

Delivery Program

2022-2026

Armidale Regional Council initiatives to help achieve the Advancing our Region Community Plan



Introduction

Armidale Regional Council is pleased to present its Delivery Program 2022-2026.

Along with residents, community groups, governments and industry, Armidale Regional Council is a key stakeholder in helping to achieve the Advancing our Region Community Plan.

Council provides many services, programs and regulatory functions that contribute to the stability, progression, and future of our community.

The Delivery Program 2022-2026 outlines the initiatives that Armidale Regional Council will undertake to help achieve the goals of the Advancing our Region Community Plan and be able to service our community.

The Delivery Program is Armidale Regional Council's commitment to the community for the duration of the Councillor Term and up to four years. It is informed by the community, through the Advancing our Region Community Plan, but also takes into consideration the resources of Council and its ability to deliver initiatives on top of its core operations and legislative requirements.

The program of initiatives will be supported by the operations of the Council, and the progress and results of the Program will be reported back to the community every six months, and as a final report following the end of the Council's Elected Term.

Update - November 2022

Subsequent to Council resolving to apply for a 50% (58.81 cumulative) Special Rate Variation (SRV) over three years, an Addendum has been added to this document. This Addendum incorporates information and updates from the SRV community engagement process. It also outlines the impacts and benefits of the proposed SRV, and provides rationales for the proposal.





Acknowledgement of Country

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

The Armidale Regional Community pays tribute to their love of land, love of people, and love of culture.

Climate Change Declaration

At the Council Meeting of 23 October 2019, the Armidale Regional Council resolved unanimously to declare that we are in a Climate Emergency and that it acknowledges *'our local and global communities are facing a climate emergency that requires urgent action by all levels of government; that human-induced climate change represents a great threat to humanity, civilisation and other species; and that, to prevent the most catastrophic outcomes, societies including local councils, need to take urgent action'*.

In the preparation of this document, Council has taken into consideration its important role in advocating for greater acceptance and action for Climate Change, as well as the actions that Council itself can undertake in its policies, processes, and services to adapt to Climate Change. Armidale Regional Council has marked (with the symbol 🌱) all Council Initiatives that are:

- directly, or indirectly, impacted by Climate Change
- contribute positively towards Climate Change adaptation

This symbol demonstrates the broad reach of the impacts of Climate Change and acknowledges where consideration or action must be taken in relation to Climate Change by Council, its staff and the community.



Restore and Thrive

Mayor's Message

Armidale Regional Council is setting upon an exciting new course for success as a region and regional city of significance. This course is underpinned by an ambitious target of 4,000 new jobs by 2040 in order to grow our population to where it needs to be.

To achieve this vision there will, however, be challenges ahead. Our region is at a fork in the road. One route is to manage the inevitable decline of the Council and our region, the other is to take a bold approach and grow our way out of our current trajectory.

Growing our way out will ease the burden for all when our population increases, but it is going to take time. Managing a decline will see the vulnerable in our community suffer the most as the services and amenities they use will be reduced. Growth is our only option and this Delivery Program sets us on that course.

As a new group of councillors, we have invested a significant amount of time over the past few months reviewing council operations and putting together the draft 2022-2023 Budget, Delivery Program and Operational Plan. The new Council is focussed on a platform of economic responsibility and putting Armidale Regional Council back on its feet financially.

As a council we are determined to drive our growth strategy as this is the only way we can save our region. Turning around the fortunes of our region is going to take commitment from all of us. Not having rates appropriately set by councils before us has led to the revenue issues we face today. It won't be easy but it will be necessary to deliver the future we want for our families and the generations to come.

Council has a multi-million-dollar shortfall in asset maintenance and that backlog is swamping us – particularly our road network. While we want to be a progressive and expanding council, we also need to fix what has not been done in the past and get back to basics, increase efficiency, recover asset costs and deliver greater levels of service – issues that have been frustrating the community for many years.

This is not an overnight fix and will take years to rebuild but this plan is long-term and works towards sustainability for future generations. This Delivery Program is broken into two phases – “Restore” and “Thrive”. The elected body has analysed countless scenarios and this Delivery Program presents the most feasible options fit for our region, now and into the future.

We have addressed the critical infrastructure for this growth including a water security package that is bold and achievable. This will tie in with our efforts to boost tourism, improve our amenities and inject life back into our economy. The right vision and strategies for success are starting to happen.

It's time to become a region of significance once again. A region that deliver the basics exceptionally and efficiently and is thriving and competitive in all aspects.

Mayor Sam Coupland

June 2022





General Manager's Message

Since commencing with Armidale Regional Council (ARC) in January 2021 I have been focussed on taking ARC on a 'back-to-basics - turnaround strategy' driven in collaboration with staff and Councillors with a key focus over the last 12 months of seeking to set council on a path to 'Restore and Thrive'. A significant step in Council's roadmap has been to address the organisational culture.

A 'culture audit' was undertaken in late March 2021 with a 90% staff (and Councillor) participation rate as part of the audit debrief which was conducted by the Dattner Group. The challenges identified included financial constraints; an organisational structure that doesn't make sense; issues around loss, shortage and turnover of staff; instability at the top including management and councillors; Councillors not managing finances or community expectations; poor community reputation; lack of strategic direction; low morale and job satisfaction and a lack of unity.

The audit highlighted key organisational strengths including good people passionate about serving the community and that potential and current improvements were seeing positive change.

A team made up of leaders from all levels of the organisation and referenced as OPARC (Operation: Planet ARC) developed a draft turnaround strategy and roadmap as part of the back to basics approach that was to focus on vision, purpose, values, supporting and unsupporting behaviours.

The draft turnaround strategy was presented to all staff and councillors through an all-day World Café. The World Café is built on the assumption that ... people already have within them the wisdom and creativity to confront even the most difficult challenges; the answers we need are available to us; and we are wiser together than we are alone.

Staff feedback was incorporated into the final OPARC Strategy Map and Values and Behaviours. These documents are now the centrepiece by which staff hold each other accountable and will run through to the nominated strategy review date of January 2023. At that point we will reassess our progress and seek to take the next steps.

Delivery Program 2022-2026

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

ARC faces a number of significant financial challenges. There are broad challenges associated with servicing a region covering 7,818km² and 1,858km of local roads with a population density of only 3.77 persons per square kilometre. With total assets of \$1.3 billion (and growing) under management, a significant challenge exists to fund and maintain the network to even a minimum, but acceptable standard.

In addition, there are significant liabilities associated with landfill remediation, quarries and contaminated land, some of which have only become known in recent years. Their identification means Council must redirect funding to undertake the work identified by these liabilities and that is required to meet environmental standards.

In the first two years following the May 2016 merger, Council's financial position deteriorated significantly. A November 2020 review conducted by Finch Consulting and the resulting report "Review of Council Finances", contained a number of findings and recommendations. The ensuing Performance Improvement Order (PIO) as imposed by the Minister for Local Government referenced the PIO and required Council to implement the recommendations; these have been incorporated into an adopted Financial Improvement Plan. The 2020 review found that net current assets declined by \$11m in the first three years of the Armidale Regional Council and management control, oversight and reporting experienced significant lapses during this time.

This exacerbated an already poor financial position resulting from the merger of two councils deemed financially unsustainable by the Office of Local Government through Fit for the Future assessments. Since 2019, Council sought to improve the financial position but continues to face significant challenges primarily due to a shortfall in funding for asset renewal and replacement.

The adopted 2021-22 budget projected a consolidated operating surplus of just over \$1m with no changes forecast for the unrestricted cash position (Council's main buffer for unexpected events).

"Culture eats strategy for breakfast" - Peter Drucker

Council faced a projected \$7.8m funding shortfall for core operational and capital service level and asset renewal requirements. Just maintaining current service levels would have required a 40% increase in general rate revenue.

This situation has not changed leading into the 2022-23 and in fact has been exacerbated; the Special Rate Variation (SRV) required to ensure ARC's future sustainability and longevity sits conservatively at approximately 50%.

The Long Term Financial Plan (LTFP) forecasts an asset renewal ratio of 83% in 2021-22 and the average ratio for the General Fund over ten years is 58%. With a required industry benchmark of 100% or

greater and \$1.2 billion of infrastructure assets under Council's control and management, the General Fund infrastructure ratios outlook is clearly not sustainable longer term.

Given the current financial trajectory ARC will not improve on these ratios and the outlook for unrestricted cash remains poor.

On current forecasting and without a sizeable SRV injection, ARC is looking at a minimum of five years of the current constrained operating and capital budget positions to ensure the unrestricted cash position does not deteriorate beyond current levels. We are essentially managing ourselves into severe decline.

A funding gap of this magnitude is significant and requires immediate action. It literally is now or never if ARC is going to be able to correct the current position and become a region of significance, capable of taking its place amongst the best regional centres in NSW.

The longer the investment in asset renewal remains as is, the significantly more costly it will be to bring assets back to a satisfactory and serviceable condition. The solution must come now.

While operational efficiencies are on foot, alone they will not provide the funding required to achieve financial sustainability. Efficiencies to improve ARC's financial position include reviewing the organisational structure, business systems, exploring opportunities for out-sourcing activities and improving project management capabilities. Council's Financial Improvement Plan includes 13 key recommendations to improve our financial position through savings and increased revenue, and indirectly via efficiency and productivity improvements.

In its 2021 SRV application, Council outlined the initiatives implemented since the merger which aimed to decrease costs and increase revenue. Initiatives implemented to that point were estimated to have provided approximately \$6.2 million in savings or increased revenue, with approximately \$2.2 million in annual ongoing savings.

Improving asset management

Asset management is a critical local government function; most councils manage a vast base of infrastructure assets. Within the ARC LGA there are 651 kilometres of sealed roads, 1,077 kilometres of unsealed roads and 122 kilometres of regional roads, all of which are maintained by Council. Council manages \$1.2 billion in infrastructure assets (roads, bridges, stormwater, footpaths, buildings, water, and sewer) and total assets of \$1.3 billion (including land, landfills, plant & equipment).

The breadth and diversity of these assets means Council must have systems and processes to manage assets based on quality data and strong technical expertise. There is large scope for improvement in this space. A key focus for Council is to develop the Asset Management Framework including an Asset Management Policy, Strategy and associated Plans. This is an area for improvement and will remain a focus in 2022-23 and beyond. Until there is strong implementation of the framework across Council, this will remain a critical risk.

Review of community expectations and service levels

Council's 2021 SRV application was made on the basis of maintaining (already reduced) service levels in the short-term. It was noted in the application that the option applied for would "result

in current levels of service maintained in the short-term; however the asset renewal backlog would 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."

As such, Council still has significant work to do in evaluating service levels and aligning with community expectations within the funding available to it and this has been incorporated into the Financial Improvement Plan.

Turnaround strategy

Armidale Regional Council has had a systemic revenue problem for many years and for far too long previous councils have underestimated or ignored the real cost of maintaining assets such as our road network and providing services to the community - we must now turn this around in order to grow and be sustainable.

To do this, it is proposed that Council seek a SRV that would see rates increase by 50% over three years. The resulting annual increase in rates for an average home, business or rural property in our region is outlined in the attached Special Rate Variation Addendum.

In the 2022-23 financial year Council is proposing to go into deficit and dip into reserves to fund the budget. This approach is predicated around receiving approval for an SRV and being able to do much of the preparatory work required in 2022-23 to take full advantage of an approved SRV. That is because any meaningful rate increase would not come into effect until the 2023-24 financial year and at that point the financial improvement would start to be realised and ARC could start the continue the process to build a stronger and more resilient region.

The proposed SRV is part of the solution to:

- i. Improve financial sustainability by eliminating the General Fund operating deficit;
- ii. Deliver the services as outlined in the draft Integrated Planning and Reporting documents;
- iii. Provide sufficient funding to meet asset renewal funding requirements and appropriately manage the infrastructure backlog; and
- iv. Meet compliance obligations under the Local Government Act and other forms of legislation.

Without an SRV, Council has limited options to resolve the financial position it has inherited and would need to reduce and likely cease some service delivery.

This approach would be counter intuitive to seeing the region grow and will negatively impact the community. ARC does not see its future as a 'roads, rates and rubbish' entity.

Council's long-term vision is to retain future generations in the region and attract new residents through increased work opportunities, improved liveability and access to quality services. The Delivery Program 2022-2026 outlines this vision and the necessary actions required to make this happen.

James Roncon
General Manager

June 2022

**Armidale
Regional
Council**
Councillors



Mayor
Cr Sam Coupland



Deputy Mayor
Cr Todd Redwood



Cr Margaret O'Connor



Cr Debra O'Brien



Cr Susan McMichael



Cr Paul Gaddes



Cr Dorothy Robinson



Cr Steven Mephram



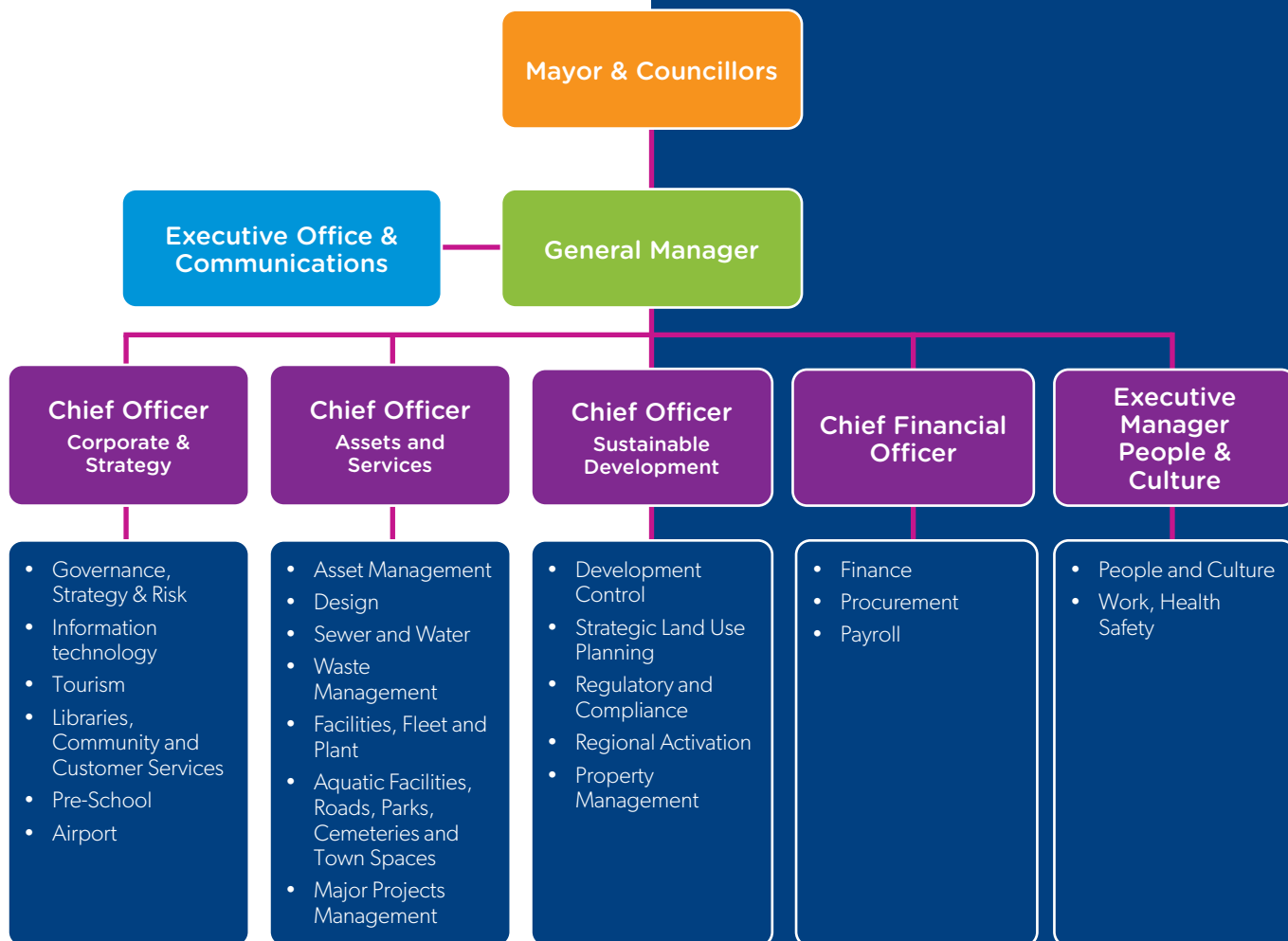
Cr Bradley Widders



Cr Paul Packham



Cr Jon Galletly



Our Workforce

73% Fulltime
15% Part-time
12% Casual
Roles

67% Male
33% Female
Gender

7.8 years
Average length
of service

44 years
Average age

16.2%
Staff turnover

Our Workforce Values

Council is committed to creating a workplace where staff hold the below values at the core of our behaviour and conduct:

Inclusion

Having positive interactions with other staff and valuing all staff for who they are. Valuing diversity and allowing for real opportunities for all staff to have meaningful relationships.

Wellbeing

What is ultimately good for staff, and what is in the self-interest of staff, to ensure they are comfortable, healthy and happy in the workplace

Transparency

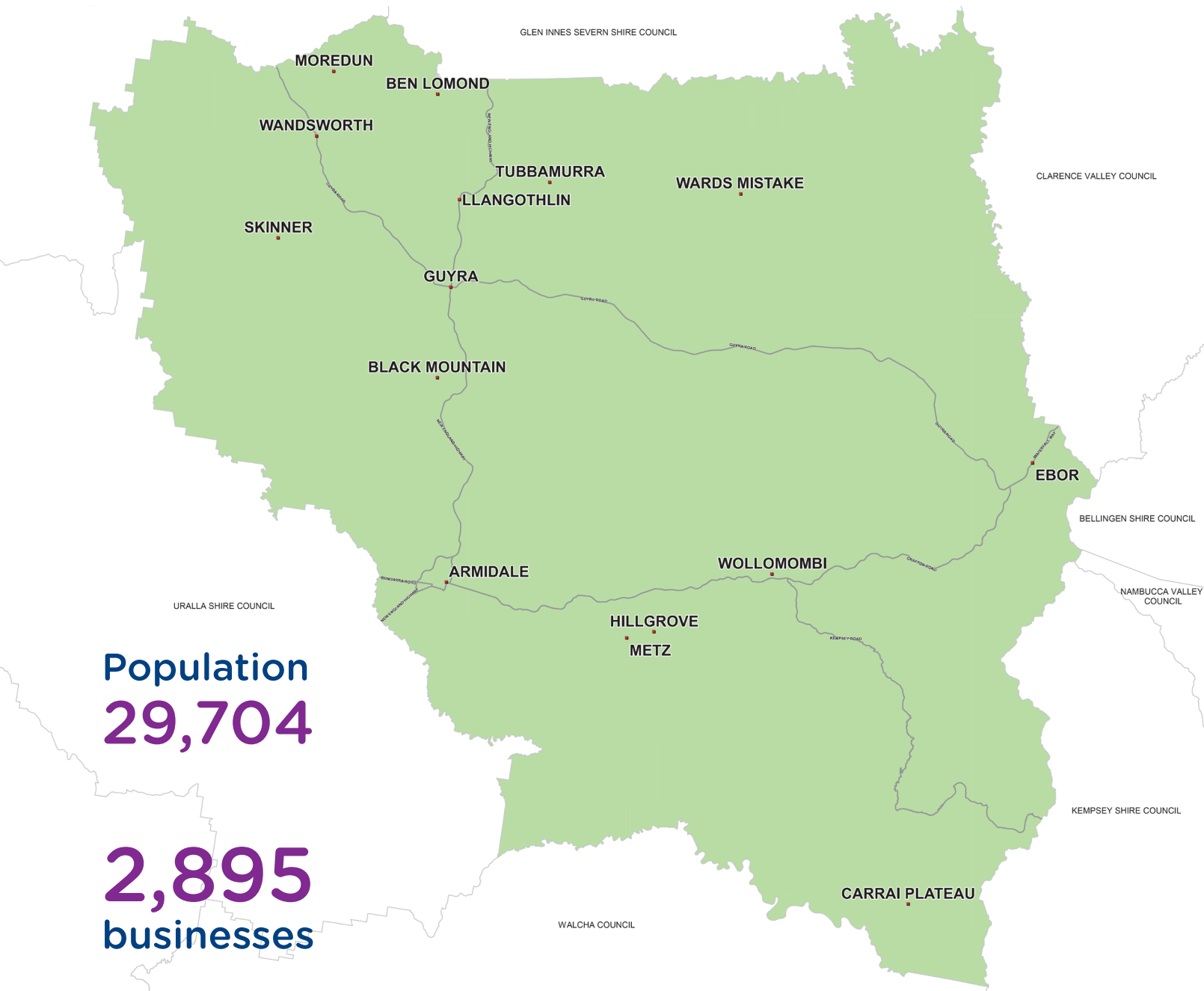
Conducting duties in a way that creates openness between managers and staff by sharing information freely in an effort to benefit Council, staff and the Community.

Commitment

Taking ownership of work and being an ambassador for Council through a willingness to get involved.

Advancing our Region

The Armidale Region



6.8%
five year
employment
growth to
2020

Largest industry
**Education
& Training**

GRP
\$1.63
billion

Largest
renewable
energy
generator

Our plan for growth and development

There can be no more significant path, or task for a council anywhere at this moment, than to shape an even better place; one which is attractive to new investment and talent which could benefit its community and business post-2022.

Council is committed to growing a prosperous and sustainable region over the next decade and beyond. We will ensure that we have a clear vision for the future of our region developed in partnership with our community. This will centre around the jobs of tomorrow and how we will grow whilst protecting and enriching the lives of our community and the region. We will work with all delivery partners including the Federal and State governments, and the private sector to support the delivery of our vision. We will get on with delivery, ensuring that catalyst projects are prioritised and that we are ready for investment and community building opportunities when they arise.



Turning our challenges into opportunities

Growing jobs

Recent Gross Regional Product (GRP) figures illustrate that our regional economy has flat lined over the last 20 years. Moving towards a strong regional vision and strong local delivery, Leadership, Vision and Collaboration will be critical ingredients to our region's future opportunities and growing the regional economy and jobs.

Engine room industries in the Armidale region are agriculture and education, with manufacturing and tourism also contributing, and renewable energy a future contributor.

Agriculture is the prime engine room industry and it directly accounts for 1,330 (about 11%) of jobs in the Armidale region. With the multiplier effects agriculture also supports about 2,500 jobs in enabling industries (about 2:1 ratio to direct jobs).

Council has a target to grow 4,000 local jobs by 2040 and 1,000 in the next 5 years. We will seek to bring more jobs in engine industries of agriculture, education, and energy to our region by providing region building infrastructure and Council-led strategic planning to ensure that the Armidale region attracts the jobs and investment that contribute to our long-term prosperity.

Assets

In regional NSW, the majority of infrastructure assets are under the management and control of the local Council. A key challenge for Armidale Regional Council is remaining financially sustainable whilst managing ageing infrastructure assets that could require renewal and replacement.

Council has a responsibility to continue to provide services to our community through the utilisation of these assets including consideration of how best to allocate funds for the operation, maintenance, renewal, replacement and upgrade of assets.

Within the Armidale Regional Council local government area, there are 651 kilometres of sealed roads, 1,077 kilometres of unsealed roads and 122 kilometres of regional roads, all of which are maintained by Council. Council is responsible for managing \$1.2 billion in infrastructure assets (roads, bridges, stormwater, footpaths, buildings, water, sewer and airport) and total assets of \$1.3 billion (including land, landfills, plant & equipment).

With such a large and diverse range of assets, Council requires a system and processes to manage assets utilising quality data and strong technical expertise.

Council is currently developing the Asset Management Framework, and this is an area for improvement and will remain a focus from 2022 onwards. Until there is a robust implementation of the Asset Management Framework across Council, this will remain a critical risk.

Water

As a Local Water Utility, Council is responsible for the safe and secure provision of water. Council has partnered with NSW Public Works Advisory to deliver an Integrated Water Cycle Management Strategy (IWCM Strategy) to meet Best Practice Water Management which is the industry standard for safe and secure water supply.

The recent severe drought that peaked in 2019 has highlighted the adverse impact that inadequate water supply can have on the economic and social fabric of our region. Investment in our water security is not only essential to ensure we can remain resilient through future droughts, but also has the potential to take the brakes off our growth potential and, will allow us to set on a growth path.

There is a significant shortfall of water capacity equal to about 40% of current demand. Raising the Malpas Dam wall by the maximum 6.5 metres would still leave us around 20% short of current demand. With any sort of growth, our region's shortfall will be back towards current levels in a short period. The reason for the shortfall is that the catchment for the Malpas Dam is reaching its limit.

Council has a \$157 million Water Security Package which includes raising the Malpas Dam wall by the maximum 6.5 metres, acquiring and commissioning Oaky River Dam or alternatively building off-take from Styx River, and connecting it to Malpas Dam. This will secure the future needs of the region and support a population of around 50,000.

The safe and secure provision of water is an essential element for our region to grow and remain sustainable and Council will continue to advocate to State and Federal Governments to help fund our Water Security Package.

What the Community has told us

As part of the process of developing the Advancing our Region Community Plan on behalf of the community, Council conducted extensive community engagement in November 2021. Below is a summary of what the community told us that they want for their region, why they love our region and what they want improved in our region.

This feedback was utilised to develop the Advancing our Region Community Plan, and consequently inform the initiatives that Council commits to undertake through this Delivery Program. A full copy of the results of the 2021 community engagement can be found on Council's website under 'Council/Integrated Planning and Reporting'. The key themes across the engagement, in relation to our aspirations for the region, were economic activation, a focus on environmental sustainability, quality leadership and governance, and improvements to transport infrastructure.

Our community's 2032 vision for our region (rankings)

- #1. Economically robust
- #2. Environmentally sustainable
- #3. Led through good governance
- #4. Strong tourism sector
- #5. A cohesive community

What we love and value about our region (top 6 listed)

- Our natural environment
- Our community
- Education and training
- Parks and playgrounds
- Arts culture and heritage
- Our location

What we want improved in our Region (rankings)

- #1. Transport and Infrastructure
- #2. Environmental Sustainability
- #3. Economic Development
- #4. Shopping
- #5. Tourism

Community Satisfaction Survey

Armidale Regional Council engaged Taverner Research to conduct a community satisfaction phone survey of the community (n=400) in November 2021. The results of the feedback have informed the Advancing our Region Community Plan, Council's Delivery Program, as well as improvements in Council's general operations. The initial 2021 results will provide the benchmark for improvement over the next four years of the Delivery Program, with the survey to be conducted annually.

2021 Community Satisfaction results	17% of respondents were satisfied with Council's overall performance, against 53% dissatisfied and 30% neutral	59% of respondents disagreed that Council spent its money wisely
<p>Council's mean satisfaction score was 2.43 (on a five-point scale)</p>	<p>Satisfaction with specific Council services was highest for:</p> <ul style="list-style-type: none"> • Parks, reserves, and playgrounds • Sporting facilities • Waste and recycling • Airport operations • Libraries • Council pools • Arts, cultural and heritage facilities 	<p>When satisfaction scores were ranked against perceived importance, some key priorities for Council emerged:</p> <ul style="list-style-type: none"> • Sealed roads • Community information and consultation • Development Applications and planning • Economic development and attracting new investment • Being a well-run and managed Council

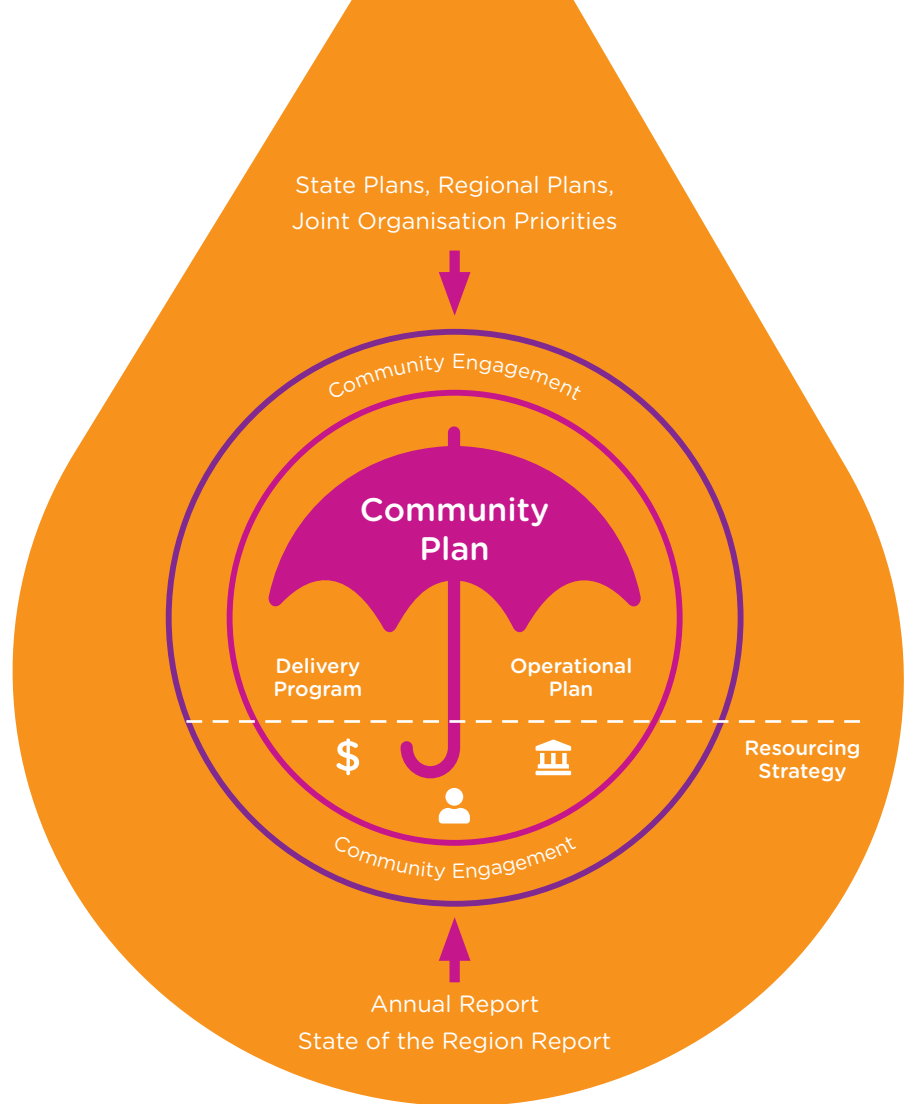
Integrated Planning and Reporting

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 framework is known as the Integrated Planning and Reporting Framework and aims to:

- Integrate and streamline statutory planning and reporting
- Strengthen strategic focus
- Align with national sustainability frameworks
- Ensure accountability and responsiveness to local communities

The key plans and reports under the Integrated Planning and Reporting Framework are outlined below, and all documents are guided by, and developed in consultation with, our community:



	Duration / timing	Outputs	Description
Community Plan	10 Years	Community Goals and Strategies	Outlines the goals and aspirations of the community, captured through extensive community engagement
Delivery Program	4 Years	Council Initiatives	A program of Council-led initiatives that achieve the goals of the Community Plan that are in Council's remit
Resourcing Strategy	4 Years	Council Resources: Finances, Assets, People	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, and that Council plans accordingly.
Operational Plan	1 Year	Council Actions	An annual plan of actions that support the Delivery Program initiatives.
Annual Report	1 Year	Reporting: Delivery Program, Operational Plan	An annual report to the community on the progress of the Delivery Program and Operational Plan
State of the Region Report	End of Council Term	Reporting: Community Plan	A report, published in the year of a Council Election, that assesses progress with respect to the implementation and effectiveness of the Community Strategic Plan



The six pillars of the Community Plan

There are six key pillars in the Advancing our Region Community Plan. Within each pillar are two goals – these are the key community aspirations that we seek to achieve. The following sections of the Plan feature each of the Pillars, their prioritised goals, and several supporting strategies.

The impact of climate change

Climate change is having a broad-reaching impact on our lives including our health and wellbeing, natural environment, built environments and local economy. Many of the strategies in this Plan are impacted by climate change, both directly and indirectly, and will require consideration of the resources and response necessary to mitigate and plan for climate change risks. The Plan identifies these strategies and the impact of climate change by this symbol.



Our Community Vision

We want a harmonious region which celebrates the diversity and uniqueness of our communities, provides opportunities for all people to reach their potential, encourages engagement with our environment, cultures and lifestyles, while supporting growth, opportunity and innovation.



Thriving Region Economy & Tourism



Connected Region Transport & Technology



Future Region Sustainability & Resilience



Liveable Region Places & Spaces



Enriched Region Community & Culture



Strong Region Engagement & Responsibility

Goal 1

A strong economy, sustainable growth, and opportunity - Strategies:

- ➔ Attract new job creating investment to the region
- ➔ Support existing businesses and local industries to grow, prosper, change and adapt
- ➔ Plan and enable sustainable job and economic growth
- ➔ Champion local employers to provide employment and training opportunities
- ➔ Foster a culture of lifetime education and ensure local education services meet the needs of our community

Goal 2

A destination of choice, renowned for its beauty, heritage, and unique attractions - Strategies:

- ➔ Promote a regional approach to tourism that grows our reputation as a destination of choice in NSW
- ➔ Promote and enhance the extraordinary natural assets, beauty, climate, and location that our region enjoys
- ➔ Provide attractions and events that enhance our region's offering to locals and Tourists
- ➔ Encourage locals to shop in the region, and make our region the choice for shopping in the broader New England area

Goal 1

Quality infrastructure that makes it safe and easy to travel around our region - Strategies:

- ➔ Build and maintain quality, safe, and accessible road transport infrastructure including roads, footpaths, kerbs, bus stops and parking facilities
- ➔ Support the implementation and usage of active transport infrastructure across the region

Goal 2

Transport and technology that enable connectivity both locally and outside the region - Strategies:

- ➔ Provide access to public and private transport services that link our community to our local towns and villages, other regions, our local attractions, and lifestyle infrastructure.
- ➔ Promote and encourage the establishment and uptake of sustainable transport options and services
- ➔ Utilise our access to the high-speed data and advancing technology to increase connectivity within and outside our region

Goal 1

A flourishing natural environment that is protected and enhanced - Strategies:

- ➔ Promote and support biodiversity protection and management
- ➔ Protect and enhance our waterways, catchments and creek lands
- ➔ Foster collaborations that improve understanding and action to protect our natural environment

Goal 2 A clean, green, and responsible region Strategies:

- ➔ Proactively adapt to and mitigate the local impacts of climate change
- ➔ Promote and increase use of renewable resources and alternative energy sources
- ➔ Collect, handle, dispose, recycle and reuse waste responsibly and innovatively
- ➔ Create a cleaner, healthier environment with good air quality
- ➔ Ensure the community is provided with safe and accessible water that is sustainably managed now and into the future
- ➔ Prepare for, prevent, and manage natural disasters

Goal 1 Public spaces and infrastructure that facilitate health, community connections and opportunities - Strategies:

- ➔ Provide appropriate, planned and maintained facilities that allow people to meet, congregate and learn
- ➔ Enhance the public spaces and natural landscapes that are a part of our region's identity and provide beauty, vibrancy, community connection and healthy ecosystem.
- ➔ Foster towns and villages that are vibrant, well-serviced and supported to achieve their localised priorities
- ➔ Enhance and maintain sporting facilities to meet the needs of our local community and neighbouring regions, and to entice regional, state, and national events
- ➔ Enhance and maintain recreation spaces to offer quality of life, entertainment and family-friendly activities to residents and visitors

Goal 2 Proactive, responsible, and innovative regional planning that grows us sustainably - Strategies:

- ➔ Plan for and enable growth that supports a sustainable local economy
- ➔ Ensure adequate and available housing to meet community needs
- ➔ Preserve and enhance our architecture and heritage
- ➔ Protect prime agricultural land and support future innovations and industries

Goal 1

Access to the services and support that facilitate quality of life - Strategies:

- ➔ Ensure health and community service provision meets the needs of our growing and ageing population
- ➔ Recognise and support the diverse needs of our community
- ➔ Foster safety and security within our community and support the provision of basic needs

Goal 2

A proud, inclusive, and cohesive community that celebrates our region in all its diversity and culture - Strategies:

- ➔ Support artistic endeavours, events, and celebrations, creating a thriving arts and culture scene
- ➔ Provide public access to facilities that enhance our learning, social and culture fulfilment Celebrate our local Aboriginal history and traditions, and support cultural understanding and development
- ➔ Celebrate our rich regional history and heritage
- ➔ Create an inclusive and cohesive community that celebrates differences and similarities
- ➔ Encourage, support, and promote community groups and volunteers in their invaluable contributions to community life

Goal 1 An informed and actively engaged community, that builds partnerships and shapes its future - Strategies:

- ➔ Help the community to be informed and have input into decisions about its region and future
- ➔ Create partnerships between our community, levels of government and businesses that contribute to our growth and development
- ➔ Empower the community and our leaders to make positive change and to unify the region

Goal 2 Strong governance and leadership that supports our region to grow and prosper - Strategies:

- ➔ Provide a strong, transparent, sustainable, and responsive governance for our region
- ➔ Ensure that strategic directions are informed by, and with, the community and are delivered in consideration of available resources
- ➔ Manage public resources responsibly and efficiently for the benefit of the community
- ➔ Make open and transparent decisions that are informed by stakeholders, leading practices, systems, and technologies

Delivery Program 2022-2026

The Delivery Program

The Delivery Program 2022-2026 outlines the initiatives that Armidale Regional Council can and will undertake to help achieve the goals of the Advancing our Region Community Plan.

The Delivery Program is Armidale Regional Council’s commitment to the community for the duration of the Councillor Elected Term, and up to four years.

Each of the Council initiatives outlined in this document has been developed in line with Council resources to ensure that Council can achieve them with the finances, people, and assets available to it.

This document should be read in conjunction with the Annual Operation Plan which details the service levels provided in each year of the four-year Delivery Program. In order to meet service levels and community expectations, some Delivery Program Initiatives will require additional financial contributions through a Special Rate Variation (SRV). These Initiatives are marked with the following: **SSRV**

For further information about the SRV, see the Addendum attached to this Delivery Program.

Measuring our success

Armidale Regional Council will report back to the community at least every six months through a detailed Council Report. This report will outline progress and completion of the Council Initiatives in this Delivery Program and flag any potential issues with their completion.

The Annual Report is also one of the key points of accountability between a council and its community, and outlines Council’s progress and success in achieving the Delivery Program. It is not a report to the Office of Local Government or the NSW Government – it is a report to the community. The Annual Report focuses on the council’s implementation of the Delivery Program and Operational Plan because these are the plans that are wholly the council’s responsibility. The Annual Report must be presented to the Minister for Local Government and uploaded onto Council’s website by 30 November each year.



Resourcing the Delivery Program – Restore and Thrive Strategy

It is a requirement, under the Integrated Planning and Reporting Framework, that Council plan out the financial, workforce and asset requirements that will support the Delivery Program 2022-2026. This information can be found in the Armidale Regional Council Resourcing Strategy.

Detailed long-term (10-year) financial forecasts can be found in the Resourcing Strategy, and this includes the estimates of what the Delivery Program could cost over the four years. The four-year forecast has been developed according to what elements of Council’s contribution to achieving the Advancing our Region Community Plan will be delivered over the period of the Delivery Program 2022-2026.

Not dissimilar to many NSW Councils, Armidale Regional Council faces ongoing financial pressures, and must determine solutions to delivering quality programs and services within finite revenue and funding opportunities, as well as managing funding gaps in asset maintenance and renewals. This backlog in assets will continue to grow if not addressed in the short-term and will continue to place enormous pressure on the Armidale Regional Council’s operating and capital budgets, while impeding the Council’s ability to fund the initiatives that help our community grow, prosper and thrive.

As reflected in community engagement, there is also a strong push from the community to seize on our economic, population growth and tourism opportunities, and Council is committed to growing the region and providing prosperity for our community. However, in order to implement the growth and activation initiatives that will realise this prosperity, Council must first address the infrastructure backlog funding issues and undertake the necessary planning and strategic work that will begin the growth phase.

Council has undertaken, and will continue to undertake, improvements in productivity, cost recovery and cost efficiencies, however these improvements will not be able to fully fund the asset backlog. To restore Council’s financial position and ensure that all assets are managed effectively, Council will be required to seek a Special Rate Variation. Failing this, Council will be forced to substantially reduce the services it provides to the community.

This Delivery Program outlines the roadmap for a two-phase strategy to **Restore and Thrive**. This strategy is designed to restore financial viability and mitigate future funding gaps, in a financially responsible way in the short-term, and prepare Council and the region to create the growth and activation that will solidify the Armidale Region as a vibrant and popular major regional centre.

Phase 1

● Years 1 & 2 of the Delivery Program

RESTORE


- Get Council on track to financial sustainability
 - Realise efficiencies in processes, costs and cost-recovery of services and programs
 - Increase revenue to be self-sufficient and be able to restore our assets through the mechanism of a Special Rate Variation
- Plan for growth and activation
 - Implement an organisational structure that will support growth initiatives
 - Create the strategies, plans and organisational processes that will support growth and activation initiatives
 - Lobby and apply for funding to grow the region

Phase 2

● Years 3 & 4 of the Delivery Program

THRIVE

- Rationalise assets and restore remaining asset quality to improve condition and reduce ongoing maintenance and renewal costs
- Build internal reserves to mitigate unexpected expenses and invest in future initiatives in line with community needs
- Implement growth and activation initiatives
 - Industry attraction and retention strategies
 - Activation precincts
 - Sustainable job growth initiatives
 - Tourist attraction campaigns



Council is committed to balancing the financial and growth needs of the region, and the following pages show Armidale Regional Council's estimated budget statement for the four years (2022-2026).

By the Financial Year 2025-2026, Council aims to meet all the Office of Local Government Performance Ratios, while providing an operating profit to allow Council to build internal reserves to deliver initiatives that will achieve the Advancing our Region Community Plan, prepare for unexpected events, fund initiatives that will grow our region, and to service the community to expected levels.

Income Statement

The following estimates assume Council is able to obtain a Special Rate Variation from the 2023-2024 financial year onwards.

Income from Continuing Operations	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
Revenue				
Rates & Annual Charges	38,804	42,239	46,276	50,774
User Charges & Fees	28,485	21,990	22,775	23,591
Other Revenues	4,408	4,519	4,631	4,747
Grants & Contributions provided for Operating Purposes	12,102	11,785	11,993	12,206
Grants & Contributions provided for Capital Purposes	75,794	14,502	31,602	26,602
Interest & Investment Revenue	1,534	1,315	1,333	1,337
Total Income from Continuing Operations	161,128	96,349	118,611	119,258
Expenses from Continuing Operations				
Employee Benefits & On-Costs	28,846	28,256	28,962	29,686
Borrowing Costs	1,385	1,202	1,016	830
Materials & Contracts	32,452	27,668	28,709	29,602
Depreciation & Amortisation	21,789	24,059	24,660	25,276
Other Expenses	1,858	1,905	1,953	2,001
Total Expenses from Continuing Operations	86,330	83,089	85,300	87,395
Operating Result from Continuing Operations	74,798	13,260	33,311	31,863
Net Result	74,798	13,260	33,311	31,863
Operating Result before Capital Grants and Contributions	(996)	(1,242)	1,709	5,261
Operating Result Summary				
General Fund Surplus/(Deficit)	(3,193)	(4,600)	(2,266)	628
Water Fund Surplus/(Deficit)	1,285	1,718	2,121	2,551
Sewerage Fund Surplus/(Deficit)	912	1,640	1,854	2,082
Consolidated Surplus/(Deficit)	(996)	(1,242)	1,709	5,261

Capital Works Program

	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
General Fund	84,245	19,758	16,971	23,367
Water Fund	12,126	25,650	29,650	26,450
Sewerage Fund	1,550	8,420	22,460	12,460
Consolidated	97,921	53,828	69,081	62,277

Quick reference guide

The Delivery Program is organised according to the six key pillars of the Advancing our Region Community Plan. In order to easily find the services or programs of interest, please use the following table:

6 Key Pillars	Council areas of interest		
Thriving Region Economy and Tourism	Regional activation Planning Tourism Education	Industry Business Employment Entertainment and attractions	CBD activation
Connected Region Transport and Technology	Roads Public and private transport Airport	Inter-regional train and bus travel Technology and data Footpaths	Cycleways Sustainable transport
Future Region Sustainability and Resilience	Biodiversity Waterways, catchments and creeklands Climate change	Renewable and alternative resources Waste Water	Air quality Natural disaster management
Liveable Region Places and Spaces	Buildings and facilities CBD infrastructure Creeklands	Parks, gardens and open space Sporting facilities Villages Recreation facilities	
Enriched Region Community and Culture	Health and community services Support for disadvantaged Community safety Regulatory functions	Aged services Youth services Disability services and support Volunteers	Aboriginal services and support Arts and culture History and heritage
Strong Region Engagement and Responsibility	Community engagement Community access to support Community and government partnerships	Council functions Governance Strategic directions of Council	Council resource management – assets, workforce and finance Systems and processes

How to read this Delivery Program

Council's role in each initiative is outlined in the following sections. The definitions for each role are:

Plan

Develop plans and strategies

Deliver

Implement plans and strategies

Provide

Provide services

Facilitate

Action things to happen

Regulate

Implement compliance

Partner

Work with other people, organisations and levels of government

Advocate

Promote and lobby for the needs of our community

In order to meet service levels and community expectations, some Delivery Program Initiatives will require additional financial contributions through a Special Rate Variation. These Initiatives are marked with the following.

\$SRV



Thriving Region

Economy & Tourism

*Advancing our Region
Community Plan*

Goal 1 - A strong economy, sustainable growth, and opportunity

- Strategies:**
- Attract new job creating investment to the region
 - Support existing businesses and local industries to grow, prosper, change and adapt
 - Plan and enable sustainable job and economic growth
 - Champion local employers to provide employment and training opportunities
 - Foster a culture of lifetime education and ensure local education services meet the needs of our community

Goal 2 - A destination of choice, renowned for its beauty, heritage, and unique attractions

- Strategies:**
- Promote a regional approach to tourism that grows our reputation as a destination of choice in NSW
 - Promote and enhance the extraordinary natural assets, beauty, climate, and location that our region enjoys
 - Provide attractions and events that enhance our region's offering to locals and Tourists
 - Encourage locals to shop in the region, and make our region the choice for shopping in the broader New England area

Community feedback rankings on economic development and tourism:

Q: What do you think our region should be like in 2032?

#1 - A robust economy

#4 - A strong tourism sector



Q: Top 3 Challenges for our region

#1 - Economic growth

Thriving Region

Goal 1

T1. A strong economy, sustainable growth, and opportunity

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
T1.1 Attract new job creating investment to the region	Deliver a targeted industry attraction package for engine industries including protected horticulture, renewables, small manufacturing, and education (T1.1.1) 	Plan, Deliver	Activation and Precincts				
	Deliver a promotion package focused on our region's lifestyle proposition to encourage people to relocate to our region (T1.1.2)	Deliver	Activation and Precincts				
	Deliver activation precincts package for engine industries including the Airside Precinct (T1.1.3)	Deliver	Activation and Precincts				
	Leverage our status as a Renewable Energy Zone to attract new engine room industries and negotiate community benefit sharing arrangements that deliver a long-term dividend for the region (T1.1.4) SSRV 	Deliver	Activation and Precincts				
T1.2 Support existing businesses and local industries to grow, prosper, change and adapt	Partner with local business groups and industry bodies to develop initiatives to support local businesses (T1.2.1)	Partner	Activation and Precincts				
	Assist local businesses to develop their skills and online presence (T1.2.2)	Facilitate	Activation and Precincts				
	Enhance and maintain Council's Local Procurement Policy and associated targets for local procurement (T1.2.3)	Deliver	Finance				
T1.3 Plan and enable sustainable job and economic growth	Prepare a 20-year planning vision for the region (T1.3.1)	Plan	Land Use Planning				
	Review the Local Environmental Plan to ensure industries and land uses that are compatible with the region's vision are welcomed in (T1.3.2)	Plan	Land Use Planning				
	Provide planning and business concierge services for engine industries (T1.3.3) SSRV	Provide	Activation and Precincts				
T1.4 Champion local employers to provide employment and training opportunities	Partner with the local TAFE to encourage local employers to employ apprentices and trainees (T1.4.1)	Partner	Activation and Precincts				
	Increase the number of apprentices and trainees employed by Council and promote the successes of the employment and training (T1.4.2)	Provide	People and Culture				
T1.5 Foster a culture of lifetime education and ensure local education services meet the needs of our community	Provide contemporary library services that support education and learning (T1.5.1)	Provide	Customer Experience				
	Support the UNE Smart Region Incubator by providing an appropriate facility within the Old War Memorial Library (T1.5.2)	Provide	Activation and Precincts				

Thriving Region

Goal 2

T2. A destination of choice, renowned for its beauty, heritage, and unique attractions

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
T2.1 Promote a regional approach to tourism that grows our reputation as a destination of choice in NSW	Promote the ARC Local Government Area via the development of a regional brand (T2.1.1) SSRV	Plan, Deliver	Activation and Precincts				
	Deliver the ARC Tourism Strategy initiatives (T2.1.2) SSRV	Deliver	Activation and Precincts				
	Enhance signage, visitor information and traffic direction through our regional city, town, and villages (T2.1.3)	Provide	Activation and Precincts				
T2.2 Promote and enhance the extraordinary natural assets, beauty, climate, and location that our region enjoys	Attract increased visitors through promotion of our natural assets and local attractions (T2.2.1) SSRV	Plan, Deliver	Activation and Precincts				
	Partner with, or advocate on behalf of, National Parks and other stakeholders to develop an integrated plan for our natural assets (T2.2.2)	Partner, Advocate	Activation and Precincts				
	Continue to partner with neighboring Councils to leverage the broader area, via New England High Country campaigns (T2.2.3)	Partner	Activation and Precincts				
T2.3 Provide attractions and events that enhance our region's offering to locals and tourists	Partner with community groups and organisations to plan and support events that will attract tourism and provide entertainment to our local community (T2.3.1)	Partner	Activation and Precincts				
	Investigate future entertainment, attractions and lifestyle infrastructure that would enhance the region's offering (T2.3.2) SSRV	Plan	Activation and Precincts				
T2.4 Encourage locals to shop in the region, and make our region the choice for shopping in the broader New England area	Partner with local business groups to create a 'shop local' campaign (T2.4.1)	Partner, Deliver	Activation and Precincts				
	Develop CBD Activation Plans (T2.4.2)	Deliver	Activation and Precincts				
	Host events and engagements in the Mall and regional CBDs to attract additional foot traffic (T2.4.3)	Facilitate, Provide	Activation and Precincts				





Connected Region

Transport & Technology

*Advancing our Region
Community Plan*

Goal 1 - Quality infrastructure that makes it safe and easy to travel around our region

- Strategies:**
- Build and maintain quality, safe, and accessible road transport infrastructure including roads, footpaths, kerbs, bus stops and parking facilities
 - Support the implementation and usage of active transport infrastructure across the region

Goal 2 - Transport and technology that enable connectivity both locally and outside the region

- Strategies:**
- Provide access to public and private transport services that link our community to our local towns and villages, other regions, our local attractions, and lifestyle infrastructure.
 - Promote and encourage the establishment and uptake of sustainable transport options and services
 - Utilise our access to the high-speed data and advancing technology to increase connectivity within and outside our region

Community feedback rankings related to transport:


Q: What do you want improved about our region?

#1 Transport Infrastructure

Connected Region

Goal 1

C1. Quality infrastructure makes it safe and easy to travel around our region

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
C1.1 Build and maintain quality, safe, and accessible road transport infrastructure including roads, footpaths, kerbs, bus stops and parking facilities	Partner with Transport for NSW to deliver the Heavy Vehicle Safety and Productivity (HVSP) Strategy (C1.1.1) \$SRV	Partner	Transport				
	Upgrade and maintain transport infrastructure in accordance with the ten-year Capital Works Program and service levels (C1.1.2) \$SRV	Provide	Transport				
	Deliver federal and state funding agreements to improve safety including the Blackspot program (C1.1.3)	Partner	Transport				
	Partner with the NSW Government to restore and reclassify Armidale-Kempsey Road (C1.1.4)	Partner	Design and Delivery				
	Design and deliver the Saumarez Road Upgrade as part of the National Trust Sustainable Saumarez Homestead Tourism Project (SSHTP) (C1.1.5)	Partner, Provide	Design and Delivery				
C1.2 Support the implementation and usage of active transport infrastructure across the region	Develop a Walking and Cycling Strategy that links residents with business, attractions, and lifestyle infrastructure and upgrade infrastructure accordingly (C1.2.1) \$SRV 	Plan	Land Use Planning				
	Develop an Open Spaces Strategy and upgrade infrastructure accordingly (C1.2.2)	Plan	Land Use Planning				

Connected Region

Goal 2

C2. Transport and technology that enable connectivity both locally and outside the region

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
C2.1 Provide access to public and private transport services that link our community to our local towns and villages, other regions, our local attractions, and lifestyle infrastructure.	Partner with community groups and other tiers of government to advocate for additional transport options to other regions and cities (C2.1.1)	Advocate, Partner	Land Use Planning	█	█	█	█
	Partner with the UNE and transport providers to investigate and improve campus-to-CBD transport links (C2.1.2)	Partner	Land Use Planning		█	█	█
	Advocate for improved transport options between Armidale, Guyra and our villages (C2.1.3)	Facilitate	Land Use Planning	█	█	█	█
	Improve and maintain air services at the Armidale Regional Airport (C2.1.4)	Facilitate	Airport	█	█	█	█
	Conduct effective airport stakeholder engagement with local commercial airport operators (C2.1.5)	Facilitate	Airport	█	█	█	█
	Seek funding for the New England Rail Trail from Ben Lomond to Armidale (C2.1.6)	Plan	Activation and Precincts	█			
	Construct Rail Trail infrastructure from Ben Lomond to Armidale (C2.1.7)	Deliver	Transport			█	█
C2.2 Promote and encourage the establishment and uptake of sustainable transport options and services	Provide increased electric car charging points across the region to promote usage and visitor spending (C2.2.1) 🟢	Provide	Land Use Planning			█	
	Develop a regional map series featuring popular and available cycling and walking routes and infrastructure (C2.2.2) 🟢	Deliver	Activation and Precincts		█		
C2.3 Utilise our access to the high-speed data and advancing technology to increase connectivity within and outside our region	Plan, seek funding and implement Smart Communities Framework in line with the NSW Smart Public Places Guide including streets, public facilities, and open spaces (C2.3.1)	Plan	Land Use Planning			█	





Future Region

Sustainability & Resilience

*Advancing our Region
Community Plan*

Goal 1 - A flourishing natural environment that is protected and enhanced

- Strategies:**
- Promote and support biodiversity protection and management
 - Protect and enhance our waterways, catchments and creek lands
 - Foster collaborations that improve understanding and action to protect our natural environment

Goal 2 - A clean, green, and responsible region

- Strategies:**
- Proactively adapt to and mitigate the local impacts of climate change
 - Promote and increase use of renewable resources and alternative energy sources
 - Collect, handle, dispose, recycle and reuse waste responsibly and innovatively
 - Create a cleaner, healthier environment with good air quality
 - Ensure the community is provided with safe and accessible water that is sustainably managed now and into the future
 - Prepare for, prevent and manage natural disasters

Community feedback rankings related to the environment:

Q: What do you want improved in our region?

#2 - Environmental sustainability

Q: Top 3 Challenges

#2 - Environmental sustainability and climate change

Q: What do you love and value about our region?

Top ranked - Our natural environment

Future Region

Goal 1

F1. A flourishing natural environment that is protected and enhanced

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
F1.1 Promote and support biodiversity protection and management	Develop a Biodiversity Strategy (F1.1.1) \$SRV 🌱	Plan	Land Use Planning				
	Identify parcels of land for the Biodiversity Offsets Scheme (F1.1.2) 🌱	Plan	Land Use Planning				
	Maintain and implement Council’s Crown Land Plans of Management (F1.1.3)	Provide	Activation and Precincts				
F1.2 Protect and enhance our waterways, catchments and creeklands	Work with key stakeholders to support the clean-up and remediation of creeks and waterways through agreed provisions and services (F1.2.1) 🌱	Partner	Parks and Facilities				
F1.3 Foster collaborations that improve understanding and action to protect our natural environment	Partner with environmental, Land Care and business groups to promote local environmental, biodiversity and agricultural events and programs (F1.3.1) 🌱	Partner	Land Use Planning				
	Support local environmental groups through in-kind and financial support, where agreed, to facilitate improved environmental outcomes (F1.3.2) 🌱	Partner	Land Use Planning				

Future Region

Goal 2

F2. A clean, green, and responsible region

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
F2.1 Proactively adapt to and mitigate the local impacts of climate change	Deliver actions from Project Zero30 and Council's EcoARC strategies (F2.1.1) 🟢	Deliver	Land Use Planning	■	■	■	■
	Maintain Council's commitment to the Climate Emergency Declaration and promote further community-led action (F2.1.2) 🟢	Facilitate	Land Use Planning	■	■	■	■
	Partner with community groups to educate and promote urban sustainability initiatives (F2.1.3) 🟢	Partner	Land Use Planning	■	■	■	■
	Deliver the Renewable Energy Action Plan a program of sustainable initiatives for Council operations (F2.1.4) 🟢	Deliver	Governance	■	■	■	■
F2.2 Promote and increase use of renewable resources and alternative energy sources	Advocate for greater access to renewable energy for the local community as part of Renewable Energy Zone (F2.2.1) 🟢	Advocate	Land Use Planning	■	■	■	■
	Attract further local investment in renewable energy in line with community expectations (F2.2.2) 🟢	Facilitate	Land Use Planning	■	■	■	■
F2.3 Collect, handle, dispose, recycle and reuse waste responsibly and innovatively	Operate Council's Waste Transfer Stations and Landfills in line with current and future needs and environmental standards (F2.3.1) 🟢	Provide, Regulate	Regional Waste	■	■	■	■
	Review village waste collection and waste sites to meet EPA standards and community expectations (F2.3.2)	Plan	Regional Waste	■	■	■	■
	Negotiate and manage contractual arrangements with recycling operators to provide recycling services (F2.3.3)	Provide	Regional Waste	■	■	■	■
	Enhance and maintain 'reuse' operations and services including 'City to Soil,' Refuse Farm, the Resource Recovery Centre (2.3.4) 🟢	Provide	Regional Waste	■	■	■	■
F2.4 Create a cleaner, healthier environment with good air quality	Advocate to the NSW and Federal Governments real time and publically accessible monitoring of the Armidale air quality during the winter months (F2.4.1) 🟢	Advocate	Regulatory Services	■	■	■	■
	Advocate to the NSW and Federal Governments for assistance to develop a Clean Air Strategy and deliver an education program on the causes, impacts and ways to improve air quality in the Armidale Region (F2.4.2) 🟢	Advocate	Regulatory Services	■	■	■	■

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
F2.5 Ensure the community is provided with safe and accessible water and that our water availability is sustainably managed now and into the future.	Collect, store, treat and distribute quality water in line with community needs, availability, and future requirements (F2.5.1) 🟢	Provide	Water				
	Finalise and implement the Integrated Water Cycle Management Strategy to plan for future infrastructure and water service needs (F2.5.2) 🟢	Plan	Water				
	Work with Southern New-England Landcare, under a Memorandum of Understanding and the 10 Year Catchment Water Quality Strategic Plan to improve the environment and water quality around ARC water catchments (F2.5.3) 🟢	Partner	Water				
	Investigate options and funding for the replacement of the Armidale Sewer Plant (F2.5.4)	Plan	Water				
	Operate, maintain, and update the sewer networks and plants to minimise blockages, overflows, and environmental impact (F2.5.5)	Provide	Water				
F2.6 Prepare for, prevent, and manage natural disasters	Work with local and state emergency services to prepare for and respond to natural disasters (F2.6.1) 🟢	Partner	Transport				
	Complete and maintain a fit-for-purpose Business Continuity Plan that facilitates Council's effective recovery and resilience building from a disaster (F2.6.2)	Plan	Governance				
	Support local emergency services with administration and facilities as agreed and available (F2.6.3)	Facilitate	Parks and Facilities				



Liveable Region

Places & Spaces

*Advancing our Region
Community Plan*

Goal 1 - Public spaces and infrastructure that facilitate health, community connections and opportunities

- Strategies:**
- Provide appropriate, planned and maintained facilities that allow people to meet, congregate and learn
 - Enhance the public spaces and natural landscapes that are a part of our region's identity and provide beauty, vibrancy, community connection and healthy ecosystem.
 - Foster towns and villages that are vibrant, well-serviced and supported to achieve their localised priorities
 - Enhance and maintain sporting facilities to meet the needs of our local community and neighbouring regions, and to entice regional, state, and national events
 - Enhance and maintain recreation spaces to offer quality of life, entertainment and family-friendly activities to residents and visitors

Goal 2 - Proactive, responsible, and innovative regional planning that grows us sustainably

- Strategies:**
- Plan for and enable growth that supports a sustainable local economy
 - Ensure adequate and available housing to meet community needs
 - Preserve and enhance our architecture and heritage
 - Protect prime agricultural land and support future innovations and industries

Community feedback rankings related to places and spaces:

Q: What we love and what we value about our region?

Top 5 responses included:

Parks and playgrounds


Heritage

Liveable Region

Goal 1

L1. Public spaces and infrastructure that facilitate health, community connections and opportunities

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
L1.1 Provide appropriate, planned and maintained community facilities that allow people to meet, congregate and learn	Develop and maintain Council-owned facilities and service infrastructure in line with Asset Management Plans and community needs (L1.1.1) SSRV 🟢	Deliver	Parks and Facilities	█	█	█	█
	Regularly review Council's property portfolio for functionality and seek opportunities for development or divestment (L1.1.2)	Plan, Deliver	Activation and Precincts	█	█	█	█
	Support local groups and advocate on behalf of the community to seek grants and project manage upgrades of local facilities and infrastructure (L1.1.3)	Advocate	Parks and Facilities	█	█	█	█
L1.2 Enhance the public spaces and natural landscapes that are a part of our region's identity and provide beauty, vibrancy, community connection and healthy ecosystem	Deliver Stage 1 of the Creeklands Masterplan through Public Spaces Legacy Program funding and investigate further funding for Stages 2-5. (L1.2.1) 🟢	Deliver	Parks and Facilities	█	█	█	█
	Continue community partnerships and investigate further opportunities to support future public space upgrades and developments (L1.2.2)	Partner	Activation and Precincts	█	█	█	█
	Continue to deliver the Armidale Mall Vibrancy Plan and seek future funding to upgrade and enhance the Armidale Mall and regional CBDs (L1.2.3)	Deliver	Activation and Precincts	█	█	█	█
	Maintain Council-managed parks, gardens, verges, and other shared spaces to provide attractiveness and usability in line with an Open Spaces Strategy (L1.2.4) 🟢	Provide	Parks and Facilities	█	█	█	█
L1.3 Foster towns and villages that are vibrant, well-serviced and supported to achieve their localised priorities	Support villages to develop, or deliver existing, strategic priorities. (L1.3.1)	Provide	Land Use Planning	█	█	█	█
	Create partnerships with Villages to enhance service provision and collaboration to enhance their liveability (L1.3.2) SSRV	Partner	Land Use Planning	█	█	█	█
	Develop a Guyra Precinct Group to assist in guiding the planning and economic development directions of Guyra (L1.3.3)	Facilitate	General Manager's Office	█	█	█	█
L1.4 Enhance and maintain sporting facilities to meet the needs of our local community and neighbouring regions, and to entice regional, state, and national events	Enhance and maintain our sporting facilities to expected levels of service (L1.4.1)	Provide	Parks and Facilities	█	█	█	█
	Attract regional, state, and large-scale sporting events, and increase sports tourism visitors by enhancing, maintaining and promoting our high-quality sports facilities (L1.4.2)	Provide	Activation and Precincts	█	█	█	█

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
L1.5 Enhance and maintain recreation spaces to offer quality of life, entertainment and family-friendly activities to residents and visitors	Upgrade and maintain Council owned and managed recreation spaces (L1.5.1) SSRV 	Provide	Parks and Facilities	■	■	■	■
	Consider and implement the YMCA report on the optimisation of our aquatic facilities including future viability and enhancements (L1.5.2)	Plan	Parks and Facilities	■	■	■	■
	Complete funded Stage 1 upgrades to the Dumaresq Dam Recreation area and plan for Stage 2 upgrades (L1.5.3)	Provide	Parks and Facilities	■	■	■	■
	Seek opportunities to enhance recreational areas that are within resource capacity and community interest (L1.5.4)	Plan	Parks and Facilities	■	■	■	■
	Consolidate and upgrade our regional playgrounds to meet community demand and operational efficiencies and plan for Curtis Park Playground upgrades Stage 2 (L1.5.5)	Plan, Deliver	Parks and Facilities	■	■	■	■

Liveable Region

Goal 2

L2. Proactive and innovative regional planning that grows us sustainably

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
L2.1 Plan for and enable growth that supports a sustainable local economy	Prepare and implement a water security and economic activation package (L2.1.1)	Plan, Deliver	Activation and Precincts	■	■	■	■
	Prepare and implement an airport and airside precinct economic activation package (L2.1.2)	Plan, Deliver	Activation and Precincts	■	■	■	■
L2.2 Ensure adequate and available land and housing to meet community needs	Develop and implement a Housing Strategy (L2.2.1) \$SRV	Plan, Deliver	Land Use Planning	■	■	■	■
L2.3 Preserve and enhance our architecture and heritage	Review heritage related planning controls and supporting heritage studies (L2.3.1)	Plan	Development and Certification	■	■	■	■
L2.4 Protect prime agricultural land and support future innovations and industries	Prepare a Rural Futures Land Use Strategy to identify and protect prime agricultural land (L2.4.1)	Plan	Land Use Planning	■	■	■	■



Enriched Region

Community & Culture

*Advancing our Region
Community Plan*

Goal 1 - Access to the services and support that facilitate quality of life

- Strategies:**
- Ensure health and community service provision meets the needs of our growing and ageing population
 - Recognise and support the diverse needs of our community
 - Foster safety and security within our community and support the provision of basic needs

Goal 2 - A proud, inclusive, and cohesive community that celebrates our region in all its diversity and culture

- Strategies:**
- Support artistic endeavours, events, and celebrations, creating a thriving arts and culture scene
 - Provide public access to facilities that enhance our learning, social and culture fulfilment
 - Celebrate our local Aboriginal history and traditions, and support cultural understanding and development
 - Celebrate our rich regional history and heritage
 - Create an inclusive and cohesive community that celebrates differences and similarities
 - Encourage, support, and promote community groups and volunteers in their invaluable contributions to community life

Community feedback rankings related to our community:

Q: What we love and what we value about our region?

Top 5 responses included:

Our community

Arts and Culture

Q: What do you think our region should be like in 2032?

#5 – An inclusive and cohesive community

Enriched Region

Goal 1

E1. Access to the services and support that facilitate quality of life

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
E1.1 Ensure health and community service provision meets the needs of our growing and ageing population	Advocate and lobby on behalf of the community to see more specialist and general health and community services (E1.1.1)	Advocate	Community Services				
	Provide preschool, childcare, and long-daycare services to the Guyra community (E1.1.2)	Provide	Community Services				
	Finalise the business case for an upgrade or rebuild of the Guyra Preschool and Long Daycare Centre and adopt the preferred solution (E1.1.3)	Plan, Facilitate	Community Services				
E1.2 Recognise and support the diverse and changing needs of our community, including those who are disadvantaged	Implement the Disability Inclusion and Action Plan (E1.2.1)	Deliver	Community Services				
	Provide youth services, events and support including coordinating Youth Week and developing a Youth Working Group (E1.2.2) SSRV	Provide	Community Services				
	Participate in local Inter-Agency meetings to foster links between agencies and community services (E1.2.3)	Partner	Community Services				
	Promote events, training, and job opportunities for young people through Council's information channels (E1.2.4)	Facilitate	Community Services				
	Support our ageing population with services, support and infrastructure. Provide Home Support Services in Guyra and Tingha in accordance with funding arrangements (E1.2.5)	Plan, Deliver	Community Services				
	Provide support to local settlement services to assist in successfully integrating refugees into our community (E1.2.6)	Provide, Partner	Community Services				
E1.3 Foster safety and security within our community and support the provision of basic needs	Implement and operate initiatives such as improved CCTV and street lighting, through grant opportunities, to assist in making our community safer (E1.3.1)	Deliver	Parks and Facilities				
	Develop partnerships and advocate to improve local housing and homelessness to be considered through the Council Key Pillar Working Groups (E1.3.2)	Partner, Advocate	Community Services				
	Undertake regulatory controls that maintain community order and safety including Companion Animals Regulation, parking management, building compliance, and Development Applications (E1.3.3)	Regulate	Regulatory Services				

Enriched Region

Goal 2

E2. A proud, inclusive, and cohesive community that celebrates our region in all its diversity and culture

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
E2.1 Support artistic endeavours, events, and celebrations, creating a thriving arts and culture scene	Develop and deliver a revised Arts and Culture Strategic Plan (E2.1.1)	Plan, Deliver	Customer Experience				
	Promote regional arts and culture events and opportunities (E2.1.2)	Provide	Customer Experience				
	Support arts and culture organisations to continue to provide artistic entertainment and programs across the region (E2.1.3)	Partner, Facilitate	Customer Experience				
E2.2 Providing public access to facilities that enhance our learning, social and culture fulfilment	Maintain an educational, inspirational, and accessible public library network across the region, including improved outreach services (E2.2.1)	Provide	Customer Experience				
	Deliver actions from the Library Strategic Plan to enhance the library experience, services, and community contribution (E2.2.2)	Deliver	Customer Experience				
E2.3 Celebrate our local Aboriginal history and traditions, and support cultural understanding and development	Adopt and deliver a Reconciliation Action Plan to actively promote and encourage reconciliation across the region and address the Closing the Gap priorities (E2.3.1)	Plan, Deliver	Community Services				
	Actively engage with the local Aboriginal Community to assist in the development of Aboriginal resources and collections at our Libraries that showcase the unique story of our area. (E2.3.2)	Provide	Community Services				
E2.4 Celebrate our rich regional history and heritage	Provide and support museum experiences including exhibitions and events across the region and maintain relevant and engaging collections (E2.4.1)	Provide	Customer Experience				
	Investigate opportunities to digitise the ARC museum collections to facilitate preservation and online access (E2.4.2)	Plan	Customer Experience				
	Promote the tourism value and opportunities of our local history, heritage, and collections (E2.4.3)	Deliver	Customer Experience				
	Support community organisations to promote and preserve heritage and history collections (E2.4.4)	Facilitate	Customer Experience				
	Continue to operate and expand our local heritage tours and investigate future partnerships (E2.4.5)	Provide	Customer Experience				

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
E2.5 Creating an inclusive and cohesive community that celebrates differences and similarities	Encourage, promote, or deliver community events that bring people together and celebrate our community (E2.5.1)	Deliver	Community Services				
	Access and promote opportunities that enhance community cohesiveness and inclusion (E2.5.2)	Deliver	Community Services				
	Provide fit-for-purpose shared spaces for community groups that support diversity, shared interests, and community spirit (E2.5.3)	Provide	Parks and Facilities				
E2.6 Encourage, support, and promote community groups and volunteers in their invaluable contributions to community life	Operate the Volunteer Rural Referral Service within the ARC local government area (E2.6.1)	Provide	Community Services				
	Provide volunteer service opportunities and positions within Council (E2.6.2)	Provide	Community Services				
	Advocate on behalf of, and provide support for, volunteer-led initiatives (E2.6.3)	Advocate, Partner	Community Services				



Strong Region

Engagement &
Responsibility

*Advancing our Region
Community Plan*

Goal 1 - An informed and actively engaged community, that builds partnerships and shapes its future

- Strategies:**
- Help the community to be informed and have input into decisions about its region and future
 - Create partnerships between our community, levels of government and businesses that contribute to our growth and development
 - Empower the community and our leaders to make positive change and to unify the region

Goal 2 - Strong governance and leadership that supports our region to grow and prosper

- Strategies:**
- Provide a strong, transparent, sustainable, and responsive governance for our region
 - Ensure that strategic directions are informed by, and with, the community and are delivered in consideration of available resources
 - Manage public resources responsibly and efficiently for the benefit of the community
 - Make open and transparent decisions that are informed by stakeholders, leading practices, systems, and technologies

Community feedback rankings related to leadership:

Q: What do you think our region should be like in 2032?

#3 – Led through good governance

Q: Top 3 Challenges

#3 – Good leadership and governance

Strong Region

Goal 1

S1. An informed and actively engaged community that builds partnerships and shapes its future



Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
S1.1 Help the community to be informed and have input into decisions about its region and future	Implement the Community Engagement Strategy, including its supporting framework and processes (S1.1.1)	Deliver	Engagement and External Relations				
	Deliver an effective Communications Strategy to inform the community of Council activities. (S1.1.2)	Deliver	Engagement and External Relations				
	Review and implement a customer experience strategy to improve community and council interactions (S1.1.3)	Plan, Deliver	Customer Experience				
	Improve customer experience for residents and ratepayers through enhancements to technology systems including enquiries, applications, bookings, compliments, and complaints (S1.1.4) SSRV	Provide	Customer Experience				
S1.2 Create partnerships between our community, levels of government and businesses that contribute to our growth and development	Establish Council Key Pillar Working Groups to deliver initiatives that achieve the Community Plan Goals and Strategies (S1.2.1)	Facilitate	General Manager's Office				
	Work across the region's neighbouring LGAs with the New England Joint Organisation to advocate for broader regional priorities (S1.2.2)	Partner	General Manager's Office				
	Foster constructive relationships with State and Federal representatives and agencies to ensure our voices, challenges and opportunities are heard (S1.2.3)	Partner, Advocate	General Manager's Office				
	Partner with the UNE, as our major educational institution, to enhance regional opportunities (S1.2.4)	Partner	General Manager's Office				
S1.3 Empower the community and our leaders to make positive change and to unify the region	Provide administration and professional support to Councillors to assist them to undertake their duties (S1.3.1)	Provide	General Manager's Office				
	Ensure community accessibility of information pertaining to Council Meetings (S1.3.2)	Provide	General Manager's Office				
	Promote and facilitate 'Have Your Say' opportunities on Council Meeting Agenda items (S1.3.3)	Provide, Facilitate	General Manager's Office				

Strong Region

Goal 2

S2. Strong governance and leadership that supports our region to grow and prosper

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
S2.1 Provide a strong, transparent, sustainable, and responsive governance for our region	Satisfy the Office of Local Government Compliance and Reporting Requirements (S2.1.1)	Deliver	Governance				
	Deliver quality governance frameworks and reforms in line with remaining Performance Improvement Order and Governance Review actions (S2.1.2)	Deliver	Governance				
	Implement robust Audit and Risk and Improvement processes and frameworks and undertake the requirements of the Internal Audit and Risk Management Framework for Local Councils (S2.1.3)	Deliver	Governance				
	Implement a robust Risk Management Framework for Council including operational, strategic and climate change risk (S2.1.4) SSRV	Deliver	Governance				
	Deliver actions and outcomes as defined in the Workforce Management Plan (S2.1.5) SSRV	Deliver	People and Culture				
	Foster a culture of safety and wellbeing for our workforce (S2.1.6)	Facilitate	People and Culture				
	Implement strategies to support the development of an inspiring organisational culture that motivates, sustains and rewards growth (S2.1.7) SSRV	Deliver	People and Culture				
S2.2 Ensure that strategic directions are informed by, and with, the community and are delivered in consideration of available resources	Implement the Integrated Planning and Reporting Framework in compliance with legislation (S2.2.1)	Plan, Deliver	Governance				
	Implement an effective Project Management Framework across the organisation (S2.2.2)	Deliver	Design and Delivery				
	Seek funding opportunities where they achieve the Community Plan Goals and Strategies or agreed priorities (S2.2.3)	Plan, Deliver	Activation and Precincts				
	Deliver a program of Service Planning and Review to ensure services are delivered efficiently and to service levels (S2.2.4)	Plan, Deliver	Governance				
	Ensure the Asset Management Framework is current and in line with Council's future growth and development (S2.2.5)	Plan, Deliver	Asset Services				

Community Plan Strategy	Council Initiatives	Role	Responsible Department	Year of Delivery			
				1	2	3	4
S2.3 Manage public resources responsibly and efficiently for the benefit of the community	Provide high quality, targeted and sustainable services to the community that remain affordable (S2.3.1) SSRV 	Provide	Customer Experience				
	Maintain financial sustainability by meeting Performance Ratios and Fit For the Future Benchmarks, while ensuring sustainable cash reserves to support service levels and assets. (S2.3.2) SSRV	Facilitate	Finance				
	Deliver a Financial Improvement Program that determines the future efficiencies and revenue sources required to fund current and future service levels (S2.3.3) SSRV	Deliver	Finance				
	Maintain financial sustainability through effective short, medium, and long-term financial management. Explore options to secure additional funding for Council including applying for a Special Rate Variation, at a rate endorsed by Council following community consultation to bridge the long-term infrastructure renewal funding gap and invest in operational service delivery. SSRV	Plan, Deliver	Finance				
	Manage our assets responsibly to ensure greater lifespan and usability and to reduce financial burden (S2.3.5)	Plan, Deliver	Asset Services				
	Maintain a property portfolio relevant to the services of Council and future growth (S2.3.6)	Plan, Deliver	Activation and Precincts				
	Maintain an appropriate Insurance Portfolio in relation to Council's assets and operations (S2.3.7) 	Facilitate, Deliver	Governance				
	Investigate and develop Council business opportunities (S2.3.8)	Plan, facilitate	Plant, Fleet and Depots				
S2.4 Make open and transparent decisions that are informed by stakeholders, leading practices, systems, and technologies	Develop and commence implementation of an information technology long-term strategy including ICT governance (S2.4.1) SSRV	Deliver	Information Services				
	Improve user experience, including capability and capacity, of internal enterprise systems (S2.4.2) SSRV	Deliver	Information Services				
	Provide access to Council Meetings in compliance with legislation and with online accessibility (S2.4.3)	Facilitate	General Manager's Office				



Addendum:

| Special Rate
| Variation

Special Rate Variation

This document presents information about Armidale Regional Council’s application to the Independent Pricing and Regulatory Tribunal of NSW (IPART) for a 50% (58.81%) cumulative Special Rate Variation to be implemented over three years – from 1 July 2023 to 30 June 2026.

It includes information presented to the public during community engagement on the proposed SRV, as well as detailing the community impacts and benefits of the rate rise. Further information about the SRV can be found in Council’s Resourcing Strategy and on Council’s website.

The SRV can only be spent on the General Fund (Excludes Water and Sewer Funds).

Introduction

Over the past 25 years Armidale Regional Council (ARC) has drifted into a perfect storm of unsustainably low land rates in both the old Armidale and Guyra council areas compounded by a stagnating population. The ever tightening financial position has led to ongoing under-investment

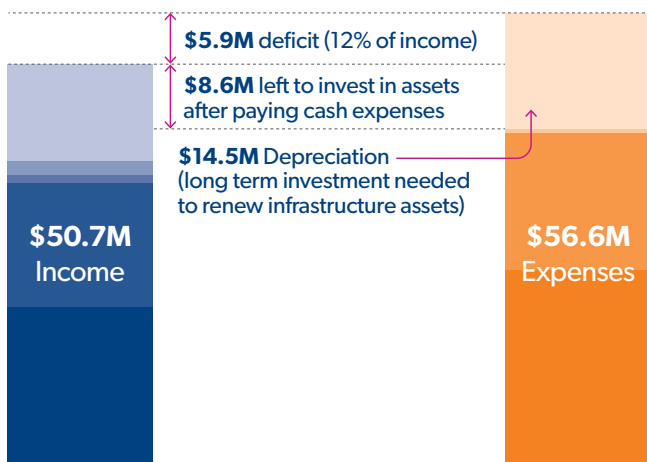
in infrastructure. The 2022-2023 general budget (excluding waste, water supply and sewerage) forecasts income of \$50.7m and expenses of \$56.6m, a deficit of \$5.9m (12% of income).

The concern with this deficit is that once Council pays its cash operating expenses (employees, materials and services) there is only \$8.6m left to invest in our infrastructure assets, far less than the \$14.5m of depreciation expenses in our 2022-2023 budget (depreciation reflects the long term investment needed to renew assets). This is unsustainable. Over 10 years, a \$5.9m deficit equates to a \$59m shortfall in funding to renew our roads, bridges, kerb and gutter, parks, drainage, buildings and other assets.

Our current financial situation:

To enable assets to be maintained and renewed to acceptable levels, and to allow Council to fund its operating expenditure, Council is applying to the NSW Independent Pricing & Regulatory Tribunal (IPART) to increase rates by 50% (cumulative 58.81%) over three years.

Before making a submission, Council is required to consult the **General Fund Budget 2022/23***



*Excludes waste management (accounted for within general fund, currently generating a \$3M p.a. surplus to repay loans for the regional landfill) and water and sewer funds.

community on options for an SRV, and must update its Delivery Program and Resourcing Strategy to reflect the proposal.

On 29 June 2022, Council resolved to begin public engagement on a proposed SRV. The three options discussed through extensive engagement held during August and September 2022 were:

Following community engagement, the results were released to the community and Councillors resolved to give notice to IPART of their intention to apply for a 50% (cumulative 58.81%) SRV over three years at the Ordinary Council Meeting held on 23 November 2022.

Option 1: Unmanaged Decline	Option 2: Managed Decline	Option 3: Special Rate Variation
Business as usual approach, maintain current service levels. This option would see Council have no cash reserves and a negative unrestricted funds balance by 2024-2025, and eventually Council would face being placed in Financial Administration again.	Operational services are cut to free up funds for renewal of ageing infrastructure assets (but the state of our assets will continue to worsen as we still won't have sufficient funds to keep up with renewal needs)	Restore the real cost of maintaining assets and provide services to grow and be sustainable.

Background

Armidale Regional Council was formed in 2016 through the amalgamation of Armidale Dumaresq (ADC) and Guyra Shire Councils. Both Councils were deemed to be 'not fit' under the NSW Government's Fit for the Future criteria and both former Councils had identified a requirement for large Special Rate Variations in order to be financially sustainable.

In 2020-2021, Armidale Regional Council applied to make a temporary 10% SRV (that applied to the former ADC) permanent through a successful application to IPART. A higher proposal by Council staff was not supported by the former Councillors, and making permanent the existing 10% SRV did not provide any increase in rates, despite increasing asset renewal requirements and inadequate cash reserves. An unsustainable financial position remained, for the most part, unaddressed.

In 2021, during the review and preparation of the Integrated Planning and Reporting documents, Armidale Regional Council sought feedback from the community regarding their aspirations for the future. The feedback from this consultation strongly indicated that the community wanted to see more economic growth, a focus on environmental sustainability, quality leadership and improvements to transport infrastructure.

The new Council has, in response, set a course to grow jobs and investment in the region and is committed to achieving the community's aspirations and restoring confidence in the Local Government Area.

However, in order to achieve these goals, Council has determined that it must address its financial sustainability and manage an increasing back log of asset maintenance in the first instance – we must 'Restore' to then 'Thrive'.

Council is responsible for maintaining and upgrading \$1.459 billion of assets including \$683 million of transport-specific assets (including approximately 651 kilometres of sealed roads, 1,077 kilometres of unsealed roads and 122 kilometres of regional roads). These assets - roads, bridges, stormwater, footpaths, buildings, water, sewer, airport, land, landfills and plant – are critical for the functioning of our region.

Based on the 2021-22 Financial Statements, more than 14.5% of infrastructure assets were in poor or very poor condition. The estimated funding required to raise the condition of assets to a satisfactory level and conduct appropriate maintenance and renewal, is approximately \$111 million.

Council forecast an operating deficit of approximately \$3 million in the General Fund for 2022-2023, despite realising \$12.7 million in efficiency gains and savings over the past five years.

Even with extreme cuts to service levels, reductions in staff, implementation of cost recovery strategies and the sale of identified assets, this shortfall in asset maintenance and renewal, together with the operating deficits, cannot be sufficiently resolved without an increase in rate revenue.

Council considered a number of scenarios when deliberating how to adequately address financial sustainability while also working toward achieving the community's aspirations in the Advancing our Region Community Plan. In the end, Council agreed that a Special Rate Variation was required, and developed its Integrated Planning and reporting documents on this premise.

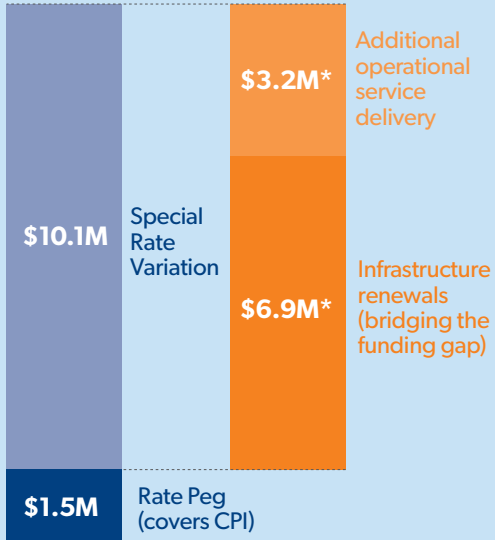
Council was proactive and transparent in its approach to community engagement. While the Draft Community Plan, Draft Delivery Program, and Draft 2022-2023 Operational Plan and Budget were on public exhibition in May and June 2022, Council utilised the opportunity to begin a conversation with the community about the need for an SRV.

Council held public meetings in both Guyra and Armidale, outlining to the community the rationale behind the proposed 50% SRV as part of a turnaround strategy for the Council. The public was also informed that further consultation about the proposed SRV would be forthcoming.

At the Ordinary Council Meeting of 29 June 2022, Councillors adopted a suite of Integrated Planning and Reporting documents that were based on a proposal for a 50% rate rise (cumulative 58.81%) over three years. This included a plan to conduct community engagement on the proposed rate rise during August and September 2022.

The Proposed SRV

Armidale Regional Council has consulted the community on three options – to operate ‘business as usual’ and continue to decline; to manage its decline at a slower pace through a reduction of services; or to increase its revenue base through a Special Rate Variation application of 50% (cumulative 58.81%) over three years. Each option is outlined below:

Option 1: Unmanaged decline	Option 2: Managed Decline (no SRV option)	Option 3: 50% Special Rate Variation
<p>This option would require Council to accept an unsustainable financial position and to decline to the point where assets would be unmanageable and services would be grossly underfunded.</p> <p>This option would see Council have no cash reserves and a negative unrestricted funds balance by 2024-2025, and eventually Council would face being placed in Financial Administration again.</p>	<p>Requires Council to reduce or cut services which may include the following:</p> <ul style="list-style-type: none"> • Reducing road maintenance (pothole patching, maintenance grading) • Reduced level of service in parks mowing and maintenance, toilet cleaning • Reducing hours at libraries, swimming pools, customer service counter and museum • Closing some sporting fields and parks • Reduced activity in tourism marketing and events • Reducing the economic development and regional activation programs • Refusing grants for new assets (due to lack of funds to match grants/maintain assets) • Ceasing the community grants program <p>Such service cuts will have significant impacts on the community. This is not Council’s preferred option, and it is still not sustainable: the \$2m identified ongoing savings are far less than the \$5.9m deficit, hence the term ‘Managed Decline’. This option would require the removal of the Council Initiatives detailed in the Delivery Program that are partly or fully funded through the SRV - marked by a symbol (\$SRV) - and any further cuts to services under the ‘Managed Decline’ will be determined through the planned Service Review program.</p>	<p>Special Rate Variation (SRV) of 58.8% (cumulative) over 3 years which includes the rate peg. In three years, the SRV would generate an additional \$10.1m p.a. over and above the \$1.5m p.a. Council would gain via the rate peg alone.</p> <p>The additional \$10.1m p.a. income from the SRV in 2026 will enable Council to:</p> <ul style="list-style-type: none"> • bridge the infrastructure renewal funding shortfall of \$6.9m p.a.; and • invest an additional \$3.2m p.a. in improving Council’s service delivery (in contrast to \$2m p.a. in cuts under the ‘Managed Decline’ scenario). <p>Extra investment enabled by SRV</p>  <p>58.8% rate increase over 3 years <i>*Figures are in 2026 dollars (2023 + CPI)</i></p>

SRV Rationale

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 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 appropriately funded capital program
- Council must maintain its asset base
- Expenditure on assets should be driven by Asset Management Plans

Council has recognised that ARC faces significant financial sustainability challenges in the General Fund. These challenges focus on the shortfall of funding available for the capital program to fully address asset renewal funding requirements and a shortfall of funding to maintain operational services.

To address these challenges council is applying for a Special Rate Variation and will use the additional rate revenue to:

- bridge the infrastructure renewal funding gap
- invest additional funds in operational service delivery

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

Rationale 1: Assets

- 'Council must maintain its asset base'
- 'Council must have an appropriately funded capital program'
- 'Expenditure on assets should be driven by asset management plans'

Asset management is the process for whole-of-life asset management from planning, acquisition/upgrade, operation, maintenance, renewal and disposal of assets. It encompasses the integration of asset and service delivery outcomes.

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 as 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 whole of life costs.

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. Maintenance includes repairs, painting and replacement of broken fixtures. The SRV would be used 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.

The importance of asset renewal

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

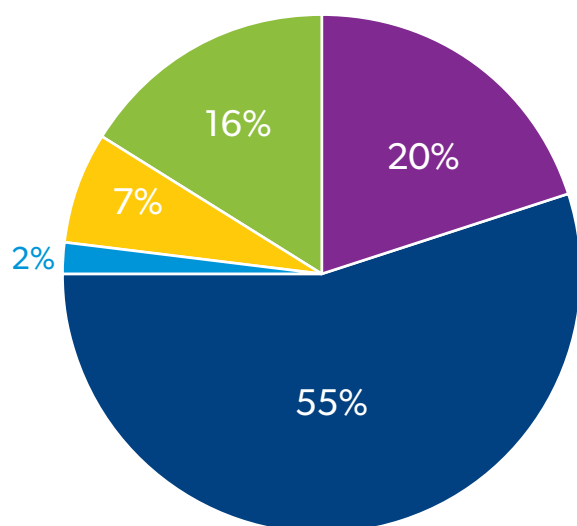
In terms of General Fund infrastructure that would be affected by funding provided by the SRV, Council has the following assets:

Asset volumes	
Sealed roads	651km
Unsealed roads	1,077km
Regional roads	122km
Bridges	112 assets
Footpaths	130km
Kerb & gutter	271km
Water network	30,627 assets
Sewer network	22,159 assets
Stormwater	119km
Land	342 properties
Buildings	264 assets
Other structures	300 assets
Plant & equipment	480 assets

A critical issue of local government areas is remaining financially sustainable whilst managing ageing assets that could require renewal and replacement. To minimise this obstacle, each asset class will be supported by individual Asset Management Plans.

The best available estimate of the total value of ARC infrastructure assets are shown below.

Current Gross Replacement Cost (30 June 2022)



	\$'000
Airport Infrastructure	\$18,854
Other	\$66,596
Buildings	\$141,371
Stormwater Drainage	\$186,109
Transport	\$496,980
TOTAL	\$909,910

Without additional funding being made available, the Long Term Financial Plan (LTFP) forecasts an asset renewal average ratio for the General Fund over the next ten years of 58%. With an industry benchmark of 100% or greater being required and \$910 million of infrastructure assets under Council's control and management, the outlook for infrastructure ratios for the General Fund is not sustainable over the long-term. Based upon the report on infrastructure assets in the 2022 Financial Statements, the current backlog in the General Fund is approximately 12%.

As a result, Council is applying for a Special Rate Variation (SRV) to assist with closing the asset renewal funding gap. A funding gap of this magnitude is significant and requires immediate action, the longer that the investment in asset renewal remains under the required level, the more costly it will be in the long run to bring assets back to a satisfactory condition.

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, recent La Nina weather conditions have placed a

large strain on our road and stormwater drainage asset conditions. 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 how the condition of assets can impact their experience until assets get to a poor condition, by which time the cost to rehabilitate may have risen significantly.

The graph on page 51 shows that 42% of Council's infrastructure assets are in Condition 1 (excellent/very good) but the most current Financial Statements show \$530m of assets are in 'satisfactory, poor and very poor condition'. The main asset classes in these categories are: buildings, stormwater drainage, other structures and transport (including sealed and unsealed roads, kerb and gutter, bridges and footpaths). Ongoing investment in asset renewal helps prevent the further deterioration in 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 or heavy patch roads, it avoids more costly rehabilitation work in the longer term. It costs an estimated \$70,000 – 80,000 per kilometre to reseal a road, compared to around \$400,000 or more to rehabilitate a kilometre of sealed road on a like for like basis, or \$700,000 per kilometre to Council adopted engineering standards. In order to achieve the minimum 20-year design of the underlying pavement, resealing a road is an important factor and 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.

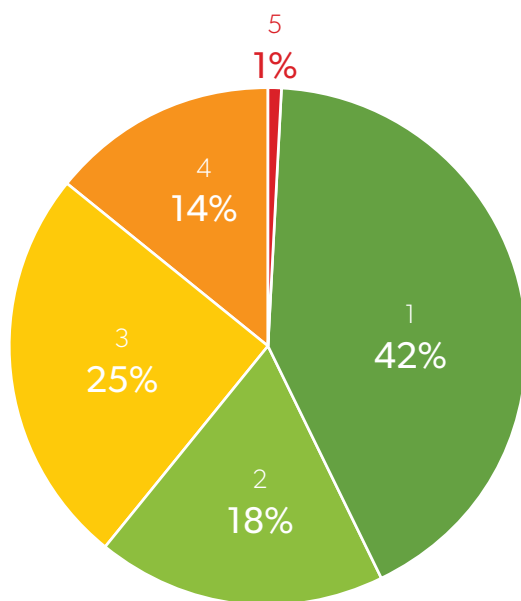
Condition rating

Asset condition is rated on a scale of 1-5 and based on the International Infrastructure Management Manual (IIMM) and are described below:

Condition Rating	Category	Description
1	Excellent / very good	No work required (only normal maintenance)
2	Good	Only minor maintenance required
3	Satisfactory	Maintenance work required (to enable an asset to provide an acceptable level of service)
Note: below condition 3 – agreed intervention level		
4	Poor	Renewal required
5	Very poor	Urgent renewal / upgrading required

Best available data on overall Council's infrastructure assets condition as at 30 June 2022:

Condition of assets based on gross replacement cost



Condition (Special Schedule 7 - 2022)

1	42.4%	\$559,644M
2	17.4%	\$230,066M
3	25.4%	\$335,112M
4	13.4%	\$176,944M
5	1.4%	\$17,903M

Asset renewal funding under each SRV scenario

The total rate revenue funding provided under Option 3 – 50% SRV - would fund depreciation and meet Council's asset backlog (estimated cost to bring assets to a satisfactory standard) of \$111 million. Satisfactory standard is currently taken to be Condition 2 (as per the 2022 NSW Local Government Code of Accounting Practice and Financial Reporting).

Option 3 is the only option in the SRV engagement that will achieve financial and asset sustainability outcomes. The other Options will see asset backlog and deterioration continue to rise.

Option 2 results in a significant shortfall in asset renewal funding over 10 years and significant changes to service levels. 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.

Option 1 would create significant detrimental impacts for Council's financial position and for asset sustainability. Deterioration of assets would be evident immediately.

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

Investment Priorities

Should Council be successful in its application for an SRV, the following list outlines the infrastructure priorities to be funded through an SRV:

Investment priorities - our infrastructure

Sealed Local Roads	<ul style="list-style-type: none"> Resealing target - 55km per year Currently - 11km per year Backlog is now \$19 million in rehabilitation works
Unsealed Local Roads	<ul style="list-style-type: none"> Resheeting target - 70km per year Currently - 35km per year Compounding effect in maintenance cost
Bridges and Culverts	<ul style="list-style-type: none"> Replace 5 timber bridges within 10 years
Footpaths and Cycleways	<ul style="list-style-type: none"> Renew 6km of our footpaths and fix existing trip hazards Construct missing links in cycleways and paths
Kerb and Gutter	<ul style="list-style-type: none"> Renewal of 11km of failed kerb Currently - renewing 1km per year
Urban Stormwater Drainage	<ul style="list-style-type: none"> Re-lining or replacing pipes at the end of life Upgrades to address capacity and local flooding issues
Community Buildings	<ul style="list-style-type: none"> \$10 million or outstanding building upgrades and maintenance
Playgrounds and Parks	<ul style="list-style-type: none"> Without SRV no new or upgraded playgrounds unless grant funded
Sporting Facilities	<ul style="list-style-type: none"> Ongoing maintenance and renewals
Armidale Aquatic Centre	<ul style="list-style-type: none"> Refurbishment / upgrade / replace assets at the end of life

Rationale 2 - Operating Position

- ‘Council must achieve a fully funded operating position’
- ‘Council must maintain sufficient cash reserves’

Council is proposing that the SRV funding be utilised to improve financial sustainability by eliminating the General Fund operating deficit, as well as delivering the services as outlined in the Integrated Planning and Reporting documents, and meeting compliance obligations under the Local Government Act and other legislation.

The 2022-2023 Budget was formed on a ‘maintain services’ basis, resulting in a \$3.2m operating deficit (General Fund) and a reduction in reserves to fund the operations of the organisation. Even if the Delivery Program initiatives that were aligned to community feedback were removed, Council was still facing an approximate \$2m deficit. This deficit is despite Council realising \$12.7m in savings, efficiencies and one-off gains over the past five years, and running many services at core costs. The simple equation is that the rates received by ARC is not covering the operating expenditure of the organisation.

The General Fund is critically important because it contains provision for all Council services apart from water and sewerage and the funding available supports the operational capacity of the organisation as well as maintenance of critical assets such as roads, bridges, pathways, kerbs, stormwater drains and public buildings.

Council has considered this issue and has determined that a further drop in service levels (Option 2 – Managed Decline) is not in line with the community feedback it has received through the Community Plan and SRV feedback processes. The Community and Council’s vision for the Armidale Regional Council area is for a growing and sustainable community but this will not be possible with cuts to services, a deteriorating road network, limited ability to fund asset replacement and no funding for new or upgraded assets unless it can be sourced by way of a grant.

As stated in the Delivery Program, by 2025-2026 Council aims to meet all Office of Local Government (OLG) Performance Ratios, while providing an operating profit to allow Council to build internal reserves that will achieve the Advancing Our Region Community Plan, prepare for unexpected events, fund initiatives that will grow our region and service the community to expected levels.

Another performance measure is based around Council’s unrestricted cash position, which is benchmarked at around \$4-6 million (General Fund). The SRV will help to fund an additional \$3.2m of operating expenses and will allow Council to begin rebuilding these reserves and meet its 2025-2026 targets.

General Fund Performance Ratios	Description of Fit For The Future Targets	KPI Target	Current (2021-2022)	Option 1 – Unmanaged Decline (2025/26)	Option 2 – Managed Decline (2025/26)	Option 3 – With 50% SRV (2025/26)
Operating Performance	Measures a council’s achievement of containing operating expenditure within operating revenue.	>0%	4.5%	-10.40%	-6.80%	.90%
Own Source Operating Revenue	Measures fiscal flexibility. It is the degree of reliance on external funding sources such as grants and contributions.	>60%	61.32%	77.19%	77.19%	79.83%
Building and Infrastructure Asset Renewal	Measures the rate at which infrastructure assets are being renewed relative to the rate at which they are depreciating.	>100%	114.05%	94%	55%	94%
Debt Service Ratio	Measures the cost of debt servicing (principal and interest) against total operating revenue (excluding capital grants and contributions).	>2.00x	4.94x	4.58x	5.28x	6.84x

Under Option 1, Council would continue to run operating deficits, while not delivering service levels until cash reserves were depleted and operations are no longer financially viable.

Under Option 2, Council would be required to cut service standards to base levels – roads, rates and rubbish’ - limiting any economic growth and operating with continued deficits.

Under Option 3, Council will be working towards meeting the Performance Ratio targets, and will be recording increasing operational surpluses. Unrestricted cash reserves will be growing and Council will have enough in reserves to meet the OLG benchmarks, be financially compliant and be prepared for any unexpected expenses.

Impacts on ratepayers

The following tables outline how the three SRV 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.

Rates Harmonisation

The Armidale Regional Council area was formed by the amalgamation of the Armidale Dumaresq and Guyra Shire councils in 2016. Council had been required to maintain two rating systems for the Local Government Area, with different rates paid in the former Local Government Areas, because of a four-year rate freeze imposed by the NSW Government which has now expired.

Council now maintains 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 continue to be implemented gradually until June 2025 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.

Potential SRV Rating Impacts

Council has resolved to apply for a permanent SRV of around 50% to be phased in over three years (from 2023-24 to 2025-26), which would result in a cumulative 58.81% SRV including the rate peg (assumed to be 2.5% p.a.). The SRV would take effect from 2023-24.

The following table shows the impacts of the SRV on a property of average value in each land use category compared to the increases from the rate peg alone. Council is also intending to decrease waste charges by decreasing the regional waste levy over the period. This will reduce the impact of the SRV on average rates and the table below describes the impact on average rates in each rating category:

	2024	2025	2026	Cumulative
Rate Peg	2.50%	2.50%	2.50%	7.69%
Special Variation	14.17%	14.17%	14.17%	48.82%
TOTAL	16.67%	16.67%	16.67%	58.81%

*The impact of a 2.5% p.a. rate peg on ratepayers overall is 2.5% p.a., but there are slight variations in the % increase in each land use category due to the impacts of rate harmonisation. These are between 2.43% p.a. (farmland) to 2.51% p.a. (residential). Note also the impact of SRV compared to rate peg only is actually 51.12% (58.81-7.69 as rate peg compounds SRV in FY 2025 & FY 2026).

The following table shows the impacts of the SRV on a property of average value in each land use category compared to the increases from the rate peg alone.

	Average land value (2019)	Average Rates* including SRV + rate peg				Increase Rate peg only	Increase due to SRV	Total Increase
		2023	2024	2025	2026			
Residential	140,000	1,095	1,278	1,491	1,739	85	559	644
Farmland	1,320,000	3,464	4,035	4,708	5,493	259	1,770	2,029
Business	250,000	3,940	4,596	5,362	6,255	304	2,011	2,315
Mining	50,000	5,455	6,363	7,424	8,661	420	2,786	3,206

*Impacts for individual properties may vary considerably due to the value of the property compared to the average for that land use category, the impacts of harmonisation of rates between former council areas and changes in the value of properties as assessed by the Valuer General (next valuation is due in 2023).

Council is also intending to decrease waste charges by decreasing the regional waste levy over the period. This will reduce the impact of the SRV on average rates and the table below describes the impact on average rates in each rating category:

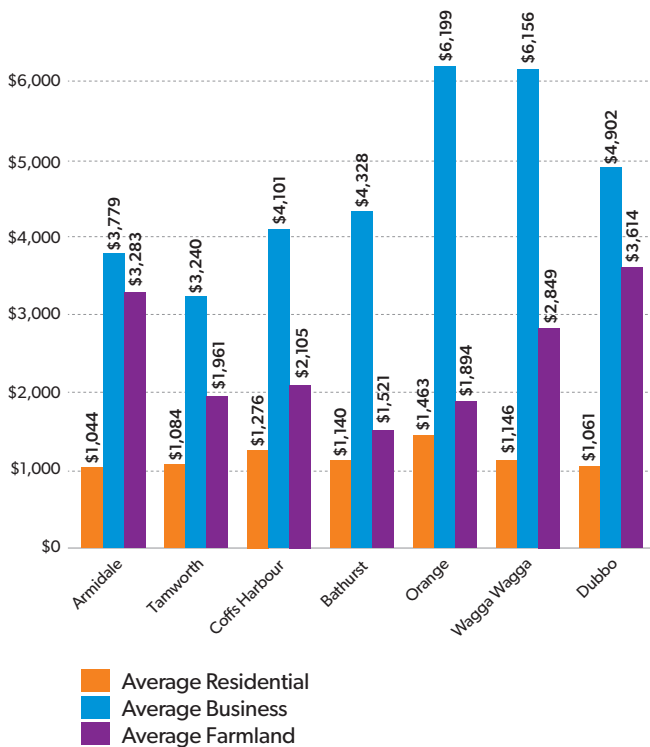
	Average Rates				Total increase due to SRV	Less \$155 waste levy
	2023	2024	2025	2026		
Residential	1,095	1,278	1,491	1,739	559	404
Farmland	3,464	4,035	4,708	5,493	1,770	1,615
Business	3,940	4,596	5,362	6,255	2,011	1,856
Mining	5,455	6,363	7,424	8,661	2,786	2,631

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 six Group 4 councils with relatively similar population size and/or assets. The data is based on 2020-2021 comparisons because this is the latest data available from the Office of Local Government's Comparative Council Information.

Comparison of Average Rate 2021



It is estimated that there will be more than 40 NSW councils applying for SRVs over the course of the next two years. Without confirmation whether other councils listed in the above table are applying for a SRV, and for what amount, it is difficult to forecast the future comparisons between Armidale Regional Council (with the SRV added) and other councils.

However we can show that the 58.81% SRV would result in average rates in 2026 of \$1,739 for residential, \$6,255 for business and \$5,493 for farmland. In relation to the information above, and including known rate variations or estimates for the other councils referenced, Armidale Regional Council would be placed the highest for Farmland and Residential Rates, and third highest for Business Rates within the group.

Capacity to Pay

Council has commissioned an independent Capacity to Pay report to assess the level of advantage and disadvantage within the Armidale Regional Council Local Government Area.

This report provides an analysis and evaluation of relative wealth and financial capacity whilst also looking at the financial vulnerability and exposure of different community groups within the local government area.

Some of the key findings from the report are noted below.

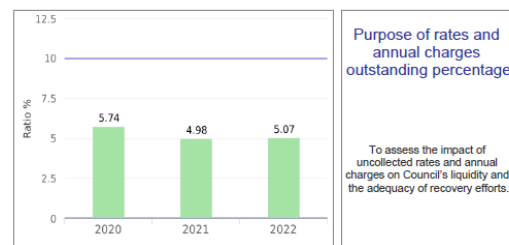
- Although there are pockets of significant wealth and advantage, there is also significant disadvantage. There is a noticeable disparity between the urban and non-urban /rural areas as well as between the former council areas.
- Reviewing indicators such as household expenditure shows that household net savings have increased to \$25,913 per household in 2020-21 (in line with Regional NSW averages), these increases in net savings indicate a capacity to pay within the community.
- Additionally, we also noted that Armidale Regional has a relatively low proportion of outstanding rates at 5.0% (2021), a strong indicator of both capacity and willingness to pay rates especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.

Council recognises that circumstances of financial hardship can arise requiring respect and compassion. In cases of genuine hardship, Council will work with people to put affordable payment plans in place that are generally in line with the existing minimum payment arrangement criteria. For further information please refer to the Hardship Support page on the Council website.

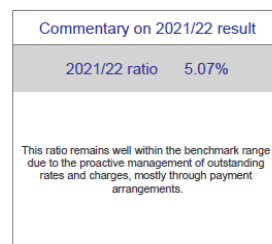
Council will also be implementing an early intervention program by identifying and implementing strategies to ensure debts are managed and the wellbeing of the community is considered.

From the Financial Statements the rates and annual charges outstanding percentage has remained relatively stable over the past 3 years and remains well below benchmark.

5. Rates and annual charges outstanding percentage



Source of benchmark: Code of Accounting Practice and Financial Reporting



- Ratio achieves benchmark
- Ratio is outside benchmark

Productivity Improvements

To play our role in improving financial sustainability, Council is remodelling itself with innovation and efficiency, and we are also working hard to keep operating costs under strict control.

Council has actively sought additional revenue opportunities through, for instance, major State and Federal Grants, loan borrowings, and pricing policy reviews.

Since 2016, Council has made approximately \$2 million per annum in ongoing savings and realised a total of \$12.7 million in savings, efficiencies and one-off gains from initiatives including service contracting, joint procurement contracts, and partnership programs with other Councils and internal service reviews.

Council's target is to reach another \$1,000,000 in efficiency dividends year on year by 2026. The initiatives identified to achieve this include:

- Reviewing or disposing of property and public assets
- Cost recovery of services: Increasing fees for the Guyra Preschool, Airport, Home Support Service
- Increasing commercial and community lease fees
- Decommissioning community buildings and facilities

A summary of Council's planned productivity improvements is below:

<p>Better Asset Management</p>	<ul style="list-style-type: none"> • Conduct and implement asset condition assessments and data improvement for more efficient financial management and improved understanding of asset performance • Road reclassifications to transfer management to state government • Activation and maximising the utilisation of assets e.g. quarries • Building relationships with new business partners such as Fire and Rescue NSW to utilise our assets
<p>Improved Customer Service</p>	<ul style="list-style-type: none"> • Deliver a program of service planning across the organisation to understand customer experience, services challenges, future trends and service levels • Review the community engagement website for usability, cost efficiency and integration • Prepare a plan for the development and delivery of service reviews, including order of review for each department and mode of delivery
<p>More Efficient Systems and Processes</p>	<ul style="list-style-type: none"> • Reduction of the deficits incurred by the Kolora aged care facility in Guyra • Review and improve cemetery booking and management system • Finalise the automation of Ebor Waste Transfer Station • Reduced time for order and payment processing of electricity accounts, along with reduced electricity costs from LED street lighting. • Introduce an online rates and e-invoicing system • New staff human resources system including online timesheets
<p>Finding Cost Savings</p>	<ul style="list-style-type: none"> • Savings in Councillor fees and expenses • Reduction in employee costs • Review waste, water and sewer charges and reserve provisions • Implement Stage 2 of the Property Working Group • Saving on travel booking fees and staff time • Savings on property, plant & equipment (PPE) purchases • Lower insurance premium pricing due to Council merger (2016–2019) • Savings on environmental monitoring cost

Property Review

ARC is currently reviewing its land and property portfolio for any opportunities to reduce overheads, increase value and extend lifecycle through improved asset management. A number of opportunities exist to develop lands that are considered non-productive such as old road reserves or vacant blocks. Currently Council has identified two excess road reserve lots which are to be placed into a public process to start the process of conversion to operational lands and eventually residential lots. Future programs will:

- Form a property and lands strategy to guide future asset priorities for the community and council.
- Focus on long-term asset renewal through funding and partnerships with investment groups (local, regional, state and federal)
- Provide an investment fund for future grant and sponsor opportunity of key assets and projects.

Examples of ongoing and one-off improvement and efficiency measures recently introduced are as follows:

- Reduction in Councillor numbers: \$22,400 per annum saving, \$112,000 since 2016–17
- Parking fines: \$200,000 revenue since 2018–19 (note that leniency was applied during COVID lockdowns in 2019–20 and 2020–21)
- Paid parking at the airport: \$134,000 revenue since 2019–20 (while revenue decreased during COVID lockdowns in 2019–20 and 2020–21) and is progressively improving
- Transfer of Kolora Aged Care to private provider: \$402,802 since 2018–19
- Land divestment strategy: \$4,608,000 in sales of surplus land since 2018–19
- Staff costs: \$1,000,000 since 2018–19 in holding recruitment of vacancies
- Staff costs: \$206,267 ongoing restructure savings (pending Council's future growth strategy)
- Procurement including contract arrangements, system improvements: \$300,000 savings since 2018–19

Large scale electricity

Council has reduced electricity consumption through the installation of LED and other power saving initiatives in street lighting in the Council area. This has had a positive environmental and financial impact. Electricity expenditure across three calendar years below shows a marked reduction in costs:

Calendar Year (1 January to 31 December) Expenditure

2019	\$950,648
2020	\$864,215
2021	\$824,871
2022 (YTD to November 2022)	\$696,783
2022 (extrapolated to December 2022)	\$760,127

Alternatives to an SRV

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, and this was not supported by the community in recent community engagement.

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 \$23.7 million in borrowings, with \$14.063 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 2.27 in the General Fund 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 and through the planned program of service reviews. Council recognises, however, that these are already under significant stress and this would require further consultation with the community before any adjustments are made.

Consultation

Although the formal engagement for the proposed Special Rate Variation began in August 2022, Council had already begun conversations with the community about the proposal much earlier than this.

While the Draft Integrated Planning and Reporting documents were on public exhibition in May and June 2022, Council took the opportunity to outline the financial position of Council and its roadmap for improvement, including the proposed SRV. Public meetings were held in both Guyra and Armidale, attended by more than 120 total participants. Council also provided detailed responses to approximately 60 community members who made a written submission.

The formal SRV engagement process ran from 23 August 2022 – 30 September 2022. In an effort to garner the broadest possible range of feedback from communities within the Armidale Region, several methods were developed for community and stakeholder engagement surrounding the proposed Special Rate Variation.

These included:

Methods of Engagement	
Project page on 'Your Say Armidale' - Information pack and rate myths sheet, 'What will I pay?' info sheet, Public meeting dates, and Survey and comments forum	<ul style="list-style-type: none"> • 2,300 visitors • 637 downloads • 375 surveys • 46 forum comments
Staff briefings: Armidale Town Hall, Guyra Depot	All staff invited to attend
Community and Business Panel meetings: 6 x 2.5 hours	Around 25 people attended panel meetings
Public meetings: Armidale Town Hall, Guyra Bowling Club, Wollomombi Community Hall, Online	Approximately 250 people attended public meetings
Stakeholder meetings: invited from Guyra Progress Association, key pillar working groups, NSW Farmers, Ratepayers Association, Indigenous Advisory Committee, Access Committee, Arts and Culture Committee, Chambers of Commerce, and the Safety and Crime Prevention Interagency groups and Rotary	Approximately 25 people attended stakeholder meetings
Call for written submissions: closed 30th September	102 submissions were received by email and by post

A total of 66 per cent of survey participants were 'against' the 50% (58.81% cumulative) rate rise over three years, with 29 per cent 'supportive' and 5 per cent providing 'no response'.

However, when asked how supportive respondents would be to reducing services - such as refusing government grants due to lack of matched funding, reducing park mowing and maintenance, and reducing economic development activities - more than 50% of people were 'very unsupportive' of each of these cuts. This demonstrates that although the community generally does not want to pay more in rates, they also don't want to reduce services or growth activity.

The most popular services to channel any additional revenue from an SRV were to maintain public spaces and amenity, local playgrounds, local assets, local roads, and parks and sporting fields.

A full summary of Council's community engagement in relation to the SRV was presented to the Ordinary Council Meeting, held on 23 November 2022.


Next Steps

Council will send its application to IPART, including all supporting documentation, in February 2023. IPART will then make a determination before the end of the 2022–2023 Financial Year.




ARMIDALE
Regional Council

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