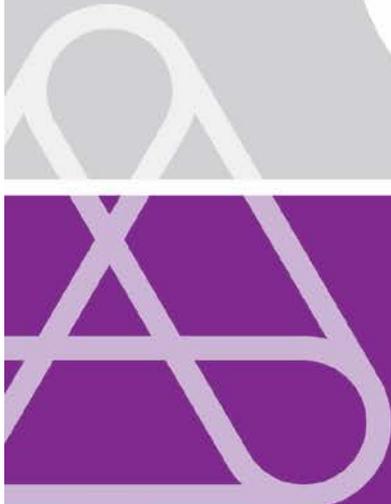


# Delivery Program

2018-2022



*Unleash the opportunities*

[www.armidaleregional.nsw.gov.au](http://www.armidaleregional.nsw.gov.au)



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# Acknowledgement of Country

We acknowledge the traditional custodians of this land and pay our respects to elders past and present.

The Armidale regional community pays tribute to their love of land, love of people, and love of culture.

We all share the beauty of this land, the richness of its soil and the uniqueness of its wildlife.

Let us walk together in the footsteps of love and understanding.

While valuing diversity, let us share the same hope for a better future.

# Forward

The Delivery Program is a statement of commitment to the community from each newly elected Council. In preparing its four-year Delivery Program, the Council identifies and prioritises its Principal Activities to achieve the community's long-term goals as outlined in the Community Strategic Plan.

The progress of the Delivery Plan is monitored through regular reporting back to Council, and the Delivery Plan is updated when required, through a process of public exhibition and consultation.

This updated version of the Delivery Plan 2018-2022 takes into consideration a number of factors including:

- changes to Council's obligations within the Integrated Planning & Reporting Framework timelines, as a result of the postponed Council Elections due to COVID-19
- a review of changes to Council's requirements, resources and strategic direction
- the decision to seek public support and apply for a Special Rate Variation to meet the principals of financial sustainability as set out in Chapter 3 of the *Local Government Act 1993*

# Special Rate Variation

## Background

On 30 June 2021, a temporary Special Rate Variation (SRV) of 10% (above the rate peg) applied by the former Armidale Dumaresq Council over a seven-year period will expire, reducing Council’s overall rates income by \$1.5 million annually. Income generated from the temporary SRV has paid for the maintenance and renewal of community assets including roads, bridges, storm water drainage, buildings and other community facilities.

To maintain current levels of service, Council must apply this year to the NSW Independent Pricing & Regulatory Tribunal (IPART) to have the temporary SRV made permanent. Before making a submission, Council will consult the community on three options for an SRV. They include a higher SRV amount to allow for further investment in maintaining

infrastructure, in particular renewal works on roads, footpaths, community buildings and other structures. On 28 October 2020, Council resolved to formally notify IPART that Council intends to submit an application and resolved to begin public engagement on three SRV options:

- A permanent SRV of 18.5% plus 2.0% rate peg (total 20.5%) commencing in 2021-22
- A permanent SRV of 8.5% plus 2.0% rate peg (total 10.5%) commencing in 2021-22
- Discontinuation of the temporary SRV of 10% (above the rate peg) applied by the former Armidale Dumaresq Council and ending on 30 June 2021

<b>Option 1: Continuation of the temporary SRV plus an additional SRV increase</b>	<b>Option 2: Continuation of the temporary SRV – (Does not address future growth)</b>	<b>Option 3: Discontinuation of the temporary SRV (Financially unsustainable)</b>
<p>Council will apply for a Special Rate Variation (SRV) of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV and increase total rate revenue by \$1.8 million per annum.</p> <p>This option will result in our current level of assets and services maintained and Council will also be able to fund additional asset renewals and reduce our medium to long term financial risk. Roads, bridges, buildings and community facilities maintenance and renewal will be the focus of additional funds raised.</p>	<p>Council will apply for a Special Rate Variation of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the loss of the current SRV which is due to stop in 2021.</p> <p>This option will result in current levels of service maintained in the short term; however our asset renewal backlog will increase. This will increase costs in the medium to long term placing a financial burden on future generations. Council will have limited options to fund new assets as the region grows.</p>	<p>Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum.</p> <p>This option will bring a significant reduction in the services provided by Council and our asset renewal backlog will increase. Roads, buildings and public spaces will deteriorate placing a significant financial burden on future generations and threaten Council’s medium and long- term financial sustainability. Even though there would be a reduction in individual rates assessments, harmonisation may result in an increase in some rates</p>

# Special Rate Variation

The rating and service level impacts of SRV scenarios have been communicated to the community through an extensive program of community engagement, including village and stakeholder group meetings, online information and forums, brochures and letters. The consultation with the community will inform the final SRV that will be applied for in early 2021.

## Rationale for SRV: Financial sustainability and asset renewal

Financial sustainability for local governments is critical because they are responsible for directly providing the community with a wide range of public services and community infrastructure and facilities.

This requires local governments to hold and maintain a significant base of infrastructure assets. This necessitates not only substantial initial investments but also continued expenditure to maintain and renew assets over the course of their respective useful lives.

There are many definitions of financial sustainability. NSW Treasury Corporation defines financial sustainability as:

*A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.*

Council has recognised that financial sustainability requires the following to comply with Chapter 3 of the *Local Government Act 1993*:

- Council must achieve a fully funded operating position
- Council must maintain sufficient cash reserves
- Council must have an appropriate funded capital program
- Council must maintain its asset base
- Expenditure on assets should be driven by asset management plans

Although the final decision on which SRV scenario will be pursued is yet to be made, this revised Delivery Program 2018-2022 outlines Council's intention to apply for an SRV.

Further information about the SRV can be found in Council's Resourcing Strategy and on Council's website. The revised 2020-21 Resourcing Strategy is an addendum to the revised Delivery Program 2018-22.

As with many local governments, a major challenge for Council is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, bridges, pathways, kerbs, stormwater drains and public buildings present particular challenges because their condition and longevity can be difficult to determine.

The creation of new assets also presents challenges in terms of funding for initial construction and ongoing service costs.

Council also recognises and is responding to some impactful environmental and social challenges over the past few years, including drought, bushfires and COVID-19. These challenges have an enormous bearing on the resources of Council and the delivery of services, both in the short and long-term.

The key purpose of the SRV is to:

- address the shortfall in funding for maintenance and renewal of community infrastructure; in particular renewal works on local roads, footpaths and community buildings
- put Council in a financially sustainable position in general Council evaluated its need for an SRV and developed the SRV scenarios with the assistance of Morrison Low.

Further details on the financial outcomes of each SRV scenario are contained in Council's Resourcing Strategy.

# Special Rate Variation

The SRV funding would be used for managing Council’s existing infrastructure. This includes renewal and ongoing maintenance of assets such as buildings, roads, drainage, parks and facilities.

Renewal activities extend the life of the asset, such as re-sheeting a section of road.

## The importance of asset renewal

Council’s main role in the community is to manage the vast range of assets, worth more than \$1 billion, under its care and control. Without assets in a satisfactory condition, service delivery is negatively impacted.

In terms of General Fund infrastructure that would be affected by funding provided by the SRV, Council has the following asset volumes and values:

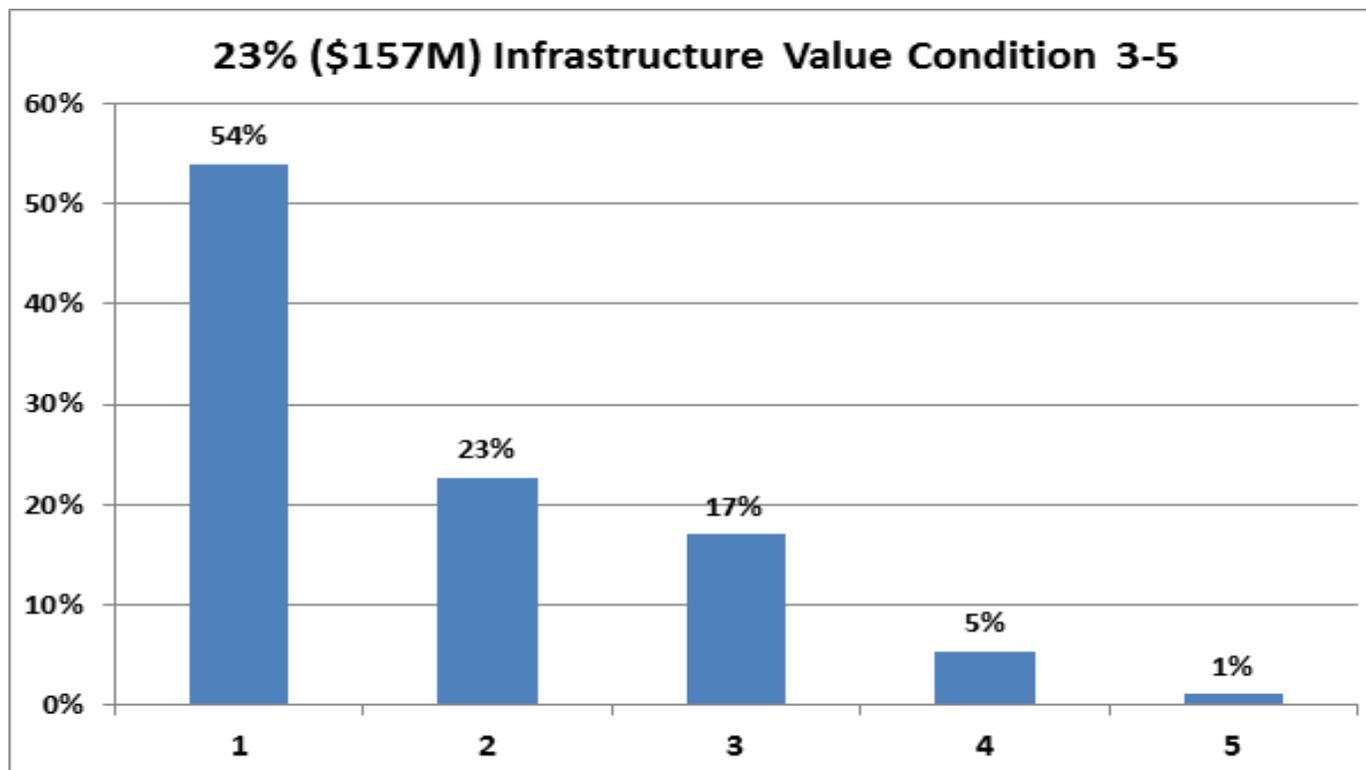
Maintenance includes repairs, painting and replacement of broken fixtures. The SRV would be used for managing existing infrastructure to ensure assets are kept at current service standards and replaced at the planned replacement time, rather than allowing assets to deteriorate to a point at which major rehabilitation would be required.

Asset Sub Class	Volume	Replacement Cost \$'000	Depreciation FY19/20 \$'000
Sealed Roads	779km	\$158,031	\$2,749
Unsealed Roads	1,078km	\$31,133	\$1,253
Bulk Earthworks	2,027km	\$142,101	\$0
Bridges & Culverts	112	\$64,962	\$775
Stormwater Drainage	119km	\$60,393	\$630
Footpaths	132km	\$14,219	\$262
Kerb and Gutter	252km	\$21,844	\$243
Traffic Furniture (Roundabouts, etc)	307	\$10,289	\$147
Buildings	264	\$118,483	\$2,149
Other Structures (Pools, parks infrastructure, playgrounds, etc)	300	\$40,800	\$995
Airport Infrastructure	16	\$9,545	\$370
<b>TOTAL</b>		<b>\$671,800</b>	<b>\$9,573</b>

# Special Rate Variation

For these assets, the average condition by asset value is:

Condition	1	2	3	4	5
Replacement cost \$'000	\$361,880	\$152,601	\$114,258	\$35,844	\$7,216



# Special Rate Variation

Definition of each level of condition		
Condition Rating	IP&R description	IPWEA Description
1	Excellent/ very good	New or as new condition. Only planned cyclic inspection and maintenance required.
2	Good	Sound or good condition with minor defects. Minor routine maintenance along with planned cyclic inspection and maintenance.
3	Satisfactory	Fair condition with significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance.
4	Poor	Poor condition with asset requiring significant renewal/rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.
5	Very Poor	Very poor condition. Asset physically unsound and/or beyond rehabilitation. Renewal required.

## The importance of asset condition

The condition of assets is a key driver to the level of service that can be provided to the community.

For example, a playground that is older and has not been maintained will not be an attractive and usable asset from the community's perspective and is less likely to be highly utilised or valued by the community.

A well maintained playground that is fit for purpose and meets the community needs will be highly utilised and deliver the intended service; the physical recreation and enjoyment of children in the community.

Similarly, a road that is potholed and not maintained will cause a detrimental impact to the community. Road users have to drive slower

and be more careful or, in extreme cases, take alternative routes. A well maintained road will allow users to travel more quickly and safely.

Community members are often not aware of the difference condition of assets can cause unless they experience having to use assets in poor condition and can envisage what a difference condition can make.

The graph on page 9 shows more than 50% of Council's assets are in Condition 1 (excellent/very good) but it also shows \$157m of assets are in 'satisfactory, poor and very poor condition'. The main asset classes in these categories are: buildings, other structures and roads (including sealed and unsealed roads, kerb and gutter, bridges and footpaths).

# Special Rate Variation

Ongoing investment in asset renewal helps prevent the deterioration of asset condition and avoids the need to spend significantly more in the future to restore the asset to a satisfactory condition.

Sealed roads are a good example. If investment is made to reseal and patch roads, it avoids more costly rehabilitation work in the longer term. It costs an estimated \$40,000 to \$50,000 per kilometre to reseal a road, compared to around \$700,000 or more to rehabilitate a kilometre of

## **Asset renewal funding under each SRV scenario**

The total rate revenue funding provided under Scenario 1 would fund depreciation and largely meet Council's asset backlog (estimated cost to bring assets to a satisfactory standard) of \$14 million. Satisfactory is currently taken to be Condition 3. Scenario 1 is the only option in the SRV engagement that produces acceptable financial and asset sustainability outcomes.

Scenario 2 results in a significant shortfall in asset renewal funding over 10 years. Detrimental impacts to asset condition would not be immediately visible but it will not take long for asset deterioration to become more evident to the community.

sealed road. Resealing a road significantly delays the need for rehabilitation, so it makes financial sense to maintain the road with a sealing program rather than letting it deteriorate to the point where it requires rehabilitation.

While this is an economically challenging time to be consulting the community on an SRV, the worsening condition of assets will cause larger financial impacts to the community in the longer term

Scenario 3 is unsustainable because it would require significant changes to service levels and would bring reduced levels of funding for asset renewal. It would create significant detrimental impacts for Council's financial position and for asset sustainability. Deterioration of assets would be evident immediately.

Under all scenarios, Council would still need to implement an improvement program to improve the building and infrastructure renewal and asset backlog ratios and seek grants to assist with funding asset renewal requirements.

# Special Rate Variation

## Impacts on ratepayers

The following tables outline how the three SRV scenarios would impact on each rating category that will be applicable under a harmonised rates structure. All rating impacts shown are based on the average rate for each category. These rating impacts are different to the SRV percentage applicable to each scenario because the temporary SRV is currently included in the rates base.

### Rates Harmonisation

The Armidale Regional Council area was formed by the amalgamation of the Armidale Dumaresq and Guyra Shire councils in 2016. Since then, Council has been required to maintain two rating systems for the local government area, with different rates paid in the former local government areas, because of four-year rate freeze imposed by the NSW Government.

The four-year freeze has expired and current legislation requires Council to maintain one consistent rating structure to ensure a fairer and more equitable system across all rating categories in the Armidale Regional Local Government Area. This will take effect from 1 July 2021 and will only affect general rates. It will not increase total rates revenue collected by Council but individual ratepayers might experience changes if they are in rating categories that will be affected by rates harmonisation.

The following ratepayer impacts relate to the SRV only. Further information on rates harmonisation is available from Council's website.

# Special Rate Variation

## **Option 1: Continuation of the temporary SRV plus an additional SRV increase**

Council will apply for an SRV of 18.5% plus the 2.0% rate peg (total of 20.5%). This will replace the funding currently provided by the temporary SRV (\$1.5 million) and increase total rate revenue by an additional \$1.8 million per annum. Total SRV funding would be \$3.3 million per annum.

Harmonised Rating Category	No of Assessments	Base 2020-21 Year	SRV Adjustment	Rate Peg @ 2%	Annual Change	Total 2021-22	Cumulative Increase including Rate Peg
Residential - Armidale	8225	\$1,126	\$104.21	\$24.60	\$128.81	\$1,255	11.44%
Residential - Guyra	942	\$529	\$48.93	\$11.55	\$60.48	\$589	11.44%
Residential - Ebor	53	\$425	\$39.33	\$9.28	\$48.61	\$ 473	11.44%
Residential - Hillgrove	96	\$602	\$55.72	\$13.15	\$68.87	\$671	11.44%
Residential - Wollomombi	16	\$576	\$53.34	\$12.59	\$65.93	\$642	11.44%
Residential - Village	104	\$380	\$35.15	\$8.30	\$43.45	\$423	11.44%
Residential Non-Urban	1226	\$1,082	\$100.21	\$23.65	\$123.86	\$1,206	11.44%
Business - Armidale	390	\$4,501	\$416.67	\$98.36	\$515.03	\$5,016	11.44%
Business - Armidale Industrial	157	\$4,863	\$450.21	\$106.27	\$556.49	\$5,420	11.44%
Business - Guyra	99	\$915	\$84.72	\$20.00	\$104.71	\$1,020	11.44%
Business - Non-Urban	44	\$1,141	\$105.58	\$24.92	\$130.50	\$1,271	11.44%
Farmland	1510	\$3,228	\$298.77	\$70.53	\$369.30	\$3,597	11.44%
Farmland - Intensive	2	\$6,285	\$581.82	\$137.34	\$719.16	\$7,004	11.44%
Mining	11	\$5,925	\$548.51	\$129.48	\$677.98	\$6,603	11.44%
Total Assessments / Total Average	12,875	\$1,462	\$135.34	\$31.95	\$167.29	\$1,629	11.44%

# Special Rate Variation

## **Option 2: Continuation of the temporary SRV**

Council will apply for an SRV of 8.5% plus the 2.0% rate peg (total of 10.5%). This will replace the funding currently provided by the temporary SRV of \$1.5 million per annum.

Harmonised Rating Category	No of Assessments	Base 2020-21 Year	SRV Adjustment	Rate Peg @ 2%	Annual Change	Total 2021-22	Cumulative Increase including Rate Peg
Residential - Armidale	8225	\$1,126	\$0.00	\$22.51	\$22.51	\$1,148	2.00%
Residential - Guyra	942	\$529	\$0.00	\$10.57	\$10.57	\$539	2.00%
Residential - Ebor	53	\$425	\$0.00	\$8.50	\$8.50	\$433	2.00%
Residential - Hillgrove	96	\$602	\$0.00	\$12.04	\$12.04	\$614	2.00%
Residential - Wollomombi	16	\$576	\$0.00	\$11.52	\$11.52	\$588	2.00%
Residential - Village	104	\$380	\$0.00	\$7.59	\$7.59	\$387	2.00%
Residential Non-Urban	1226	\$1,082	\$0.00	\$21.65	\$21.65	\$1,104	2.00%
Business - Armidale	390	\$4,501	\$0.00	\$90.02	\$90.02	\$4,591	2.00%
Business - Armidale Industrial	157	\$4,863	\$0.00	\$97.27	\$97.27	\$4,961	2.00%
Business - Guyra	99	\$915	\$0.00	\$18.30	\$18.30	\$933	2.00%
Business - Non-Urban	44	\$1,141	\$0.00	\$ 2.81	\$22.81	\$1,163	2.00%
Farmland	1510	\$3,228	\$0.00	\$64.55	\$64.55	\$3,292	2.00%
Farmland - Intensive	2	\$6,285	\$0.00	\$125.70	\$125.71	\$6,411	2.00%
Mining	11	\$5,925	\$0.00	\$118.51	\$118.51	\$6,044	2.00%
Total Assessments / Total Average	12,875	\$1,462	\$0.00	\$29.24	\$29.24	\$1,491	2.00%

# Special Rate Variation

## Option 3: Discontinuation of the temporary SRV

Council will not apply for a Special Rate Variation and revenue from ordinary rates will drop by \$1.5 million per annum.

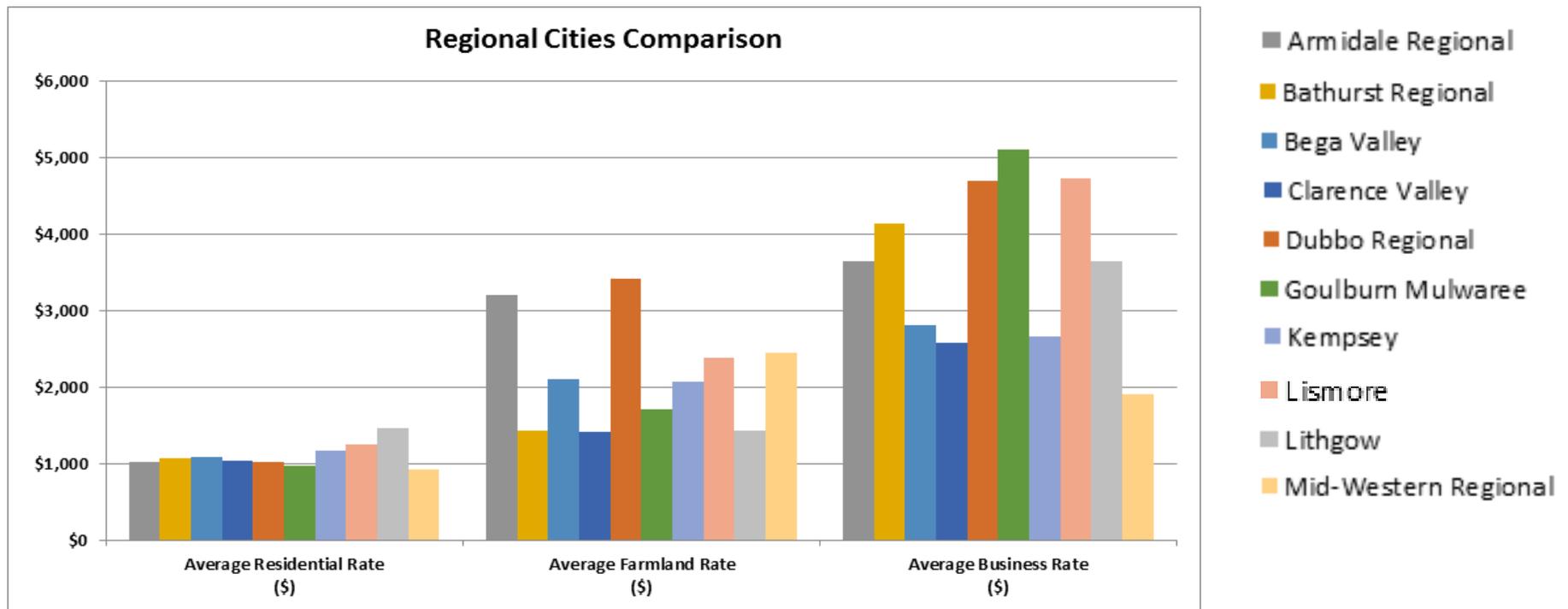
Harmonised Rating Category	No of Assessments	Base 2020-21 Year	SRV Adjustment	Rate Peg @ 2%	Annual Change	Total 2021-22	Cumulative Increase including Rate Peg
Residential - Armidale	8225	\$1,126	-\$87.81	\$20.76	-\$67.05	\$1,059	-5.96%
Residential - Guyra	942	\$529	-\$41.23	\$9.75	-\$31.48	\$497	-5.96%
Residential - Ebor	53	\$425	-\$33.14	\$7.83	-\$25.30	\$400	-5.96%
Residential - Hillgrove	96	\$602	-\$46.95	\$11.10	-\$35.85	\$566	-5.96%
Residential - Wollomombi	16	\$576	-\$44.94	\$10.62	-\$34.32	\$542	-5.96%
Residential - Village	104	380	-\$29.62	\$7.00	-\$22.62	\$357	-5.96%
Residential Non-Urban	1226	\$1,082	-\$84.43	\$19.96	-\$64.47	\$1,018	-5.96%
Business - Armidale	390	\$4,501	-\$351.09	\$83.00	-\$268.08	\$4,233	-5.96%
Business - Armidale Industrial	157	\$4,863	-\$379.35	\$89.68	-\$289.67	\$4,574	-5.96%
Business - Guyra	99	\$915	-\$71.38	\$16.88	-\$54.51	\$861	-5.96%
Business - Non-Urban	44	\$1,141	-\$88.96	\$21.03	-\$67.93	\$1,073	-5.96%
Farmland	1510	\$3,228	-\$251.74	\$59.52	-\$192.23	\$3,035	-5.96%
Farmland - Intensive	2	\$6,285	-\$490.25	\$115.90	-\$374.35	\$5,911	-5.96%
Mining	11	\$5,925	-\$462.17	\$109.26	-\$352.91	\$5,572	-5.96%
Total Assessments / Total Average	12,875	\$1,462	-\$114.04	\$26.96	-\$87.08	\$1,375	-5.96%

# Special Rate Variation

## Rating comparisons

Comparisons are difficult to make to other councils because of a range of factors, including the area of land in the local government area, population density and the associated number of rateable assessments, the number and types of services provided and types of industry. Comparisons with financially-stressed councils are also problematic because it might seem they are more efficient but, in fact, they have many challenges ahead of them.

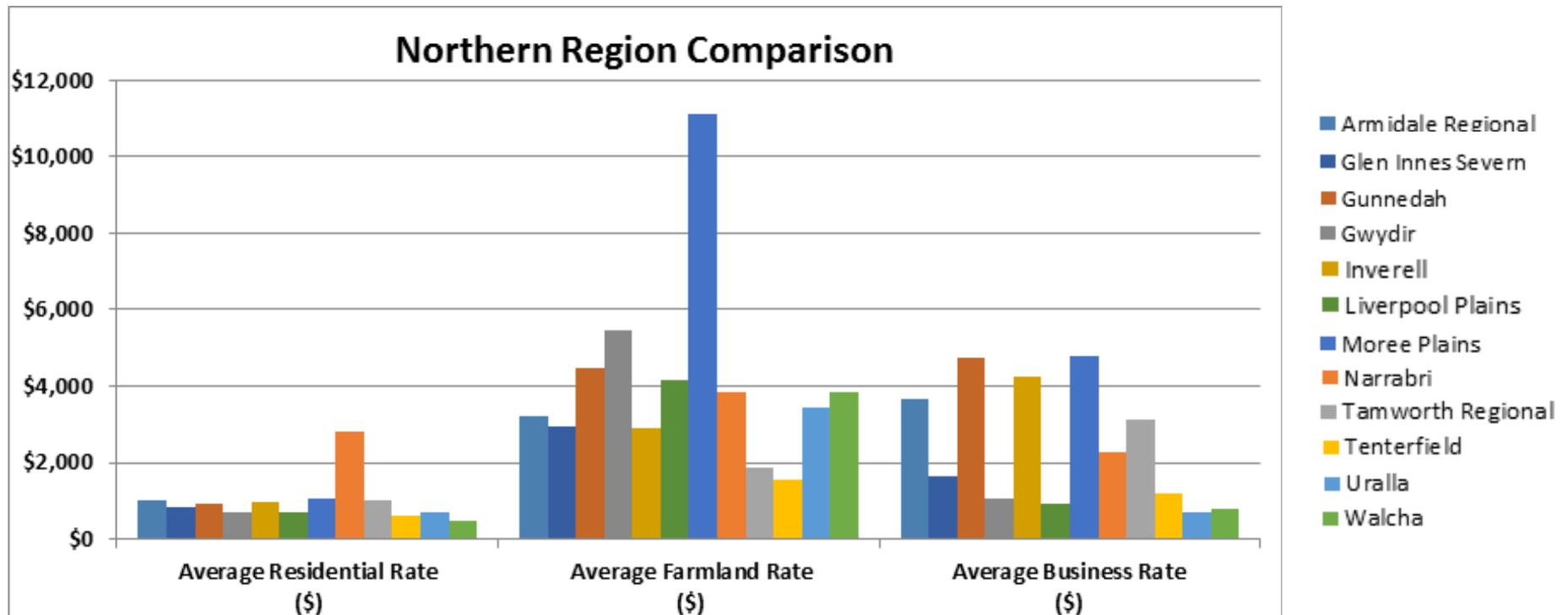
Council has compared its average rates with 10 'Regional Cities' group councils with relatively similar population size. The data is based on 2018/19 comparisons because this is the latest data available from the Office of Local Government's *Comparative Council Information*.



# Special Rate Variation

Council's average residential rate is the third lowest in the group, average farmland rate is the second highest and the average business rate is the fifth highest.

It is also worth comparing the Northern Region group of councils because they have large rural areas. In this comparative group, Council has the fourth highest average residential rate, the fifth lowest farmland rate and the fourth highest business rate.



# Special Rate Variation

## Capacity to pay

Socio-Economic Indexes for Areas (SEIFA), produced by the Australian Bureau of Statistics, are an assessment of the welfare of Australian communities. The index of Advantage / Disadvantage is a composite index in which lower scores indicate more disadvantaged areas and higher scores indicate more advantaged areas.

When compared to same local government areas in the rating comparison graphs above, Council's SEIFA ranking is the highest at 87.

Council engaged Morrison Low to conduct Capacity to Pay review in 2019. It found the Armidale Regional Council area has lower disadvantage and greater advantage than regional NSW but is below the state wide averages. The review also noted there are greater levels of wealth inequality within the Armidale Region local government area compared to regional NSW.

Key findings from the review:

Areas of Advantage	
<b>Non - Urban and Rural Regions</b>	There was a wealth and advantage bias towards the rural communities in council's LGA
<b>Former Armidale Dumaresq Shire</b>	There was a wealth and advantage bias towards areas from the former Armidale and Dumaresq Shire in the same category
<b>Areas of Advantage</b>	<ul style="list-style-type: none"> <li>• Rural Armidale</li> <li>• NEGS</li> <li>• Rural East</li> <li>• North Hill</li> </ul>
Areas of Disadvantage	
<b>Common Characteristics</b>	Regions of significant disadvantage had very low household incomes, high unemployment, a younger demographic profile, high levels of housing stress and a significant proportion of lone individual households
<b>Areas of Disadvantage</b>	<ul style="list-style-type: none"> <li>• Central Armidale</li> <li>• South Hill</li> <li>• University</li> <li>• Guyra</li> <li>• Rural North West</li> </ul>

# Special Rate Variation

The average taxable income (excluding government pensions and allowances) in the Armidale Regional Council area in 2017 was \$50,884. The NSW average for the same period was \$65,196 and the New England and North West group was \$52,194.

Outstanding rates and charges		
2019-20	2018-19	2017-18
5.74%	5.46%	6.86%

The recommended benchmark for rural councils is less than 10%. This ratio demonstrates that Council is generally able to recover its rates and annual charges within the year they are rated. Armidale Regional Council's level of outstanding rates and charges indicates ratepayers have historically been able to consistently pay rates and annual charges.

Council has a hardship policy that aims to provide options for ratepayers deemed to be in genuine financial hardship and to provide equitable access to relief measures for all ratepayers.

Council has 1638 ratepayers eligible for the pension rebate. The highest proportion is in the residential rating categories. Pensioners comprise 22.6% of residential ratepayers in Guyra and 14.6% in Armidale.

In addition to pension rebate concessions provided by the NSW Government, Council also grants a pension rebate of up to \$25 on ordinary rates, \$25 on annual water charges and \$25 on annual sewerage charges to eligible pensioners.

Category of property	Number of pensioners	% of rateable assessments
Residential	1,585	14.9%
Farmland	53	3.5%

# Special Rate Variation

## Productivity Improvements

Both the former councils and Armidale Regional Council have introduced productivity and efficiency measures over time to reduce costs and avoid requiring additional staff. These initiatives are well document in prior SRV applications and associated Integrated Planning & Reporting documents.

Armidale Regional Council has made over \$2 million in ongoing savings and realised \$3 million in one-off gains from initiatives such as:

Category	Description	Estimated Once Off Benefit	Estimated Ongoing Benefit	Notes
Revenue Increase	<u>Parking Revenue</u> 1. Investment in parking technology to enable a higher incidence of parking infringements to be issued, given available Council resources and resulting in additional possible income 2. Implementation of paid parking at Armidale Regional Airport		\$200,000  \$134,000	Negatively impacted by COVID-19; currently not able to reach revenue targets
Asset Sales	<u>Land Divestment Strategy</u> Progression of land divestment strategy and disposal of surplus land – land sale proceeds	\$3,123,430		Also reduced maintenance and holding costs and will increase rates and charges revenue
Cost Reduction	<u>Outsourced Aged Care</u> Outsourced Kolora aged care operations, resulting in reduced operational costs (net of revenue)		\$402,802	
Restructure	Permanent reduction in employee costs		\$206,267	
Cost Reduction	1. <u>Reduction in number of councillors from 16 to 11</u> 2. <u>Vacancy Savings</u> : Holding recruitment and not replacing vacancies		\$112,000 \$1,000,000	Achieved vacancy factor target past two financial years

# Special Rate Variation

Procurement Gains	<ul style="list-style-type: none"> <li>Contract consolidation</li> <li>Implementation of Flexipurchase credit card system</li> <li>Consolidation of insurance policies</li> </ul>	<ul style="list-style-type: none"> <li>Electricity account consolidation</li> <li>Environmental monitoring contract savings</li> <li>PPE contract arrangements</li> </ul>		\$185,881	Combination of staff time savings and direct savings
TOTAL			\$3,123,430	\$2,240,950	

In addition, considerable work has occurred to improve Council's underlying financial position since the merger:

- a focus on minimising non-essential spend and improving the operating result
- a thorough annual review of fees and charges to identify opportunities to increase user pays provisions, resulting in increases in fees and charges across a range of areas
- a complete review and recast of the capital works program to align it with available resources and organisational capacity
- seeking grant funding opportunities for capital projects already in the capital works pipeline rather than identifying new projects
- implementation of a Transformation Program incorporating a service review, review of business options and organisation restructure

Council recognises productivity and efficiency need to remain a focus and be an ongoing process. Further improvements being implemented include:

- peer reviews of planned large capital projects, such as a proposed hydrotherapy pool, to determine their impact on Council's future financial sustainability
- a further restructure of Council on 1 July 2020 to reduce the number of Director-level positions

- a number of internal reviews including governance and risk, land management practices and Council's finances, including cash position. Further reviews are underway including information technology and grants and contributions
- leveraging all grant opportunities to gain the best advantage for the region, with a focus on asset renewal grant opportunities
- Council's quarter one budget review for 2020/21 identified \$1 million in net savings
- continued focus on budget reviews with the aim of identifying savings and opportunities

Further improvement opportunities include:

- review all fees and charges, with an emphasis on improving cost recovery of services
- non-essential asset disposal program aiming to reduce operating and asset management costs (depreciation and maintenance)
- service planning to confirm service levels, resources, needs and opportunities
- evaluating cost-effective funding sources, including debt
- assess procurement policy, practices and contracts to enhance value for money
- assess project management approach and procedures to improve project delivery efficiency and outcomes

# Special Rate Variation

## Alternatives to a Special Rate Variation

Before considering the SRV, Council explored a number of options in an attempt to avoid or minimise any rate rise.

Options investigated included:

- **Funding the required increase from general revenue**  
Council has already realised \$2 million in ongoing savings in its long-term financial plan and must continue to achieve efficiency targets to maintain this position. Attempting to fund further expenditure would not be possible without substantial cuts or even elimination of services in other areas.
- **Implementing new and increasing existing user charges and fees**  
This was not considered feasible and would be impracticable to implement. For example, Council does not have authority to implement road tolls, nor would it be practical to implement entry fees for public parks.
- **Take out new borrowings**  
Council already has \$24 million in loans, with \$19 million in General Fund. Further borrowings are not considered feasible because the need is for recurrent expenditure on an annual and

ongoing basis. Large, one-off borrowings would further exacerbate asset backlog ratios and Council's financial sustainability challenge. Loans would need to be repaid, further impacting annual programs.

- **Use cash reserves**  
Council's unrestricted cash ratio of 2.64 is only just above the recommended benchmark of 1.5. This ratio includes internal restrictions. As a result, there are no available funds in cash reserves to redirect to annual operating expenditure.
- **Seek Grant funds**  
Council could seek to rely on grant funds. However, there are no grant programs that deliver ongoing funding to the level required to address these issues.

If an SRV is not approved there will need to be significant service level adjustments. Service level adjustments will be reviewed under asset maintenance programs.

Council recognises, however, that these are already under significant stress and this would require further consultation with the community before any adjustments are made.

# Integrated Planning & Reporting Framework

All NSW councils are required to develop and report on a set of plans and strategies which assist in identifying and responding to community aspirations and needs.

This Integrated Planning & Reporting Framework aims to:

- integrate and streamline statutory planning and reporting
- strengthen strategic focus
- align with national sustainability frameworks
- ensure accountability and responsiveness to local communities

Armidale Regional Council's Integrated Planning & Reporting Framework comprises:

## Community Strategic Plan 2017-2027

A 10-year plan outlining the community's goals and aspirations, captured through extensive community engagement

## Delivery Program 2018 – 2022

A four-year program for the term of the elected Council, to achieve the goals of the Community Strategic Plan.

## Operational Plan

An annual plan of actions that support the Delivery Program strategies.

## Resourcing Strategy (including Asset Management Strategy, Workforce Management Plan, Long-Term Financial Plan)

A set of plans and strategies that ensure Council has the necessary resources and assets.



# Our Goals

The Community Strategic Plan 2017-2027 sets out the goals and aspirations of the regional community, established through extensive community engagement. This critical plan provides the foundation for Council to develop the strategies and actions which it will undertake to

create the physical, economic and social environment the community seeks. The Delivery Program 2018-2022 is a series of Principal Activities that are organised under, and linked to, the four overarching Goals and 16 Strategic Directions of the Community Strategic Plan.

<p><b>Growth, Prosperity &amp; Economic Development</b></p>	<p><b>Planning</b> The community experiences the benefits of an increasing population</p>	<p><b>Agriculture</b> The agricultural sector is supported as one of the pillars of growth and to sustain local and national food security</p>	<p><b>Tourism</b> The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural activities</p>	<p><b>Economic Development</b> Economic development is supported through new initiatives, innovation and additional resources to assist growth of business and industry</p>
<p><b>Our People, Our Community</b></p>	<p><b>Wellbeing</b> Community programs, services and facilities meet the needs of the community and provide a safe place to live</p>	<p><b>Culture</b> Events and cultural activities provide the community with an opportunity to celebrate the unique culture and lifestyle of the region</p>	<p><b>Diversity</b> Services are provided to ensure inclusiveness and support the vulnerable members of our community</p>	<p><b>Education</b> Services and activities are provided for all ages and segments of our community to promote life-long learning, healthy living and community well-being</p>
<p><b>Leadership for the Region</b></p>	<p><b>Community Engagement</b> The community is engaged and has access to local representation</p>	<p><b>Fiscal Responsibility</b> Council exceeds community expectations when managing its budget and operations</p>	<p><b>Organisational Health</b> Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency</p>	<p><b>Strategic Capacity</b> Council has the strategic capacity to understand the key issues for the region both now and in the future</p>
<p><b>Environment &amp; Infrastructure</b></p>	<p><b>Environment</b> The unique climate, landscape and environment of the region is protected, preserved and made accessible</p>	<p><b>Sustainability</b> The community can participate in initiatives which contribute to a sustainable lifestyle</p>	<p><b>Infrastructure</b> The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works</p>	<p><b>Transport</b> The community has access to transport which enables connectivity both locally and outside of the region</p>

# Growth, Prosperity &

## Economic Development

**G1**

### Planning

- The community experiences the benefits of an increasing population

**G2**

### Agriculture

- The agricultural sector is supported as one of the pillars of growth and to sustain local and national food security

**G3**

### Tourism

- The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural activities

**G4**

### Economic Development

- Economic development is supported through new initiatives, innovation and additional resources to assist growth of business and industry

# Growth, Prosperity & Economic Development

COMMUNITY OUTCOME - The community experiences the benefits of an increasing population

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
G1.1	Strategic Planning	Plan for the needs of the region	Provider	Sustainability and Development	<p>90% of Development Applications processed within 40 days</p> <p>The region experiences population growth of at least 1% per annum</p>
G1.2	Local Environmental Plan	Promote a Local Environment Plan that supports the needs of the region to grow and develop	Provider	Sustainability and Development	
G1.3	Population	Support sustainable population growth and develop infrastructure to meet the needs of this regional growth	Provider Facilitator Advocate	Sustainability and Development	
G1.4	Housing	Continue to update and review legislated planning documents to ensure a variety of appropriate dwellings and housing affordability across the region	Facilitator	Sustainability and Development	

# Growth, Prosperity & Economic Development

COMMUNITY OUTCOME - The agricultural sector is supported as one of the pillars of growth and to sustain local and national food security

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
G2.1	Livestock	Partner with local livestock industries: <ul style="list-style-type: none"> <li>to ensure the ongoing growth and sustainability of the sectors</li> <li>provide safe and effective livestock selling infrastructure that adds to the local economy and improve environmental sustainability</li> </ul>	Facilitator	Economic Development and Marketing	
G2.2	Ag Tech	Encourage new innovations and technological applications, and work with partners to explore new opportunities and diversification relevant to primary industries, which create a point of difference for the region	Facilitator Advocate	Economic Development and Marketing	
G2.3	Ag Jobs	Develop partnerships with operators in the agricultural sector including local agencies and UNE, to encourage careers in agriculture	Advocate	Economic Development and Marketing	
G2.4	Horticulture	Strive to grow the horticultural industry with new investment attraction strategies throughout the region to reduce the impact of climatic conditions on the produce industry	Facilitator Advocate	Economic Development and Marketing	

# Growth, Prosperity & Economic Development

COMMUNITY OUTCOME - The visitor economy generates additional revenue and employment to boost the local economy and creates opportunities for more vibrant cultural activities

Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
G3.1 Tourism	Develop a Tourism Strategy and branding to: <ul style="list-style-type: none"> <li>attract visitors to stay in the Armidale Region longer</li> <li>enhance the economic, cultural and recreational offerings and attractions of the region</li> <li>encourage people to stop and visit the region's centres as they commute between other destinations</li> </ul>	Provider Facilitator	Economic Development and Marketing	Increased visitation to the Armidale Region
G3.2 Marketing	Develop a marketing program of attractions, combined with effective signage, to encourage people to stop and visit the region's centres as they commute between other destinations	Provider Advocate	Economic Development and Marketing	
G3.3 CBD	Provide Central Business District (CBD) infrastructure in both Armidale and Guyra that supports a more vibrant and varied offering of shopping experiences for tourists	Provider Facilitator Advocate	Economic Development and Marketing	

# Growth, Prosperity & Economic Development

COMMUNITY OUTCOME - Economic development is supported through new initiatives, innovation and additional resources to assist growth of business and industry

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
G4.1	Digital Economy	Provide local businesses with information and access to technology as part of a Digital Economy Strategy, as well as advocating for improved region-wide, high speed internet access	Facilitator Advocate	Economic Development and Marketing	Increased number of small business in the region  % community satisfaction with Council's Economic Development programs
G4.2	Education	Investigate opportunities for new partnerships with educational institutions across the region to develop programs which support the vocational upskilling of students and workers	Facilitator Advocate	Economic Development and Marketing	
G4.3	Business	Encourage new business investment in the Armidale region.	Facilitator Advocate	Economic Development and Marketing	
G4.4	Small Business	Support businesses across the region with resources and events	Facilitator Advocate	Economic Development and Marketing	

# Our People &

# Community



# OUR PEOPLE & COMMUNITY

COMMUNITY OUTCOME - Community programs, services and facilities meet the needs of the community and provide a safe place to live

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
P1.1	Accessibility	Review and update the Disability Action Plan and Pedestrian & Mobility Plan to improve access to services and infrastructure for people living with a disability and the aged	Provider Facilitator Advocate	Community and Customer Services	Number of library loans per capita  Number of visits to each library annually  % community satisfaction with community safety and security
P1.2	Libraries	Develop a regional 'Library Service for the Future' that incorporates arts and cultural spaces, community gathering spaces, loan resource services, technology and education services	Provider Facilitator	Community and Customer Services	
P1.3	Crime Prevention	Partner with local police and other community and government agencies to develop strategies to reduce crime, improve community safety and promote regulatory compliance	Facilitator Advocate	Community and Customer Services	
P1.4	Health and Wellbeing	Support aged care services and disability services which support an ageing population	Advocate	Community and Customer Services	

# OUR PEOPLE & COMMUNITY

COMMUNITY OUTCOME - Events and cultural activities provide the community with an opportunity to celebrate the unique culture and lifestyle of the region

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
P2.1	Social Events	Deliver and support local programs and events which meet the social and cultural needs of the community.	Provider Facilitator Advocate	Economic Development and Marketing	Increased participation numbers in Council-organised events
P2.2	Sporting Programs and Events	Support increased community participation in sports and recreation throughout the region	Provider Facilitator Advocate	Roads and Parks	
P2.3	Arts and Culture	Deliver an Arts and Cultural Program throughout the region with an emphasis on enriching the lives of our community.	Provider Facilitator Advocate	Community and Customer Services	
P2.4	Community Initiatives	Support and empower the community to deliver community initiatives that improve the lives of residents and visitors to the region	Provider Facilitator Advocate	Community and Customer Services	

# OUR PEOPLE & COMMUNITY

COMMUNITY OUTCOME - Services are provided to ensure inclusiveness and support the vulnerable members of our community

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
P3.1	Aged	Provide services and access to support home-based elderly residents and operate an aged care facility in Guyra for residents who can no longer remain in their own home	Provider Facilitator Advocate	Community and Customer Services	Number of clients accessing services provided by Home Support Services
P3.2	People with Disability	Partner with other levels of government and agencies to ensure the introduction of the National Disability Insurance Scheme provides adequate access to services for people with a disability	Provider Facilitator Advocate	Community and Customer Services	
P3.3	Inclusivity	Promote partnerships between businesses and the community which offer programs that encourage inclusivity and networking, such as the Men's Shed program in Armidale and Guyra	Facilitator Advocate	Community and Customer Services	
P3.4	Multicultural	Develop strategies which promote inclusiveness of people from a cultural and linguistically diverse (CALD) background	Facilitator Advocate	Community and Customer Services	

# OUR PEOPLE & COMMUNITY

COMMUNITY OUTCOME - Services and activities are provided for all ages and segments of our community to promote life-long learning, healthy living and community wellbeing

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
P4.1	Children	Support the delivery of high quality early childhood and out-of-school-hours services in the Guyra region	Provider Facilitator Advocate	Community and Customer Services	Guyra Preschool and Long Day Care Centre operating at full capacity  Number of participants in Council-organised youth activities  Reduced unemployment levels across the region
P4.2	Young People	Support youth through education, encourage leadership, promote good mental health practices and facilitate opportunities for youth to contribute to the strategic direction of the community	Provider Facilitator Advocate	Community and Customer Services	
P4.3	Aboriginal Services	Provide Aboriginal services and programs	Provider Facilitator Advocate	Community and Customer Services	
P4.4	Education	Further develop partnerships with educational institutions across all stages of the learning spectrum to ensure that face to face and online education is available to the community	Advocate	Community and Customer Services	

# Leadership for the

## Region



# Leadership for the Region

COMMUNITY OUTCOME - The community is engaged and has access to local representation

Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes	
L1.1	Engagement Strategy	<p>Develop and deliver an engagement strategy to ensure effective engagement with the community and provide opportunities for participation in decision making where appropriate</p> <p>Develop an engagement strategy specifically for a Special Rate Variation application to IPART, including community consultation on three scenarios and in line with Council resources and viability</p>	Provider	Marketing and Communications	<p>% community satisfaction with Council's communication and engagement</p> <p>% of Councillor satisfaction with the quality of responses provided and within the agreed service standard</p>

# Leadership for the Region

L1.2	Engagement Activities	Promote a wide variety of engagement methods, with a mixture of traditional and online mediums, to ensure the whole community can easily share their opinion and participate in community engagement activities	Provider	Marketing and Communications	
L1.3	Elected Officials	Support elected representatives to engage with their community and provide a process to share feedback they receive.	Provider	Governance, Risk, and Corporate Planning	
L1.4	Communicate	Deliver an effective communications strategy to inform the community of Council activities	Provider	Marketing and Communications	

# Leadership for the Region

COMMUNITY OUTCOME - Council exceeds community expectations when managing its budget and operations

Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
L2.1 Financial Sustainability	Maintain financial sustainability through effective short, medium, and long-term financial management  That includes an application to IPART for a Special Rate Variation at a rate determined through community consultation – and in line with Council resources and viability - for the specific purpose of creating revenue to fund asset maintenance and renewals	Provider	Finance	Balanced budget at end of 2019/20 financial year  % of enquiries to customer service are resolved at the first point of contact
L2.2 Business Excellence	Implement a business excellence program across Council's operations	Provider	Finance All areas of Council	
L2.3 Customer Focus	Support Council staff to deliver high quality services to the community through training, sufficient staff resourcing and systems to create a user friendly, customer focused approach	Provider	People and Community Services Customer Relations	
L2.4 Manage Operations	Manage operations to ensure delivery of value for money services for our community and customers	Provider	Finance All areas of Council	

# Leadership for the Region

COMMUNITY OUTCOME - Council demonstrates sound organisational health and has a culture which promotes action, accountability and transparency

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
L3.1	Staff Training	Provide Council Staff with the training to carry out their duties effectively and opportunities for professional development	Provider	Human Resources	Improved results in Staff Culture survey
L3.2	Workforce	Develop and implement workforce plans and strategies which commit to building a skilled, motivated, inclusive and diverse workforce	Provider	Human Resources	
L3.3	Systems	Utilise appropriate data management systems to support service delivery and effective decision making	Provider	Information Technology	
L3.4	Good Governance	Ensure the organisation is well led and managed through implementation of the Good Governance framework	Provider	Governance, Risk, and Corporate Planning	

# Leadership for the Region

COMMUNITY OUTCOME - Council has the strategic capacity to understand the key issues for the region both now and in the future

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
L4.1	Government Partnerships	Initiate and foster strong partnerships with all levels of government, peak bodies and agencies and the community	Provider	Governance, Risk, and Corporate Planning	Compliance with relevant legislation  Number of known breaches of statutory / council policy requirements
L4.2	Integrated Planning and Reporting	Integrate Council's strategic planning documents in a way which delivers community outcomes while effectively managing budgets, asset management and workforce planning	Provider	Governance, Risk, and Corporate Planning	
L4.3	Decision Making	Ensure elected officials can easily access information and support to allow them to make decisions in the interest of the community	Provider Facilitator Advocate	Governance, Risk, and Corporate Planning	
L4.4	Risk	Develop and implement a robust enterprise risk management framework, encompassing risk and safety, across all of Council's operations	Provider	Governance, Risk, and Corporate Planning	

# Environment &

# Infrastructure

E1

## Environment

- The unique climate, landscape and environment of the region is protected, preserved and made accessible

E2

## Sustainability

- The community can participate in initiatives which contribute to a sustainable lifestyle

E3

## Infrastructure

- The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works

E4

## Transport

- The community has access to transport which enables connectivity both locally and outside of the region

# ENVIRONMENT & INFRASTRUCTURE

COMMUNITY OUTCOME - The unique climate, landscape and environment of the region is protected, preserved and made accessible

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
E1.1	Waterways	Maintain and improve local waterways, lagoons and creek lands in partnership with community groups and other agencies	Facilitator Advocate	Roads and Parks	Reduce carbon and greenhouse emissions per capita by 2020
E1.2	Air	Partner with stakeholders to develop strategies and provide programs which improve air quality across the region, including the reduction of smoke pollution by using alternative energy sources	Provider Facilitator Advocate	Sustainability and Development	Achieve National Air pollution targets by 2020
E1.3	Natural Disaster	Work with local emergency management agencies and committees to plan for the management of natural disasters	Provider Facilitator	Asset Management and Design	Aim for a 90% reduction in wood smoke pollution throughout the entire city by 2025
E1.4	Biodiversity	Protect and enhance the natural environment to promote and support biodiversity	Facilitator Advocate	Economic Development and Marketing	

# ENVIRONMENT & INFRASTRUCTURE

COMMUNITY OUTCOME - The community can participate in initiatives which contribute to a sustainable lifestyle

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
E2.1	Climate Change	Promote or provide educational programs to increase community awareness of climate change risks and enable the community to implement climate change adaptation and mitigation actions in daily life	Facilitator Advocate	Sustainability and Development	Reduced energy consumption for all of Council facilities  % tonnes of recycling from all domestic waste services
E2.2	Waste and Recycling	Provide waste and recycling services, and environmentally responsible waste disposal facilities together with education programs to reduce waste and increase recycling	Provider Facilitator Advocate	Business Units	
E2.3	Renewable Energy	Facilitate access to renewable energy for the local community and businesses	Advocate	Sustainability and Development	
E2.4	Greenprint	Develop a Sustainability Strategy which includes objectives for the region as a whole as well as Council operations	Provider	Sustainability and Development	

# ENVIRONMENT & INFRASTRUCTURE

COMMUNITY OUTCOME - The community is provided with the essential and resilient infrastructure it requires for daily life, and has access to a prioritised schedule of infrastructure works

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
E3.1	Operational Infrastructure	Partner with all levels of government to support the provision of essential infrastructure and improvements to Council assets for the benefit of the region	Provider Facilitator Advocate	Roads and Parks	% community satisfaction with Council infrastructure  Increased usage of Council facilities  Reduced complaints regarding Council facilities  Increased participation numbers in organised sports
E3.2	Utilities	Supply water and waste water services to meet the community needs in Armidale and Guyra, as well as environmentally appropriate impoundment, distribution and disposal infrastructure	Provider	Business Units	
E3.3	Parks and Open Space	Regularly review open spaces to ensure parks, sportsgrounds, water recreation facilities and other open space meets community needs and are provided to an acceptable level of service and accessibility standards	Provider	Roads and Parks	
E3.4	Buildings and Facilities	Regularly review open spaces to ensure parks, sportsgrounds, water recreation facilities and other open space meet community needs, are provided to an acceptable level of service and accessibility standards, and are utilised to their full potential	Provider	Roads and Parks	

# ENVIRONMENT & INFRASTRUCTURE

COMMUNITY OUTCOME - The community has access to transport which enables connectivity both locally and outside of the region

	Strategy	Action	Council's Role	Lead Department	Measure of Success factors / outcomes
E4.1	Roads and Bridges	Maintain safe and effective traffic facilities on the road network, through appropriate resourcing, including applying for a Special Rate Variation to maintain and renew roads and bridges to expected service levels.	Provider Facilitator Advocate	Roads and Parks	Reduced number of complaints regarding roads
E4.2	Airport	Create partnerships, apply for funding and undertake critical planning towards the implementation of the Armidale Airport Masterplan	Provider Facilitator Advocate	Business Units	
E4.3	Bus and Rail Services	Investigate opportunities for improved bus and rail services in the Armidale region to support people to attend work commitments, partake in activities which mitigate social isolation and carry out regular tasks and errands	Advocate	Economic Development and Marketing	Increased number of passengers utilising the Armidale Regional Airport for residents and visitors
E4.4	Footpaths and Cycleways	Develop a network of footpaths, cycleways and cycle routes to encourage sustainable and active transport options	Provider Facilitator Advocate	Roads and Parks	Increased number of intraregional bus services