



Coffs Harbour City Council

Proposed Special Rate Variation Application – 2015/16

Community Engagement Strategy

1. Executive Summary

As part of the requirements of the Independent Pricing and Regulatory Tribunal (IPART) for an application for a Special Rate Variation (SRV), Council must address the following criteria:

- *The need for and purpose of a different revenue path (as requested through the special variation) is clearly articulated and identified through the council's IP&R documents, including its Delivery Program and Long Term Financial Plan. Evidence for this criterion could include: evidence of community need/desire for service levels/project and limited council resourcing alternatives and the Council's financial sustainability conducted by the NSW Treasury Corporation*
- *Evidence that the community is aware of the need for and extent of a rate rise. This should be clearly spelt out in IP&R documentation and the council must demonstrate an appropriate variety of engagement methods to ensure opportunity for community awareness/input. The IP&R documentation should canvas alternatives to a rate rise, the impact of any rises upon the community and the council's consideration of the community's capacity and willingness to pay rates.*
- *The impact on affected ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. Council's IP&R process should also establish that the proposed rate increases are affordable having regard to the local community's capacity to pay.*

This Community Engagement Strategy for establishing community views regarding a proposed SRV supports a range of actions by Council in developing the suite of IP&R documents. The Strategy seeks to ensure the community is informed so it can provide input into Council decision-making.

2. Objectives

This Community Engagement Strategy has been prepared to assist Coffs Harbour City Council to decide whether to make an application for an SRV for commencement in 2015/16 – with this proposed application representing the two 'not-approved' years of Council's previous 2014-15 SRV.

The key objectives of this engagement strategy are to:

- Ensure an appropriate level of community engagement is used considering an application for a SRV;
- Ensure the decision-making reflects community expectations and has given due regard to Council's expected available resources;
- Ensure the engagement process adequately addresses Council's legislative requirements; and
- Develop understanding of the decision amongst the relevant stakeholders.

It is expected that Council will inform, consult and involve the community in relation to this decision. The following table adapted from Coffs Harbour City Council's Community Engagement Policy and based on the International Association for Public Participation (IAP2) framework provides a base description of each engagement level.

Inform	Giving information to the community
Consult	Obtaining community feedback
Involve	Participating directly with the community
Collaborate	Partnering with the community to create solutions
Empower	Placing final decision making in the hands of the community

3. Social Justice Principles

Council's operations must be based on the social justice principles of equity, access, participation and rights. These principles guide the decision-making regarding the proposed application for a SRV and all community engagement undertaken during these considerations.

The NSW Government's social justice strategy provides an explanation of these principles:

- **Equity** - there should be fairness in decision-making, prioritising and allocation of resources, particularly for those in need. Everyone should have a fair opportunity to participate in the future of the community. The planning process should take particular care to involve and protect the interests of people in vulnerable circumstances.
- **Access** – all people should have fair access to services, resources and opportunities to improve their quality of life.
- **Participation** - everyone should have the maximum opportunity to genuinely participate in decisions which affect their lives.
- **Rights** – equal rights should be established and promoted, with opportunities provided for people from diverse linguistic, cultural and religious backgrounds to participate in community life.

The engagement processes implemented to consider the application will be based on these principles of Social Justice.

4. Driver for Engagement

Council's Resourcing Strategy makes it clear that Council's current financial position is unsustainable. This means that Council cannot continue to deliver the services it currently does to current standards, let alone achieve new objectives over and above these.

The Resourcing Strategy and Delivery Program each identify a figure of \$8M being required to "bridge the gap" to a sustainable financial position.

Two main factors, common to Local Government, are the key contributors to the situation:

- A widening gap between expenditure and revenues (a \$1.8M operating deficit)
- A deterioration of infrastructure (a \$6.2M annual shortfall in asset maintenance and renewal)

The funding options Council has available to bridge the funding gaps include:

- Productivity improvements (changing the way services are delivered)
- New revenue opportunities (e.g. commercialisation of council services)
- Additional Rate income

5. Progress to Date – Road to Financial Sustainability

5.1 SRV 2014/2015 – Asset Maintenance & Renewal

In June 2014, Council received approval from IPART to increase its 'General Income' (income from ordinary and special rates) by 7.90% for 2014/2015. This permanent increase, which included the 2014/2015 rate pegging allowance of 2.30%, has allowed Council to generate an additional \$2,019,924 in rate revenue (above the rate pegging allowance) for the 2014/2015 financial year.

This additional revenue reduces the annual shortfall in asset maintenance and renewal from \$6.2M to approximately \$4.18M. A potential SRV for 2015/2016 would seek a permanent increase in Council's rate revenue (above rate pegging allowances) to close this remaining funding gap over a two year period.

5.2 Transformation to Sustainability (T2S)

Council has commenced its T2S project which aims to close Council's annual operating deficit position (gap between expenditure and revenues) – being approximately \$1.8M.

The T2S program is an essential component of Council's efforts to achieve a financially sustainable position by delivering approximately \$3.2M worth of annual savings at the completion of the three-year program; these savings are specifically targeted at closing Council's annual operating deficit.

Together with the community's contribution to partly fund increasing costs of service provision (via a SRV or specific fees and charges), Council - via the T2S program - is also pursuing ways to deliver the same services with fewer resources. This provides a robust financial sustainability strategy with both Council and the community contributing for the long term benefit of future generations.

The following broad outcomes will be achieved via the effective implementation of the T2S program:

- Improved short-term viability (i.e. do more for the same money, or same activity for less money);
- Improved long-term sustainability (i.e. fundamentally change Council's cost structure); and
- Continuous improvement (i.e. strive for continuous innovation)

6. Stakeholders

For the purposes of the Community Engagement Strategy regarding the proposed application for a SRV, the stakeholders have been identified in the table below. Their role in the process has been included:

Mayor and Councillors	<ul style="list-style-type: none"> • Promote the activities and actions in relation to the strategy. • Ensure decision making is in accordance with the legislation and guidelines. • Provide input into planned 'tools' for engagement as required. • Approve the Community Engagement Strategy.
General Manager	<ul style="list-style-type: none"> • Ensure the Community Engagement Strategy is prepared and approved by Council. • Ensure that the community is given sufficient information to participate in the planning process in a meaningful way. • Be spokesperson for the process.
SRV Project Team	<ul style="list-style-type: none"> • Manage Community engagement processes outlined within this strategy. • Collect and report community feedback to Council. • Ensure staff provide appropriate input into the process.
Community	<ul style="list-style-type: none"> • Utilise the engagement mechanisms to provide input into Council's decision-making.
Specific Interest Groups	<ul style="list-style-type: none"> • Utilise the engagement mechanisms to provide input into Council's decision-making.
Service Owners / Leaders	<ul style="list-style-type: none"> • Participate in the development of the 'tools' required for the community engagement processes.

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Leadership Team	<ul style="list-style-type: none"> • Provide input into the engagement process in a timely and professional manner. • Champion the engagement process and participate when required.
Staff	<ul style="list-style-type: none"> • Provide input into the engagement process as required.

7. Engagement Implementation

7.1 Community Engagement Previously Undertaken

Coffs Harbour City Council has already undertaken significant community engagement in regards to options available to achieve financial sustainability. The details and results of this previous engagement process have been reported to Council over the past twelve months (and were also included in Council's previous SRV application to IPART). The previous community engagement included a proposed SRV involving a permanent multiple year increase over a three-year period (commencing 2014/2015).

7.2 Proposed Community Engagement

The community engagement for a potential SRV for 2015/2016 will have a focus on receiving feedback from the community in regards to a willingness to pay 'more rates' to maintain current levels of service via additional expenditure on asset renewal and maintenance.

In the interest of ensuring cost-effective use of Council's scarce resources, and also the need for timely responses, much of the community feedback process will focus on using online tools.

The main elements of the community engagement process will cover the following points:

- Council will consider an application to IPART for a SRV pursuant to Section 508(A) of the Local Government Act. The SRV will incorporate a permanent multiple year rate increase over a two-year period (commencing 2015/2016).
- The proposed rate increase for year-one (2015/2016) will be an increase of approximately 8.14% in 'General Income' (income from ordinary and special rates) with this permanent increase including an assumed rate pegging increase of 3% for 2015/2016.
- This proposed 'rate rise' for 2015/2016 will generate approximate additional rate revenue of \$2M (above the rate pegging allowance) to be spent on additional asset maintenance and renewal expenditure for General Fund assets.
- The proposed rate increase for year-two (2016/2017) will see a further increase of approximately 7.75% in 'General Income' (income from ordinary and special rates) with this again permanent increase including an assumed rate pegging increase of 3% for 2016/2017.
- This proposed 'rate rise' for 2016/2017 will generate approximate additional rate revenue of \$2M (above the rate pegging allowance) to be spent on additional asset maintenance and renewal expenditure for General Fund assets.
- The compounding effect of the two-year permanent rate increases will yield an approximate additional \$4.18M (above the rate pegging allowances) in rate revenue in the second year which will permanently remain in Council's rate base revenue and be indexed by further rate pegging increases from 2017/2018.
- This additional rate revenue will close the annual asset maintenance and renewal funding gap.
- To ensure full compliance with IPART requirements, the community engagement must include communication which stipulates not only the annual increase in the 'total rate bill' (including all annual charges) but the annual increase in the 'General Rate' component of the total bill and the cumulative increase in the 'General Rate' over the two-year increase for all rating categories.

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- Information in relation to the T2S project and how this program is also pursuing ways to deliver the same services with less resources.

The following outlines the proposed engagement process that will be completed to inform and gain feedback from the community for the consideration of Council on whether to apply to IPART for a permanent multiple year rate increase over a two-year period (commencing 2015/2016).

8. Methods of Community Engagement

Name of the Communication	<i>Road to Financial Sustainability Brochure (including postage paid post-card for direct feedback)</i>
Description	<i>A direct mail-out to all ratepayers – content to include message from the Mayor / GM, Council's current financial position, budget data, rate comparisons to other 'like' Councils, information on Asset conditions, rates calculator for proposed rate increases, additional rate revenue expenditure (works program), details on further engagement activities, progress update on the T2S project, methods available to submit feedback (online & return mail) and FAQ.</i>
Audience	<i>All ratepayers</i>
Author	<i>SRV Project Team</i>
Frequency	<i>Once only – sent out with 2nd Rate Instalment Notices (end of October)</i>
Media	<i>Hard copies at community access points, CHCC website, email to community reference panel.</i>
Approval	<i>SRV Project Team --> General Manager</i>

Name of the Communication	<i>Information booths at Market Stalls – facts sheets and hard-copy brochures to be available.</i>
Description	<i>Information booths to be set-up and staffed by the SRV project team at various community markets.</i>
Audience	<i>People attending community markets</i>
Author	<i>SRV Project Team</i>
Frequency	<i>2 x Jetty Markets & 2 x Growers Markets (November & December)</i>
Media	<i>Media release prior to market dates</i>
Approval	<i>SRV Project Team</i>

Name of the Communication	<i>Media Releases - General</i>
Description	<i>Media releases describing Council's unsustainable financial position and the proposed funding solutions (SRV & T2S)</i>
Audience	<i>Local community</i>
Author	<i>SRV Project Team</i>
Frequency	<i>As required throughout engagement period (October – January)</i>
Media	<i>Local Newspapers / Television / E-newsletters</i>
Approval	<i>SRV Project Team --> General Manager</i>

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Name of the Communication	<i>Council Page – Coffs Coast Advocate</i>
Description	<i>Summarised information reinforcing communications from the Road to Financial Sustainability Brochure</i>
Audience	<i>Local community</i>
Author	<i>SRV Project Team</i>
Frequency	<i>3 editions (1/2 page each) (November, December & January)</i>
Media	<i>Coffs Coast Advocate</i>
Approval	<i>SRV Project Team --> General Manager</i>

Name of the Communication	<i>Dedicated CHCC web-page</i>
Description	<i>Summarised information reinforcing communications within the Road to Financial Sustainability Brochure, contact details on how to obtain further information (phone number).</i>
Audience	<i>All stakeholders</i>
Author	<i>SRV Project Team</i>
Frequency	<i>Dedicated web-page to be set up at commencement of engagement period and updated as required (from end of October)</i>
Media	<i>CHCC Website</i>
Approval	<i>SRV Project Team --> General Manager</i>

9. Reporting

REPORT	<i>Council Report (first meeting in February 2015)</i>
Purpose	<i>To provide details and feedback from the community engagement process and for Council to make a determination on whether to proceed with an application to IPART for a SRV based on this feedback.</i>
Frequency	<i>Once only</i>
Author	<i>SRV Project Team</i>
Distributed to	<i>Councillors, Community, CHCC Staff</i>
Media	<i>Council website</i>
Reference to	<i>Report will be in the standard CHCC Council report format</i>

