원들과 소통하는 것이 매우 중요합니다. 주민들께 관련 정보를 안내하고 질문에 답변해 드리고자 혼스비 도서관에 특별한 설명회 시간을 마련했습니다. 오후 6시까지 통역도 이용할 수 있으므로 꼭 오셔서 참여해 주시기 바랍니다.

안내 설명회

10월 27일 목요일 오후 1 ~ 8시

혼스비 도서관

28-44 George St, Hornsby NSW 2077

오후 6시까지 한국어, 중국어, 페르시아 통역 지원

안내 설명회에 참석하실 수 없는 분은 프로젝트 페이지 yoursay.hornsby.nsw.gov.au/srv 를 통해 제안 사항을 자세히 살펴보고 간단한 설문조사에 참여하거나 공식 의견서를 제출하여 생각을 함께 나눌 수 있습니다.

감사합니다.

스티븐 헤드

총괄 국장



yoursay.hornsby.nsw.gov.au/srv



Phone (02) 9847 6666



Email hsc@hornsby.nsw.gov.au



Simplified Chinese



ATTACHMENT 1 - ITEM 1



为HORNSBY郡建设强大的未来
特别税率更改提案和长期财务计划草案
公示至2022年11月8日

发表您的
意见



参加市议会特别市政税率更改提案开放式专场活动邀请书

尊敬的Hornsby郡居民

Hornsby郡议会最近审查了本郡的长期财政计划，并确定需要采取一些行动，确保财政长期稳定，社区资产得到维护，以及为群众认为要解决的当务之急提供资金。

在市议会确定的当务之急行动中，有一项是需要考虑向新州独立定价和监管仲裁庭 (IPART) 申请永久的**特别市政税率更改 (SRV)**。

市政税率将在**2023/24年度上升8.5%，2024/25年度上升7.5%，2025/26年度上升6.5%，2026/27年度上升5.5%**，这意味着在**四年内分阶段上升31.05% (累积)**，包括IPART规定的年度税率挂钩。

对于目前按平均税率纳税的居民而言，这意味着在第一年每周税费会增加\$2.07。

市议会正在就这个可能提高的税率征求社区的意见。意见征集截止于 2022年11月8日。

对我们来说，与我们多元化社区的所有成员建立联系是非常重要的。我们已经在Hornsby图书馆安排了一次开放式专场讲解活动。届时口译员将在下午6点之前帮助讲解具体内容并回答您的问题。我们期待您前来参加。

开放式专场活动

10月27日 (星期四)，下午1时 - 晚上8时

Hornsby图书馆

28-44 George St, Hornsby NSW 2077

韩语、普通话和波斯语口译员下午6时前在场服务

如果您无法参加本次活动，可以阅读更多关于本提案的资料，并通过简短的调查提出您的想法，或在项目页面正式提交意见：

yoursay.hornsby.nsw.gov.au/srv

致礼

Steven Head
总经理



yoursay.hornsby.nsw.gov.au/srv



Phone (02) 9847 6666



Email hsc@hornsby.nsw.gov.au



Bush Telegraph November



ATTACHMENT 1 - ITEM 1

English



ATTACHMENT 1 - ITEM 1

Latest News



ATTACHMENT 1 - ITEM 1

To lodge, view and track the latest Development Applications in your area please visit: hornsby.nsw.gov.au/property



from the Mayor's Desk

As I foreshadowed last month, Council recently approved a recommendation to engage with the Hornsby Shire community on a potential application to the NSW Independent Pricing and Regulatory Tribunal for a Special Rate Variation (SRV). We are consulting with the community until 8 November, and we encourage you to have your say on this important issue that will help shape the future of Hornsby Shire.

We have worked very hard to identify cost efficiencies in our operations and keep rates low so, unlike many other councils, we have not needed to apply for a Special Rate Variation in over ten years.

The reality now is that Council is facing the same cost of living pressures as families and businesses in Hornsby Shire. This potential rise in rates will allow us to secure long term financial stability, maintain our assets and fund the high priority initiatives you have told us are important for our beautiful Bushland Shire.

Inserted into this publication is a flyer explaining more about what an SRV would mean for you and why it is necessary. I encourage you to read it, and to visit our project web page to read the supporting documents, take a short survey and make your submission at: <https://yoursay.hornsby.nsw.gov.au/srv>.

Printed copies of all the information relating to the SRV are available at Hornsby Shire libraries and our Customer Service Centre for those who do not have access to a computer.

In addition to the SRV, we have other important items that we want to engage with you on. As our population ages, it's important for us to have a local strategy to address ageing and to support older residents. Our draft Healthy Ageing Hornsby strategy is on public exhibition until 7 November.

We are seeking to work with the community to ensure that what we deliver culturally best reflects your needs and priorities. We are establishing an Arts and Cultural Advisory Group to provide strategic advice, feedback, and input during the development of our Art and Cultural Plan and we welcome nominations until 7 November.

To have your say on these important issues, or to nominate to become a member of the Arts and Cultural Advisory Group, visit yoursay.hornsby.nsw.gov.au.

Philip Ruddock AO
Mayor, Hornsby Shire Council

What's on

BUILDING A STRONG FUTURE FOR HORNSBY SHIRE
PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT
LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 8 NOVEMBER 2022

**HAVE
YOUR
SAY**

Visit: yoursay.hornsby.nsw.gov.au/srv



**Thornleigh Community
Recycling Centre**

OPEN DAY!

Sunday 13 November, 10am-2pm

Come and celebrate our 5th birthday! Join a behind the scenes tour, enjoy our new murals and meet the artists, get up close to a Cleanaway Truck, attend a compost and worm farming workshop and much more. **FREE!** Bookings essential hornsby.nsw.gov.au/whatson



HAVE YOUR SAY

- Draft Healthy Ageing Hornsby 2022- 2026 on exhibition until 7 November
- Arts and Cultural Advisory Group nominations open until 7 November
- Beecroft Public Domain Guidelines Amendments on exhibition 14 November to 14 December

For more information, visit yoursay.hornsby.nsw.gov.au

THE WESTSIDE VIBE Spring
FRIDAY 25 NOVEMBER | 4PM-9PM
DURAL LANE, HORNSBY | LIVE MUSIC | FOOD TRUCKS | LICENSED BAR | LOTS MORE!
Visit hornsby.nsw.gov.au/springwestsidevibe



WASTE & SUSTAINABILITY WORKSHOPS

Learn about What Can and Can't Go in your bin, Slow Fashion, Toy Swap, Zero Waste Christmas Decorations and set up your own worm farm. Free Chipping for mulch in Galston.

Check out our November workshops hornsby.nsw.gov.au/whatson



FRIENDS FOOD AND FUN!

Monday 21 November, 10am-12pm at Hornsby RSL

Join us, have fun, connect with your seniors community and celebrate Social Inclusion Week. **FREE**, includes lunch and entertainment.

Bookings essential hornsby.nsw.gov.au/whatson



COMMUNITY EVENT GRANTS PROGRAM

Funding is now available to support local community events run by not-for-profit organisations within Hornsby Shire. Submissions close 13 November.

For more information, visit hornsby.nsw.gov.au

Next Council meeting Wednesday 9 November, 6.30pm

hornsby.nsw.gov.au

Insert in Other Languages



ATTACHMENT 1 - ITEM 1



为HORNSBY郡建设强大的未来

特别税率更改提案和长期财务计划草案

公示至2022年11月8日

发表您的
意见

Hornsby郡人民历来明确且一致地表达了他们对我们美好的Hornsby郡的愿景。我们知道大家想确保我们的子孙后代有一个宜居、可持续、富有成效和相互合作的积极未来。要做到这一点，我们必须有坚实的财政基础，同时作为负责任的管理人，我们必须继续量入为出。

我们最近审查了本郡的长期财政计划，并确定需要采取一些行动，确保**财政长期稳定，社区资产得到维护，以及为群众认为要解决的当务之急提供资金**。在市议会确定的当务之急行动中，有一项是需要考虑向新州独立定价和监管仲裁庭 (IPART) 申请永久的特别市政税率更改 (SRV)。

我们正在就提高税率一事征求大家的意见。提高税率将使我们能够保持大家期望的高水平服务，并为实现社区群众所说的长期重点项目提供资源。

根据大家的反馈，以下是我们的重点工作



财政长期稳定

确保我们有足够的资金提供大家期望的服务，并有能力应对自然灾害等不测风云。



连接步行道和骑行道 -

\$17,982,370

- 共享路径 - 步行道和骑行道
- 升级小道和小径，实现无障碍通行
- 维护小道和小径



建设可持续和复原力强的社区

- \$6,035,096

- 社区复原力计划--适应和减缓气候变化
- 降低林火风险
- 社区发展计划 (如 Hello Hornsby项目 - 消除社交隔离)



社区基础设施改造 -

\$30,807,000

- 更新公共便利设施
- 改造社区中心 - 提高出入便利性和使用度
- 优先改造雨水储存设施
- 改善运动场更衣室



维护我们的资产

确保我们对建筑物、空地、道路和排水系统的维护达标，满足社区的需求。



规划未来

- \$1,000,000

- 改进战略规划
- Pennant Hills 镇中心总体规划 and 场所规划



保护丛林、改善开放空间

- \$10,283,419

- 丛林资产管理
- 游乐场升级



提高我们的技术能力 -

\$1,150,000

- 提供更好的客户服务，包括加强网络安全

这对我意味着什么？

IPART决定一个百分比，市议会每年可以据此增加市政税率。这称为“税率挂钩”。我们的预测计算结果表明，即使税率每年有这样的挂钩增长，也不足以实现我们的集体目标。

市政税率将在**2023/24年度上升8.5%，2024/25年度上升7.5%，2025/26年度上升6.5%，2026/27年度上升5.5%**，这意味着在**四年内分阶段上升31.05% (累积)**，包括 IPART规定的年度税率挂钩。

对于目前按平均税率纳税的居民而言，这意味着在第一年每周税费会增加\$2.07。对纳税企业而言，平均税率的税费第一年每周会增加\$3.97。

如何参与

我们的各项工作基础都是与社区接触和合作。请在我们的项目页面了解更多有关这些更改的内容，参加简短的调查，或在2022年11月8日 (星期二) 正式提交意见。

yoursay.hornsby.nsw.gov.au/srv



yoursay.hornsby.nsw.gov.au/srv



Phone (02) 9847 6666



Email hsc@hornsby.nsw.gov.au





BUILDING A STRONG FUTURE FOR HORNSBY SHIRE

PROPOSAL FOR A SPECIAL RATE VARIATION AND DRAFT LONG TERM FINANCIAL PLAN
ON EXHIBITION UNTIL 8 NOVEMBER 2022

HAVE
YOUR
SAY

The people of Hornsby Shire have been clear and consistent in expressing their vision for our beautiful Shire. We know you want to secure a positive future for our coming generations that is liveable, sustainable, productive and collaborative. To do this, it is essential that we have sound financial foundations and as responsible stewards, we must continue to spend only within our means.

We recently reviewed our Long Term Financial Plan, which identified that we need to take a number of actions to secure long term financial stability, maintain our assets and fund the high priority initiatives you have told us are important. Among the high priority actions we identified is a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a permanent Special Rate Variation (SRV).

We are consulting you, the community, about this rise in rates which will allow us to maintain the high levels of service that you have come to expect and resource projects to address what you have told us are your long-term priorities.

WHAT YOU HAVE TOLD US IS IMPORTANT



Long term financial sustainability

Ensure that we have sufficient funding to deliver the services you have come to expect and have capacity to respond to unknown shocks, such as natural disasters



Connected walking and cycling paths – \$17,982,370

- Shared paths – footpaths and cycleways
- Track and trail upgrade for accessibility
- Track and trail maintenance



Sustainable and resilient community – \$6,035,096

- Community Resilience Program – climate change adaptation and mitigation
- Bushfire risk mitigation
- Community Development Programs (e.g. social isolation – Hello Hornsby)



Upgrading your community infrastructure – \$30,807,000

- Renew our public amenities
- Community centre access and use upgrades
- Prioritised stormwater upgrades
- Improve sportsgrounds change rooms



Maintaining our assets

Ensure we maintain our buildings, open spaces, roads and drainage at a standard which meets the needs of our community



Planning for our future – \$1,000,000

- Improve strategic planning, including developing the Pennant Hills Town Centre Master Plan and Place Plan



Protecting bushland and improving open space – \$10,283,419

- Bushland asset management
- Playground upgrades



Improving our technology – \$1,150,000

- Providing better customer service, including enhanced cyber security

WHAT WOULD THIS MEAN FOR ME?

IPART determines a percentage by which councils can increase their rates each year. This is known as a 'rate peg'. Our forecasted calculations show that even with this annual rate peg increase, it will not be sufficient to achieve our collective objectives.

Rates would rise by **8.5% in 2023/24, 7.5% in 2024/25, 6.5% in 2025/26 and 5.5% in 2026/27**, which represents an increase of **31.05% (cumulative) staged over four years**, including the annual rate peg set by IPART.

For residents currently paying our average rate, this would mean an increase of \$2.07 a week in the first year. For business ratepayers, the weekly increase on the average rate would be \$3.97 in the first year.

HOW TO GET INVOLVED

Engaging and working with our community underpins all that we do. Please visit our project page to learn more about these changes, take a short survey or provide a formal submission by Tuesday, 8 November 2022.

yoursay.hornsby.nsw.gov.au/srv



yoursay.hornsby.nsw.gov.au/srv



Phone (02) 9847 6666



Email hsc@hornsby.nsw.gov.au





혼스비 샤이어의 미래를 위한 강력한 기반 조성

특별 세율 변경을 위한 제안 및 장기 재정 계획안
2022년 11월 8일까지 일반 공개

의견을
개진
하세요

혼스비 샤이어의 사람들은 지역을 아름답게 만드는 비전을 명확하고 일관되게 밝혀 왔습니다. 모두가 다음 세대를 위해 살기 좋고 지속 가능하며 생산적이고 협력적인 밝은 미래를 원한다는 것을 잘 알고 있습니다. 이를 위해서는 재정 기반이 건전해야 하고 책임 있는 관리자로서 카운슬은 계속해서 가용한 예산 내에서만 지출해야 합니다.

최근 카운슬에서 장기 재정 계획을 검토한 결과, **장기적인 재정 안정성을 확보하고 지역사회 자산 유지를 유지하며 주민들이 중요하다고 말한 최우선 사업 계획의 재원을 조달**하려면 여러 가지 조치를 취해야 한다는 점을 확인했습니다. 카운슬에서 확인한 최우선 조치 중 하나는 NSW 독립물가규제위원회(IPARP)에 영구적인 **특별 세율 변경(SRV)** 을 요청하는 방안을 고려할 필요가 있다는 것입니다.

이러한 세율 인상에 관해 지역사회 여러분과 협의합니다. 세율 인상을 통해 주민들이 기대하는 높은 수준의 서비스를 유지하며, 장기적으로 우선 순위라고 말한 일들을 해결하는 사업에 재원을 조달할 수 있습니다.

주민들이 중요하다고 말한 일



장기적인 재정의 지속 가능성

주민들이 바라는 서비스를 제공할 수 있는 충분한 재원을 확보하고 자연 재해와 같은 알 수 없는 충격에 대비할 수 있는 역량을 갖추는 것입니다.



보행로와 자전거 도로 연결 - \$17,982,370

- 공유 경로 - 보도 및 자전거 도로
- 트랙과 산책로의 접근성 개선
- 트랙과 산책로의 유지보수



지속 가능성과 회복력이 있는 지역사회 - \$6,035,096

- 지역사회 회복 프로그램 - 기후 변화 적응과 완화
- 산불 위험 완화
- 지역사회 개발 프로그램 (예: 사회적 고립 해소 - 헬로우 혼스비)



지역사회 기반시설 개선 - \$30,807,000

- 공공 편의시설 재개발
- 커뮤니티 센터의 접근성과 이용성 개선
- 우선적인 우수 처리 개선
- 운동장 탈의실 개선



카운슬의 자산 유지

건물과 개방 공간, 도로, 배수 시설 등을 지역사회의 요구에 부합하는 수준으로 관리합니다.



미래를 위한 계획 수립 - \$1,000,000

- 전략적인 계획 수립 개선
- 페넌트 힐스 타운센터 기본 종합계획 및 배치계획



삼림 보호 및 녹지 공간 개선 - \$10,283,419

- 삼림 자산 관리
- 놀이터 개선



기술 개선 - \$1,150,000

- 사이버 보안 강화를 비롯한 고객 서비스 향상

세율 변경의 의미

IPART는 매년 카운슬에서 세율을 인상할 수 있는 비율을 결정합니다. 이를 '고정 세율'이라고 합니다. 추산한 바에 따르면, 이러한 연간 고정 세율이 증가하더라도 카운슬의 종합적인 목표를 달성하기에는 충분하지 않을 것으로 보입니다.

세율은 **2023/24년도 8.5%, 2024/25년도 7.5%, 2025/26년도 6.5%, 2026/27년도에 5.5%** 가 인상되며, 이는 IPART가 정한 연간 고정 세율을 포함하여 **4년에 걸쳐 총 31.05% (누적)** 증가하는 것입니다.

현재 평균 세율로 납부하고 있는 주민들은 첫 해에 주당 \$2.07 달러가 늘어나게 됩니다. 사업체 납세자의 경우 평균 세율을 기준으로 첫 해에 증가하는 금액이 주당 \$3.97 달러가 됩니다.

참여 방법

지역사회에 참여하고 협력하는 것이 카운슬이 하는 모든 일을 뒷받침하는 것입니다. 카운슬의 프로젝트 페이지에서 이러한 변경 사항에 대해 자세히 살펴보고 2022년 11월 8일 화요일까지 간단한 설문조사에 참여하거나 공식 의견서를 제출해 주시기 바랍니다.

yoursay.hornsby.nsw.gov.au/srv



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Phone (02) 9847 6666



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نظرات خود را ابراز دهید

ایجاد آینده ای قوی برای هورنزبی شایر

طرح پیشنهادی برای تغییر ویژه عوارض و پیش نویس برنامه مالی بلند مدت
در نمایش تا 8 نوامبر 2022

اهالی هورنزبی شایر در ابراز دیدگاهشان برای بخش زیبایمان روشن و یکپارچه بوده اند. ما می دانیم که شما می خواهید آینده ای مثبت که قابل سکنی، پایدار، سازنده و مبتنی بر همکاری است را برای نسل های آتی تثبیت کند. برای انجام این کار، ضروری است که بنیادهای مالی محکم داشته باشیم و به عنوان کارگزارانی مسئول، ما باید به خرج کردن تنها در وسع خود ادامه دهیم.

ما اخیراً برنامه مالی بلند مدت خود را بازنگری کرده ایم، که طی آن شناسایی شد که نیاز داریم تعدادی از اقدامات را به عمل آوریم تا ثبات مالی بلند مدت را به دست آورده، دارایی هایمان را حفظ کنیم و بودجه اقدامات ابتکاری با اولویت بالا که شما گفته اید مهم هستند را تأمین کنیم. یکی از اقدامات با اولویت بالا که شناسایی کرده ایم، نیاز به مدنظر گرفتن ارائه درخواست به NSW Independent Pricing and Regulatory Tribunal (IPART) برای تغییر ویژه عوارض (SRV) به صورت دائم است.

ما با شما، جامعه محلی، در مورد افزایش عوارض مشاوره خواهیم کرد که به ما اجازه می دهد سطوح بالای خدماتی که انتظار آن را دارید را حفظ کرده و برای رسیدگی به آنچه شما به ما گفته اید اولویت های بلند مدت تان می باشند، منابع پروژه ها را تأمین کنیم.

آنچه به ما گفته اید مهم است

 <p>بهبودی زیربنای جامعه محلی تان - 30,807,000 دلار</p> <ul style="list-style-type: none"> ■ بازسازی تسهیلات عمومی مان ■ بهسازی امکان دسترسی و استفاده از مرکز جامعه محلی ■ بهسازی اولویت بندی شده مدیریت آب باران ■ بهبود رختکن های زمین های ورزشی 	 <p>جامعه محلی پایدار و انعطاف پذیر - 6,035,096 دلار</p> <ul style="list-style-type: none"> ■ برنامه انعطاف پذیری جامعه محلی - سازگاری با تغییرات اقلیمی و کاهش آن ■ کاهش خطر آتش سوزی جنگلی ■ برنامه های توسعه جامعه محلی (برای مثال، انزوای اجتماعی - سلام هورنزبی) 	 <p>مسیرهای به هم پیوسته برای پیاده روی و دوچرخه سواری - 17,982,370 دلار</p> <ul style="list-style-type: none"> ■ مسیرهای اشتراکی - پیاده روها و مسیرهای دوچرخه سواری ■ بهسازی مسیرهای ساخته شده و مسیرهای طبیعی برای قابلیت دسترسی ■ حفظ مسیرهای ساخته شده و مسیرهای طبیعی 	 <p>پایایی مالی بلند مدت</p> <p>اطمینان حاصل کنیم که منابع مالی کافی برای ارائه خدماتی که از ما انتظار دارید و ظرفیت پاسخگویی به وقایع تکان دهنده، مانند بلایای طبیعی، را داریم</p>
 <p>بهبود تکنولوژی مان - 1,150,000 دلار</p> <ul style="list-style-type: none"> ■ ارائه خدمات مشتریان بهتر، از جمله ایمنی بیشتر در فضاهای مجازی 	 <p>محافظت از مناطق جنگلی و بهبود فضاهای باز - 10,283,419 دلار</p> <ul style="list-style-type: none"> ■ مدیریت دارایی مناطق جنگلی ■ بهسازی زمین های بازی 	 <p>برنامه ریزی برای آینده مان - 1,000,000 دلار</p> <ul style="list-style-type: none"> ■ بهبود برنامه ریزی استراتژیک ■ طرح جامع و نقشه مکان مرکز شهر پنانت هیلز 	 <p>حفظ دارایی هایمان</p> <p>اطمینان حاصل کنیم که ساختمان ها، فضاهای باز، جاده ها و زهاب را در استانداردهای نیازهای جامعه محلی مان را برآورده می کند حفظ کنیم</p>

این برای من به چه معنی می باشد؟

IPART درصدی را که شوراهای شهر می توانند عوارض را هر سال افزایش دهند تعیین می کند. این "حداکثر افزایش عوارض" (rate peg) نام دارد. محاسبات پیش بینی شده ما نشان می دهند که حتی با این افزایش سالیانه عوارض، دستیابی به اهداف جمعی مان کافی نمی باشد.

عوارض تا سال مالی 2023/24 تا 8.5 درصد، و 2024/25 تا 7.5 درصد، و 2025/26 تا 6.5 درصد و 2026/27 تا 5.5 درصد افزایش خواهند یافت که نشانگر افزایشی معادل 31.05 درصد (در مجموع) طی چهار سال، از جمله حداکثر میزان افزایش عوارض سالیانه تعیین شده توسط IPART می باشد.

برای سائینی که در حال حاضر عوارض متوسط ما را پرداخت می کنند، این به معنای افزایشی معادل 2.07 دلار در هفته در سال اول می باشد. برای پرداخت کنندگان عوارض کسب و کارها، افزایش هفتگی بر عوارض متوسط 3.97 دلار در سال اول می باشد.



چگونه می توانید مشارکت داشته باشید

مشارکت و همکاری با جامعه محلی مان تمامی فعالیت هایی که انجام می دهیم را محکم می کند. لطفاً تا 8 نوامبر 2022، به صفحه پروژه ما مراجعه کنید تا اطلاعات بیشتری در مورد این تغییرات کسب کنید، یک نظرسنجی کوتاه را انجام دهید یا نظرات خود را به صورت رسمی ارائه دهید.

yoursay.hornsby.nsw.gov.au/srv



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Your Say Hornsby – SRV

Special Rate Variation | Yoursay

https://yoursay.hornsby.nsw.gov.au/srv

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Proposal for Special Rate Variation

Building a strong future for Hornsby Shire

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A message from the General Manager

Hornsby Shire Council - Special Rate Variation

Watch Later Share

SPECIAL RATE VARIATION
BUILDING A STRONGER FUTURE FOR HORNSBY SHIRE
yoursay.hornsby.nsw.gov.au/srv

Watch on YouTube

Important Documents

To help you better understand the SRV proposal and the reasons why we need it.

- Revised Background Paper — Morrison Low**
PDF (503.11 KB)
Summary of the current economic conditions and the drivers for a Special Rate Variation.
This document was updated on 12 October 2022 with revised figures in the graph on page 8.
- Draft Long Term Financial Plan 2023/24 to 2032/33**
PDF (8.17 MB)
The financial imperative for a Special Rate Variation.
- Asset Management Strategy 2023/24 to 2032/33**
PDF (9.70 MB)
Assessment of the ongoing costs to ensure that our assets meet our community's standards.
- Capacity to Pay Report — Morrison Low**
PDF (519.08 KB)
The potential impact of an SRV on the community.
- Community Engagement Action Plan — Morrison Low**
PDF (905.80 KB)
The engagement approach to ensure that all our ratepayers are aware of the proposed SRV and can comment.

What's happening?

To deliver our community's vision for our beautiful Shire, including securing a positive future for our coming generations that is liveable, sustainable, productive and collaborative, it is essential that we have sound financial foundations and continue to spend only within our means.

A recent review of our Long Term Financial Plan identified, among other high priority actions, a need to consider applying to the NSW Independent Pricing and Regulatory Tribunal (IPRT) for a Special Rate Variation (SRV).

ATTACHMENT 1 - ITEM 1



Your Say Hornsby full timeline

Special Rate Variation | Yoursay

https://yoursay.hornsby.nsw.gov.au/srv

Rating category	2022/23	2023/24	2024/25	2025/26	2026/27
Residential – with SRV	NA	\$1,380.98	\$1,484.55	\$1,581.05	\$1,668.00
Residential – without SRV	\$1,272.79	\$1,319.88	\$1,366.08	\$1,407.06	\$1,442.24
Business – with SRV	NA	\$2,644.15	\$2,842.46	\$3,027.22	\$3,193.71
Business – without SRV	\$2,437.00	\$2,527.17	\$2,615.62	\$2,694.09	\$2,761.44

Residents in the Hornsby Shire local government area traditionally pay lower rates than the average rates of other councils in the Northern Sydney region and than NSW councils in the same category as ours.

[View the comparison tables](#)

How to get involved

Engaging and working with our community underpins all that we do.

We encourage you to take a look at the draft Long Term Financial Plan, Background Paper and other relevant documents in the tab on the top right hand side to learn more about the proposed SRV, learn what it means for you and then tell us your thoughts via the channels below.

Copies of all the documents are available for viewing at our four libraries and our Customer Service Centre in Hornsby.

Submissions close Tuesday, 8 November 2022

Complete a short survey
CLOSED

[Start now >](#)

Email a submission

Mark your submission 'Special Rate Variation'

Post a submission

Hornsby Shire Council
PO Box 37
HORNSBY NSW 2077

Mark your submission 'Special Rate Variation'

Attend a Community Forum

The four community forums are now finished.

Drop-in Session

Hornsby Library
Thursday 27 October, 1-8pm

Korean, Mandarin and Farsi interpreters available until 6pm

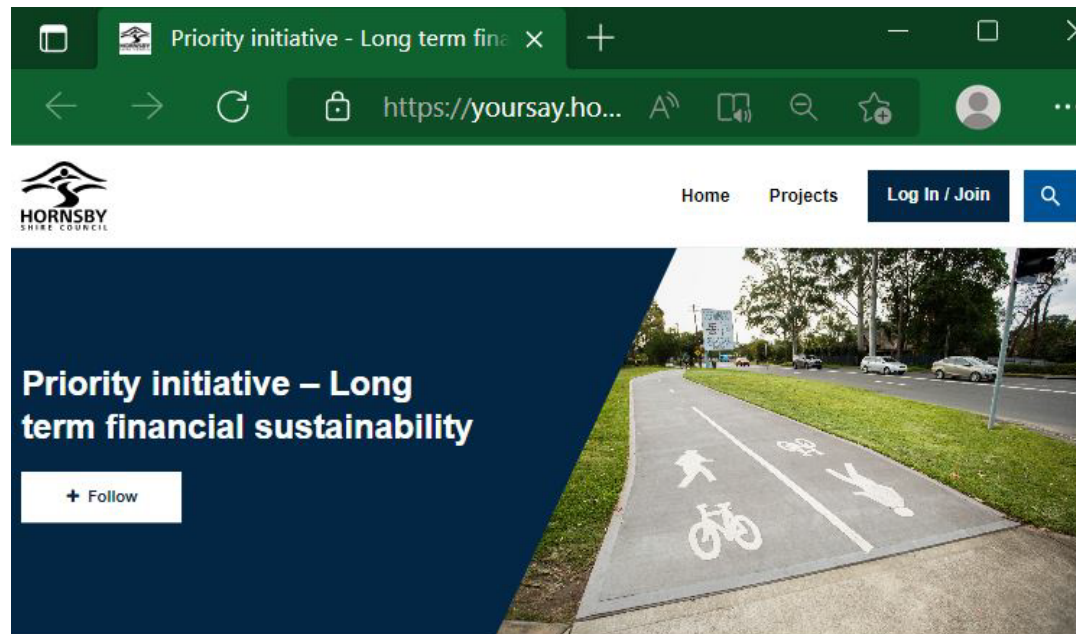
Timeline

- 28 September 2022**
Hornsby Shire Council Meeting
- 4 October 2022**
Community engagement commences.
- 10 October 2022**
Business Forum
- 17 October 2022**
Community Forum
- 25 October 2022**
Community Forum (online)
- 27 October 2022**
Drop in at the Library (with interpreters)
- 31 October 2022**
Community Forum #2
- 8 November 2022**
Community engagement closes
- 23 November 2022**
Council Meeting to consider final report and engagement outcomes
- 25 November 2022**
Council notifies IPART of intent to apply for SRV
- 3 February 2023**
Submission to IPART for SRV
- March 2023**
Consultation by IPART on Hornsby Shire Council's SRV application
- May 2023**
IPART determination
- 1 July 2023**
SRV included in rates (if successful)

ATTACHMENT 1 - ITEM 1



Your Say Hornsby Long Term Financial Sustainability



Home / Special Rate Variation / Priority initiative - Long term financial sustainability

Long term financial sustainability

Strategic alignment – Draft Long Term Financial Plan

Financial sustainability in local government is not only just about balancing budgets; it also involves ensuring that the level of services that the community has come to expect is maintained and continues to be provided into the future. We need to ensure that we have sufficient funding to deliver these services, as well as having the capacity to respond to unknown shocks, such as natural disasters.

Council's current operating capacity is insufficient to fund each of the items desired by the community, notably:

- The normal continuance of services into the future
- An asset management funding gap of \$4.1 million per year
- Recurrent funding for Hornsby Park of up to \$3.1 million per year
- Strategic initiatives totalling \$67.26 million over ten years
- Sufficient capacity to achieve at least a 2 per cent Operating Performance Ratio each year to respond to unknown shocks.

If Council was to apply for and be successful in gaining approval for an SRV, not only would it strengthen our long-term financial sustainability, it would also give us the ability to maintain our assets, deliver the services the community has come to expect and deliver some of the priority projects identified by the community as most important over the next 10 years.

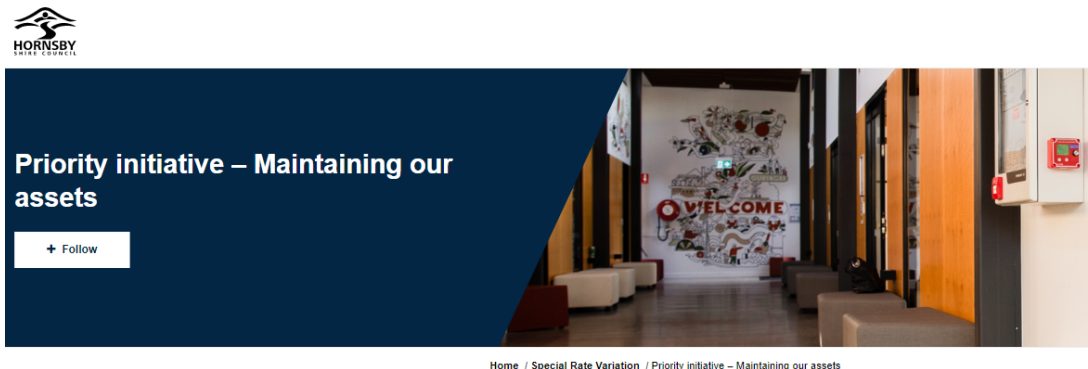
Council recognises the Traditional Owners of the lands of Hornsby Shire, the Darug and GuriNgai peoples, and pays respect to their Ancestors and Elders past and present and to their Heritage.

We acknowledge and uphold their intrinsic connections and continuing relationships to Country.

ATTACHMENT 1 - ITEM 1



Your Say Hornsby – Asset Management



Home / Special Rate Variation / Priority initiative – Maintaining our assets

Maintaining our assets

Strategic alignment – Asset Management Strategy

Hornsby Shire Council delivers a wide range of services and facilities to the community and we need to ensure that we are capable of maintaining our assets – buildings, open spaces, roads and drainage – at a standard you have come to expect.

According to the modelling done in the Long Term Financial Plan, there will be insufficient funds to maintain Council's assets in a satisfactory condition into the future. As a result, the condition of Council's assets is expected to decline, and the level of infrastructure backlog will increase unless funding is found.

Additional funding through an SRV will enable Council to maintain our assets to a sufficient standard and it is recommended that additional funding is allocated in the Long Term Financial Plan to cover the funding shortfalls.

The consequences of not receiving additional funding would be:

- Deteriorating quality of existing assets
- Inability to renew ageing assets
- Inability to adequately maintain newly constructed assets
- Increased exposure of Council to litigation relating to deteriorating assets.

Your Say Hornsby – Priority Initiatives

Council also identified six strategic priority initiatives that would be funded with the Special Rate Variation, details of each initiative was provided on a separate page on the Your Say Hornsby SRV site. These can be viewed through the following link : [Special Rate Variation / Yoursay Hornsby \(nsw.gov.au\)](https://www.yoursayhornsby.nsw.gov.au/special-rate-variation).

ATTACHMENT 1 - ITEM 1



Your Say Hornsby Survey

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Proposal for Special Rate Variation Survey

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We would like to hear your thoughts on Council's proposal for a Special Rate Variation and draft Long Term Financial Plan.

Before submitting your responses, we encourage you to read all the information available on the [Your Say Hornsby](#) project page, including the Frequently Asked Questions and the strategic initiatives you have told us are important to you.

Have you read the available information about the SRV on Your Say Hornsby? Required

☐ Yes
☐ No
☐ Prefer not to say

Do you understand why Council needs to apply for a SRV? Required

☐ Yes
☐ No
☐ Unsure
☐ Prefer not to say

In general, do you support Council applying for a Special Rate Variation? Required

☐ Yes
☐ No
☐ Partially support
☐ Unsure

I would like to provide feedback on:

☐ Proposed Special Rate Variation
☐ Draft Long Term Financial Plan
☐ Both

Please add your comments here.

ATTACHMENT 1 - ITEM 1



Proposal for Special Rate Variation

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Proposal for Special Rate Variation Survey

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Select all that apply

☐ I am a residential ratepayer in Hornsby Shire

☐ I am a business ratepayer in Hornsby Shire

☐ Other (please specify)

First Name Required

Last Name Required

Email Required

Suburb Required
(Please specify the suburb of your rateable property)

Gender

Age Group

Phone number

How did you find out about this project?
This helps us to determine the best ways to deliver this exhibition so that, you our residents, have every chance to read, understand and comment on projects within the wider community.

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ATTACHMENT 1 - ITEM 1

FAQs



ATTACHMENT 1 - ITEM 1



SRV 2022 FAQs

Questions raised during public forums

What are the benefits that rate payers will receive from the SRV? Can Council guarantee that it will spend the money appropriately?

The benefits to the community are detailed within this project website:

[Special Rate Variation | Yoursay Hornsby \(nsw.gov.au\)](https://www.nsw.gov.au/your-say-hornsby)

The strategic initiatives identified to be funded by the proposed SRV are outlined in Morrison Low's report [SRV Background Paper](#).

How has Council been looking to make savings? How have the 6.2m year-on-year savings been achieved?

This is covered in our FAQ – 'What action has Council taken to address its financial situation and minimise rate increases?'

Do the figures shown include things like the quarry levy, etc?

The quarry levy ended in 2015 and was removed from all rate assessments.

It appears that the surplus cash which has been invested has very poor returns (lower than what a bank term deposit gives). Why is this?

Council is regulated by an Investment Order made by the Minister for Local Government. To comply with that order, the majority of Council's investment portfolio is made up of Term Deposits and Floating Rate Notes with highly rated banks. This ensures public funds are safeguarded. Returns have been lower over recent years in line with the very low interest base rate set by the Reserve Bank of Australia. As the funds that Council invested in lower rated products mature, they are being invested at higher rates.

Who is Morrison Low and how much has Council paid them? Why have Council engaged this agency for the SRV consultancy?

[Morrison Low is](#) a management consulting firm which works with government and the financial services sector on a large range of projects including asset management, businesses cases, customer solutions, long term plans, financial consulting and more. Council is working with them on the engagement process for the SRV to ensure that it fulfills all the required IPART requirements. Using an external organisation to lead engagement also makes sure that the process is transparent and unbiased for our community.

Should this special increase be rejected either by the community or the administering body, what alternative plans have been developed to better balance the existing budget? Perhaps some services that have been included are not essential?

This is answered in our FAQ – What is the alternative to the proposed rate increase?

Why didn't Council consult on different scenarios with different rate increases and service reductions?

Numerous community surveys have indicated that residents value existing services and do not want to see service level reductions. Generating the amount of funds required over the next ten years to balance Council's budget through service level reductions would have a significant impact on some service levels, such as the closure of multiple facilities or parks.

Will the rates change as a result of the 2023 General Revaluation and will there be reclassification of property from residential to commercial/higher density region?

This is covered in our FAQ – How will the 2023 General Revaluation impact my rates?

Why didn't Council ask for a rate rise before when circumstances were better for people?

The circumstances of why we are seeking to apply for an SRV now are explained in the FAQ – Why do we need to increase our rates?

Do you have a graph for the revenue from rates over the last decade or so?

Council's annual audited Financial Statements disclose the total amount of income from rates each year. These are available at Council's website at <https://www.hornsby.nsw.gov.au/council/forms-and-publications/publications/financial-statements>

Why does Council look on assets as a liability and not as revenue generators?

Council controls \$1.5bn in assets. Of these, the most valuable asset classes are roads, stormwater drainage and open space (park assets). Typically, no or only very negligible amounts of income are generated from these assets.

Why isn't Council looking to reduce its capital expenditure to cover the shortfall and continue to provide the same level of service?

The majority of Council's annual capital expenditure budget is funded from external sources such as grants and development contributions, which can only be used for specific capital projects. Council spends very little of its general fund income on capital and the vast majority of this goes towards the renewal of existing assets as they age. These budgets cannot be reduced, as Council's revised asset management plans have forecast that more funding is needed to maintain existing assets to prevent the condition of infrastructure deteriorating.

If the loss related to the changes in boundaries in 2016 is valued at \$280m, why did Council settle for \$90m?

Information about the loss of funding as a result of the boundary changes are available at [Hornsby Shire Council corrects \\$280 million "media myth" | Hornsby Shire Council \(nsw.gov.au\)](#)

If the SRV is approved, what will the rates be for 2027/2028?

Following the four-year period covered in the proposed SRV, the rates will revert to being raised in line with IPART's rate peg only.

Would Council consider a community forum/support group to present key issues?

As part of the engagement process, Council has presented three public community forums at Hornsby RSL, an online community forum, and a drop-in session at Hornsby Library with interpreters available. Council has also met with a large range of community stakeholder groups across the Shire. The community has had the opportunity to ask questions and express their views at all these events. Residents are also encouraged to make a submission telling us their thoughts and views on the SRV.

General questions on rates**What is a Special Rate Variation (SRV)?**

Councils can only increase their rates each year by up to the rate peg limit determined by the Independent Pricing & Regulatory Tribunal (IPART); this is known as rate pegging. Rate pegging is one of the key factors that can constrain a Council from being able to raise sufficient revenue to provide ongoing and improved services to the community.

NSW councils are able to apply to IPART for increases beyond the annual rate peg limit and this is known as a Special Rate Variation (SRV). An SRV application can be made for either a fixed term or a permanent increase in rates. An SRV can also provide a council with the opportunity to address a number of priority spend initiatives which otherwise would not be funded without a corresponding reduction in existing service levels.

What is a Rate Peg?

The rate peg is the maximum percentage amount by which a council may increase its general income for the year, as determined by the Independent Pricing and Regulatory Tribunal (IPART). For many councils, general income is largely comprised of rates income.

The rate peg applies to general income in total, and not to individual ratepayers' rates. As long as its general income remains within the set maximum increase, councils may increase categories of rates by higher or lower than the rate peg.

Who is IPART and what do they do?

IPART is the Independent Pricing and Regulatory Tribunal. Their role is to help NSW residents get safe and reliable services at a fair price. Although it is a NSW government agency, it operates independently of the government as the independent pricing regulator for water, energy, public transport and local government.

For local government, IPART determines the annual rate peg, which is the maximum amount councils can increase their rates by each year, unless they submit a Special Rate Variation application. IPART also assesses and determines any Special Rate Variation and minimum rate increase applications from councils.

For more information about IPART visit <https://www.ipart.nsw.gov.au/>

How will the 2023 General Revaluation impact my rates?

Councils receive new land values from the NSW Valuer General at least every three years. The Valuer General will provide councils with new land values to use for the 2023-24 financial year.

Ratepayers will also receive a letter from the Valuer General informing them of their new land value.

Even if your land value goes up, this doesn't always mean that you will pay more rates. It is how your rates change in relation to the average change in your rating category that will affect how much rates you pay in total. If your land value grows more than the average, you are likely to be charged more rates but if your land value grows less than the average, you are likely to be charged less rates.

What are the next steps?

Once the community consultation period concludes on 8 November 2022, Council will review the feedback received.

A report will then go to Council for their consideration of the feedback and any updates required to the draft Long Term Financial Plan. Council will decide whether to proceed with the SRV application at a Council meeting on 23 November.

If we decide to proceed with the SRV application, the application will be submitted to IPART in February 2023. IPART will conduct its own consultation, with public submissions likely to be sought in March 2023, before they make their determination in May 2023. If successful, the SRV will be included in rates from 1 July 2023.

Council and rates

Why do we need an increase to our rates?

Council's financial capacity began to decline after the 2016 boundary adjustment with the City of Parramatta Council, which significantly impacted our Income Statement results and Annual Budget.

Since then, it has continued to reduce because of internal and external factors including increases in the Emergency Services Levy payable to the NSW Government, the need to provide a recurrent budget for Council's largest project, Hornsby Park, the need to provide additional funding to meet the requirements identified in Council's revised Asset Management Plans and because of an increase in statutory employee superannuation to 12%, amounting to \$1.2 million in additional payments each year from 2026.

The external economic environment has also changed following recovery from the COVID-19 pandemic. Construction and building material costs have escalated by double digit figures, Consumer Price Index (CPI) growth has exceeded earlier projections, which has placed pressure on many of Council's budgets. The Wages Price Index is also forecast to increase to a greater extent over the next ten years compared to earlier predictions.

After accounting for these additional expenditure items, the Long Term Financial Plan (LTFP) adopted in July 2022 concluded that forecast financial capacity was below acceptable levels and action was required to ensure that recurrent services, including allocating appropriate budgets for asset maintenance and renewal, could be provided in a sustainable manner into the future.

The currently adopted version of the Long Term Financial Plan includes a range of recommendations of to rebalance Council's finances within acceptable levels over the long term.

A special rate variation was recommended in the first instance due to the amount of funds required to ensure financial sustainability and maintain assets to the standard the community has come to expect in the long term.

The last version of the LTFP also noted a number of initiatives across 36 strategic and technical documents adopted by Council that could not be funded because of insufficient financial capacity within the LTFP.

Council has considered whether strategic initiatives desired by the community could be progressed if funding is provided through a special rate variation. Consideration has been given to feedback received from the community through numerous surveys, which has led to the identification of 14 key initiatives with a ten-year cost of \$67.26 million.

What is the alternative to the proposed rates increase?

Council must apply sound financial principals in managing its resources under the Local Government Act. This includes ensuring that revenues and costs align. The alternative to the proposed rates increase would be a significant reduction in spending on services and assets to ensure that Council does not spend more than it earns.

Council has forecasted in the Long term Financial Plan that to deliver the current services and sufficiently maintain assets over the next 10 years, it would incur increasing operating deficits. Council would need to cut spending on services and assets by approximately \$3.6 million per year over the 10 years to ensure that forecasted costs align with forecasted revenues.



This could result in a reduction on what we can deliver for the community, or an increase in fees and charges for services.

For example, our libraries may close earlier each evening or not open on Sundays. We may need to charge more for our Aquatics & Leisure Centre services and programs or increase our hire fees for our community venues. We may need to reduce the number of staff we have maintaining our assets, for example having one groundsman looking after four ovals instead of two. This would impact how often the ovals would be mowed. It could also mean that we may not be able to respond as quickly to repairing roads, including potholes.

Our current financial forecasts also indicate that without an SRV, we would have insufficient capacity to fund the recurrent cost of operating major new capital projects once construction is complete. This includes Hornsby Park and Westleigh Park, noting the construction of these projects is funded from external sources.

Without the SRV, we also would not have the capacity to fund the key strategic initiatives that our residents have told us are important to them, as outlined on the main [project page](#).

What action has Council taken to address its financial situation and minimise rate increases?

Over the last 10 years, Council has implemented a range of cost containment strategies which have resulted in Council delivering an average of \$6.2 million in annual ongoing costs savings and revenue improvements, with a further \$3.2 million in one-off costs savings and revenue improvements. These figures were independently verified by an external financial consultant.

Since 2012, this has delivered a total of \$52.5 million in benefits that were reinvested in service delivery and infrastructure.

These savings are a result of:

- Savings found and implemented from a review of internal services in 2012.
- Savings found and implemented from a review of external services in 2013.
- Vigilant budgetary management through the quarterly review process, identifying and ring-fencing savings throughout the financial year.
- Utilising savings achieved to reduce the need for debt to fund the Hornsby Aquatic and Leisure Centre in redevelopment from 2013, resulting in an annual average interest savings of \$513,000 thousand over the 20-year life of the loan.

In addition to these savings, Council implemented a general freeze on any increase to non-labour operational expenditure, unless grants and/or fees and charges could support an increase, in 2014-15 and again in 2017-18. In 2014-15, this resulted in costs being contained to a 1.1 per cent increase.

Our Long Term Financial Plan also recommends a range of actions, in addition to the SRV, to improve the financial direction including:

- Review other income streams such as fees and charges to ensure appropriate price setting and assess whether price increases could be used to generate additional income.
- Continuation of current freeze to Council's approved Full Time Equivalent headcount; with no new positions to be created unless offset by an equivalent position elsewhere.
- Maintain cost increases to modest levels in regards to non-labour related expenses each year, excluding the additional allowances that have been made in the Long Term Financial Plan including annual allocations for asset management and strategic initiatives.
- No new loan borrowing to be undertaken unless financial capacity above a 2 per cent budget surplus/operating performance ratio is available each year in the Plan.
- Continuance of financial improvement initiatives (the development of business improvement plans).
- Consider whether there is a case to rationalise underutilised assets to reduce ongoing cost requirements and/or provide one off capital funding from sale proceeds towards other capital investment decisions.

How does Council work out what rates to charge each resident?

Your rates are calculated based on your unimproved land value – that is the value of the land without any buildings or other structural improvements.

For residential rates. A standard (base) amount is applied to all rating assessments and another amount that is based on your land value

For Business Rates the amount is determined is largely based on the properties land value however a minimum rate has been set for this category.

Hornsby Shire Council also has minimum rates for businesses, which is a set minimum amount charged for rates. If your rates calculation using the property's land value is less than the minimum rate, you will be charged the minimum rate.

Can't you get more funding from other levels of government to help pay for things?

Where possible, Council applies for grants for specific projects and initiatives. However, these grants can only be applied to the initiatives for which they were provided for and not 'business as usual' activity like asset maintenance. Further, it cannot be assumed that Council will be successful in being awarded a grant, therefore this makes future planning difficult to predict.

How has Council identified the priority initiatives?

Council has 36 strategic and technical documents with numerous actions identified to deliver community aspirations. Many of these actions are currently unfunded. Council undertook a review of these to identify 14 priority initiatives that address the top ten community issues based on the feedback received through:

- Council's Quality of Life and Asset Management Survey in March 2020.
- The Community Satisfaction Survey in April 2021.
- The Community Strategic Plan survey in September and October 2021.
- Consultation on the development of strategies throughout 2020 to 2022.

These 14 priority initiatives deliver a cross-section of outcomes from 17 strategic documents, sitting across all four themes of the Community Strategic Plan, and are grouped into four categories. Please follow the links below to read more detail.

- Sustainable and resilient community – \$6,035,096
- Planning for our future \$1,000,000
- Upgrading your community infrastructure – \$30,807,000
- Connected walking and cycling paths – \$17,982,370
- Protecting bushland and improving open space – \$10,283,419
- Safeguarding our systems – \$1,150,000

How does Hornsby Shire Council compare to other councils in terms of how much rates we pay? And what will it look like following the SRV?

The Office of Local Government groups councils with other similar councils for comparison. Hornsby Shire Council is in Group 7 with other metropolitan fringe councils such as Blue Mountains, Camden, Campbelltown, Central Coast, Hills and Penrith councils. In comparison to

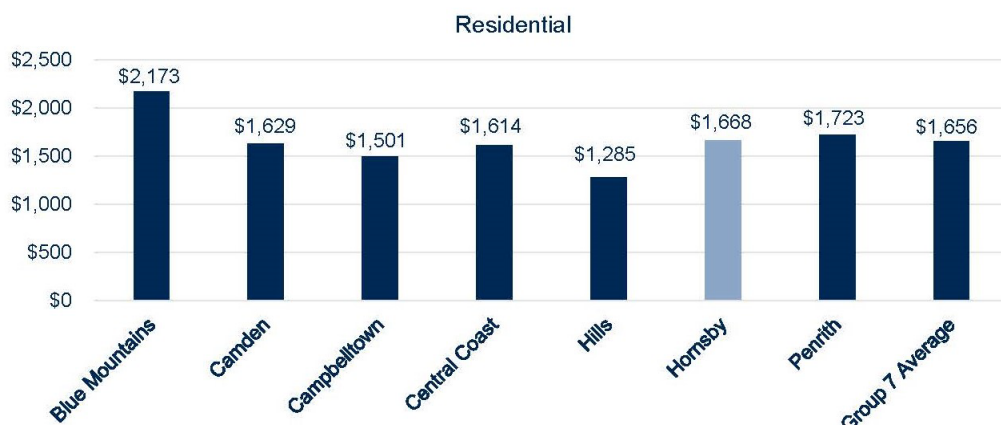
these councils, Hornsby Shire Council's rates are relatively competitive.

Category 7 – Council Name	Average Residential Rate 2022/23
Blue Mountains	\$1,917.62
Camden City Council	\$1,396.00
Campbelltown City Council	\$1,319.80
Central Coast	\$1,423.00
Hills Shire Council	\$1,129.43
Hornsby	\$1,272.79
Penrith	\$1,520.82
Overall Average	\$1,425.64

Our rates are also competitive in comparison with the other councils in the Northern Sydney Regional Organisation of Councils (NSROC).

NSROC Council Name	Average Residential Rate 2022/23
Hornsby	\$1,272.79
Hunters Hill	\$1,989.90
Ku-ring-gai	\$1,577.65
Lane Cove	\$1,286.00
Mosman	\$1,558.00
North Sydney	\$838.21
Ryde	\$1,066.12
Willoughby	\$1,048.19
Overall Average	\$1,329.61

Even after the proposed Special Rate Variation, Council's average residential rates remain within the comparator councils in Category 7 in 2026/27.

Projected Average Residential Rates 2026/27**My Rates****How will the proposed special rate variation impact my rates?**

While we understand that everyone is under pressure with rising costs, we too are navigating these same issues and we have a duty of care to manage Council's budget responsibly.

Rates would rise by 8.5% in 2023/24, 7.5% in 2024/25, 6.5% in 2025/26 and 5.5% in 2026/27, which represents an increase of 31.05% (cumulative) staged over four years, including the annual rate peg set by IPART.

For residents currently paying our average rate, this would mean an increase of \$2.07 a week in the first year. For business ratepayers, the weekly increase on the average rate would be \$3.97 in the first year.

Rates are levied on properties in accordance with their categorisation; residential, business or farmland. Council also has two special business sub-categories: Hornsby CBD and Major Retail Shopping Centre. The impact on average rates in each category is provided in the table below.

Rating category	2022-23	2023-24	2024-25	2025-26	2026/27	Cumulative increase
Residential	\$1,272.79	\$1,380.98	\$1,484.55	\$1,581.05	\$1,668.01	\$395.21
Business	\$2,437.00	\$2,644.15	\$2,842.46	\$3,027.22	\$3,193.71	\$756.71
Farmland	\$2,133.64	\$2,315.00	\$2,488.63	\$2,650.39	\$2,796.16	\$622.52
Major Retail Shopping Centre	\$268,650.80	\$291,486.12	\$313,347.58	\$333,715.17	\$352,069.50	\$83,418.70
Hornsby CBD	\$5,149.14	\$5,586.82	\$6,005.83	\$6,396.21	\$6,748.00	\$1,598.86

When would a rate increase be applied from?

The Special Rate Variation that Council is seeking covers four financial years and would be applied from 1 July 2023. The increase that would be applied for would be on a permanent basis.

What if I can't afford to pay my increased rates? (Hardship Policy)

Council offers assistance to ratepayers who are experiencing genuine difficulties in paying their rates and charges. Any ratepayer who is experiencing hardship should in the first instance contact Council's Rates Team on 9847-6777 or email accounts@hornsby.nsw.gov.au to discuss their situation.

More information about Council's hardship assistance can be found on Council's website at [Hardship Assistance | Hornsby Shire Council \(nsw.gov.au\)](https://www.hornsby.nsw.gov.au/hardship-assistance)

I don't pay rates – how will this affect me?

Council rates are paid by property owners. However, higher rates may impact non-ratepayers such as an increase in residential and business tenancy rates.

Additionally, infrastructure, facilities and services are provided by Council for all residents and visitors to the Shire, so having a financially sustainable Council with well-maintained assets benefits everyone.

Media Release



ATTACHMENT 1 - ITEM 1

From: [Tracy Bass](#)
Subject: Media Release - Hornsby Shire Council to consult community on proposed Special Rate Variation
Date: Thursday, 29 September 2022 11:05:31 AM
Attachments: [image009.png](#)

MEDIA RELEASE

DATE: Thursday, 29 September 2022

HORNSBY SHIRE COUNCIL TO CONSULT COMMUNITY ON PROPOSED SPECIAL RATE VARIATION

At last night's meeting, Hornsby Shire Council approved a recommendation to commence an extensive program of community engagement around applying to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

The people of Hornsby Shire have been clear and consistent in expressing their vision for our beautiful Shire. We know they want to secure a positive future for our coming generations that is liveable, sustainable, productive and collaborative. To do this, it is essential that we have sound financial foundations and as responsible stewards, we must continue to spend only within our means.

"We have recently reviewed our Long Term Financial Plan, which identified that we need to take a number of actions to secure **long term financial stability, maintain our assets and fund the high priority initiatives that the community has told us are important**. Among the high priority actions we have identified is a need to consider applying to IPART for a Special Rate Variation," said Hornsby Shire Council General Manager, Steven Head.

"We are consulting the community about this potential rise in rates which would allow us to maintain the high levels of service that the community has come to expect and resource projects to address what people have told us are their long-term priorities."

Hornsby Shire Council is well regarded for our careful and prudent financial management. The decision to consult with the community about this SRV has been taken following careful consideration and financial modelling, which is outlined in our revised Long Term Financial Plan. The additional rates would be in parallel with a range of other actions we have already undertaken, and will continue to take, to ensure that our proud record of financial sustainability continues into the coming decades.

A Special Rate Variation is a common mechanism for local government which allows for councils to respond to, and satisfy, future needs through a variation in the rates that residents and businesses pay.

The last time Hornsby Shire Council applied for a Special Rate Variation was over ten years ago.

"We are proud to have provided excellent services and infrastructure for the community for the past decade without the need to apply for a further SRV. However, like many other organisations, a range of internal and external factors have emerged, putting us under financial pressure and making it necessary to secure our future through an SRV," Mr Head continued.

In addition to maintaining financial stability and ensuring ongoing funding for the maintenance of current assets and services, a Special Rate Variation will allow us to deliver what the community has said is important to them in order to maintain their quality of life, including:

- Building a **sustainable and resilient community** that is well prepared for future shocks including climate change and bush fires, and is socially connected
- **Planning for the future**, including developing a masterplan to revive Pennant Hills Town Centre
- **Upgrading your community infrastructure**, including public toilets, community centres, sportsgrounds and stormwater systems
- Delivering a **connected network** of footpaths, cycleways and trails with improved accessibility
- Managing our assets to better **protect our bushland and improve open spaces**
- **Improving our technology** to provide better customer service, including enhanced cyber security

"Our forecasted calculations show that even with IPART's annual Rate Peg increase, it will not be sufficient to achieve our collective objectives. While we understand that everyone is under pressure with rising costs, we too are navigating these same issues and we have a duty of care to manage Council's budget responsibly," Mr Head said.

"Rates would rise by 8.5% in 2023/24, 7.5% in 2024/25, 6.5% in 2025/26 and 5.5% in 2026/27, which represents an increase of **31.05% (cumulative) staged over four years**, including the annual rate peg set by IPART.

"For residents currently paying our average rate, this would mean an increase of \$2.07 a week in the first year. For business ratepayers, the weekly increase on the average rate would be \$3.97 in the first year."

Residents in the Hornsby Shire local government area traditionally pay lower rates than the average rates of other councils in the Northern Sydney region and less than councils in the same category as ours.

Council will be engaging extensively with the community about the SRV from 4 October. To find out more, register to attend a community forum, take a short survey or provide a formal submission visit yoursay.hornsby.nsw.gov.au

-Ends-

For all media enquiries contact Hornsby Shire Council's media team on media@hornsby.nsw.gov.au



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