



# Newcastle • voice

**The City of Newcastle:**

**Road to Recovery**

**Application for Special Rate Variation 2015/16**

**Community Engagement Report**

**November 2014**

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## **Executive summary**

Council is currently facing the challenge of balancing community expectations with future financial sustainability. As part of Council's 2013-2017 Delivery Program and 2014-2015 Operational Plan, a multi-year special rate variation (SRV) has been proposed to ensure Council's medium to long term financial sustainability.

This report outlines how Council engaged with the community regarding the proposed 2015/16 SRV application. The report details the actions undertaken to ensure all ratepayers and members of our community were informed of the SRV proposal and had an opportunity to comment on three rating options:

1. Option 1- Take no action, no rate rise above the NSW Government's rate peg
2. Option 2- Fund financial sustainability, SRV of 6.5-6.8% p.a. per year over five years including the rate peg
3. Option 3- Fund revitalisation, SRV of 8% p.a. per year over five years including the rate peg

The key objectives of the community engagement were to:

1. inform the community regarding the need for, and extent of, the proposed rate rise
2. gauge community support for three proposed rating options, and
3. provide an avenue for the community to provide feedback on the three rating options.

## **Informing the community**

A range of tools were used to ensure the community were aware of the Council's current financial position, actions taken to date to improve Council's financial position, and the need for a SRV. These tools include advertising, information booklets, articles in Council News and local newspapers, social media, a strong web presence, and face-to-face community information sessions held across Newcastle.

## **Consulting with the community**

A number of consultation activities were undertaken to gauge community support for and feedback on the three rating options. These included a telephone survey of randomly selected Newcastle households; an online and paper survey of Newcastle Voice members and members of the broad community; feedback slips; online feedback forms; email submissions; and face-to-face information sessions.

Results of the telephone and Newcastle Voice surveys were remarkably consistent. In both, Option 2- fund financial sustainability- garnered the most support. The reasons given for this related to it being a moderate, affordable approach that would see current levels of service maintained. In contrast, feedback from feedback slips, online forms and email submissions was more polarised, with Option 3- fund revitalisation- edging ahead of Option 1- take no action- as the most preferred option.

## **Recommendations**

Based on community feedback, it is recommended that Council resolve to proceed with the SRV application for 2015/16.

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# Introduction

## Background

It is the intent of The City of Newcastle ("Council") to engage with the community using effective engagement practices on major issues and plans affecting the future of the city. Council is currently facing the challenge of balancing community expectations with future financial sustainability. As part of Council's 2013-2017 Delivery Program and 2014-2015 Operational Plan, a multi-year special rate variation (SRV) has been proposed to ensure Council's medium to long term financial sustainability.

When assessing an application for a SRV, the Independent Pricing and Regulatory Tribunal (IPART) considers, among other things, the extent to which Council has engaged with the community regarding the proposed SRV in line Criteria 2 of the *Guidelines for the preparation of an application for a special variation to general income for 2015/16* (Office of Local Government, October 2014), which states that:

*"Evidence that the community is aware of the need for and extent of a rate rise. The IP&R documentation should clearly set out the extent of the General Fund rate rise under the special variation. The council's community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure an opportunity for community awareness and input to occur."*

This report outlines how Council engaged with the community about the proposed 2015/16 SRV application to the Independent Pricing and Regulatory Commission (IPART). The report details the principles, guidelines and actions undertaken to ensure all ratepayers and members of our community were informed of the SRV proposal and had an opportunity to make comment on three rating options:

1. Option 1- Take no action, no rate rise above the NSW Government's rate peg
2. Option 2- Fund financial sustainability, SRV of 6.5-6.8% p.a. per year over five years including the rate peg
3. Option 3- Fund revitalisation, SRV of 8% p.a. per year over five years including the rate peg

## Engagement objectives

The key objectives of the community engagement were to:

1. inform the community regarding the need for, and extent of, the proposed rate rise
2. gauge community support for three proposed rating options, and
3. provide an avenue for community to provide feedback on the three rating options.

## Engagement framework

Community participation refers to the degree to which the community is involved in planning and decision making. Council recognises and abides by best practice principles developed by the International Association for Public Participation (IAP2). The IAP2 Public Participation Spectrum, outlined in figure 1, is a useful tool to help identify and select the appropriate level of public participation, from informing the community through to empowering the community to make decisions that will be implemented by Council.

To achieve engagement objective 1, a range of tools were selected to inform Newcastle residents of the need for, and extent of, the proposed rate rise. The consultation tools used to engage with the community to gauge support for and feedback on the three ratings options included surveys, feedback forms and face-to-face information sessions. The tools used to inform and consult with the community are summarised in figure 1 and are detailed further in the next sections.

→ → → → **Increasing level of public impact** → → → →

→ → → → **Level of community influence over decisions** → → → →

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Goal	To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making and/or devolved budgets in the hands of the public.
Promise	We will keep you informed.	We will keep you informed, listen to acknowledge concerns and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
Activities undertaken	Advertising in local newspapers Road to Recovery information booklet, distributed to all households Road to Recovery article included in Council News Spring Edition Council e-news Media releases / coverage Lord Mayoral column Council website Community drop-in sessions Newcastle Voice newsletter Social media	Phone survey Newcastle Voice Feedback slip Online feedback form Community drop-in information sessions			

**Figure 1: IAP2 public participation spectrum**

© 2004 International Association for Public Participation – refer website: <http://www.iap2.org.au/documents/item/84>

## Informing the community

A key objective of the engagement strategy was to inform the Newcastle community about:

- Council's financial situation now and into the future
- initiatives already undertaken to improve the Council's financial position
- the options proposed to either maintain rates in line with the NSW Government rate peg or to apply for a multi-year rate increase
- the impact of the different rating options on Newcastle.

A number of tools were used to inform the community during the engagement period from 3 October to 31 October 2014.

## Advertising

Advertisements were placed in a number of local newspapers during October 2014, outlined in Table 1. Copies of the advertisement are included in Appendix 1a.

**Table 1: Advertising**

Publication	Details	Dates	Advertisement content
Newcastle Herald	Paid newspaper, available six days a week across the Hunter region. Circulation approximately 34,931 (average day)	4 October 2014 11 October 2014 18 October 2014 21 October 2014	Overview of rating options and community drop-in session dates Attend community drop-in sessions Reminder to have your say and impact Online: Reminder to have your say and link to Newcastle Voice survey
The Star	Free weekly newspaper distributed across Newcastle and Lake Macquarie. Circulation approximately 109,606	8 October 2014 15 October 2014 22 October 2014	Overview of rating options and community drop-in session dates Attend community drop-in sessions Reminder to have your say and impact
The Post	Free weekly newspaper distributed across Newcastle and Lake Macquarie.	8 October 2014 15 October 2014 22 October 2014	Overview of rating options and community drop-in session dates Attend community drop-in sessions Reminder to have your say and impact
The Lower Hunter Star	Free weekly newspaper distributed across Maitland and western Newcastle suburbs (Beresfield and Tarro). Circulation approximately 23,644	10 October 2014 17 October 2014 24 October 2014	Overview of rating options and community drop-in session dates Attend community drop-in sessions Reminder to have your say and impact



## **Information booklet**

An information booklet outlining Council's financial position, the three rating options and workings showing the impact of each option in dollar terms was distributed to 72,000 households across the Newcastle local government area (LGA). A copy of this booklet is included in Appendix 1b.

## **Council News**

Council News is a quarterly publication distributed to ratepayers with rates notices. A full page article on Council's Road to Recovery was included in the Spring 2014 issue of Council news. This article outlined the three rating options and invited residents to have their say on the three rating options. Councils News was distributed to 54,000 ratepayers with rate notices. A copy of this article is included in Appendix 1c.

## **Media releases and coverage**

Council's proposal to apply for an SRV received considerable attention in the media both prior to and during the Road to Recovery engagement period. A media release was distributed to key media outlets in Newcastle on Friday 3 October 2014 advising of the proposed SRV and engagement activities. Press and radio coverage ensued over the following weeks, primarily advising residents on how they could have their say on the rating options. Please see Appendix 1d for more details.

## **Lord Mayoral articles**

Six Lord Mayoral articles were featured in local newspapers (The Star and The Post) between 8 October and 20 October 2014. These articles outlined the background to Council's current financial position, recent actions undertaken to improve Council's financial position, and an invitation to residents to have their say on the three rating options. Please refer to Appendix 1e for further details.

## **Newcastle Voice newsletters and communications**

Newcastle Voice is Council's community reference panel. With over 2,500 members, Newcastle Voice is the primary way in which Council obtains feedback from the community on projects, activities and initiatives. In the lead up to the Road to Recovery community engagement period, articles were included in the Newcastle Voice newsletter (MyVoice) in August, September and October 2014. These articles outlined Council's current financial position, actions that have been taken to improve Council's financial position, and the three rating options. An email communication with this information was also sent to all active online members on 3 October 2014. Please refer to Appendix 1f to see the articles and email communication.



## **Social media**

Residents were notified via the Newcastle Voice Facebook page that they could provide feedback to Council on the three rating options by attending a community drop-in information session or by completing the Newcastle Voice survey (with a link to the survey). Twitter was also used to distribute information about ways in which community members could provide feedback on the three rating options. Copies of the Facebook and Twitter posts are included in Appendix 1g.

## **Council website**

Extensive information was available on Council's website during the engagement period including background information regarding Council's financial position, actions taken to improve Council's financial position, and the need for a SRV. Links were available to separate pages outlining Road to Recovery engagement activities, options for consideration, financial modelling, impact of rating options, business and farmland, and questions and answers. Collectively these pages had 965 pageviews and 599 unique visitors. Content for the main Road to Recovery page can be found in Appendix 1h.

## **Community drop-in sessions**

Nine community drop-in information sessions were held across Council's library network to allow ratepayers and residents to speak with Council staff directly to ask questions or provide comments or feedback on the three rating options. The sessions were hosted by Council's Engagement Team, and were promoted in press advertising and coverage (see Appendix 1a), radio coverage, social media posts, Newcastle Voice communications and on Council's website.

## Consulting the community

Council is committed to being accessible and inclusive, and actively seeks community input into Council's decision-making processes. In line with this, Newcastle residents and ratepayers were invited to have their say on the three rating options via a range of channels including:

- telephone survey of 400 randomly selected households in the Newcastle LGA
- Newcastle Voice online and paper based survey of Council's community reference panel and members of the broad community
- feedback slips included as part of the information booklet distributed to households
- online feedback forms
- written and email submissions<sup>1</sup>, and
- community drop-in information sessions

Through these engagement activities, Council received feedback from 1,752 members of the community regarding the Road to Recovery (see figure 2). This represents 1.48% of Newcastle's adult population.

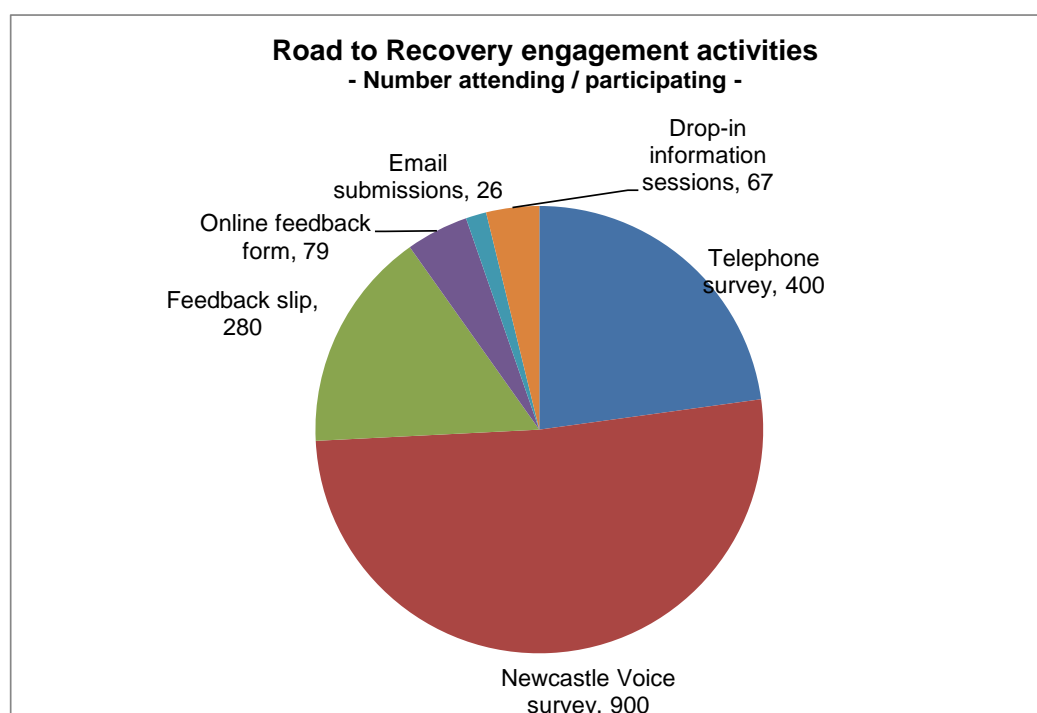


Figure 2: Number of residents participating in engagement activities

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<sup>1</sup> This report contains email submissions only

# Telephone survey

## Methodology

### ***Who conducted the survey?***

An independent research company, Micromex Research Services, was contracted to conduct a telephone survey with residents and ratepayers from 400 randomly selected households in the Newcastle LGA.

### ***What questions were asked?***

Questions included satisfaction with the quality of facilities and level of service provided by Council; importance of Council providing better facilities and services; awareness that Council is looking at options to ensure financial sustainability, including the possibility of a special rate variation; level of support for each of the three rating options; rank the three options in order of preference; and, open-ended questions asking reasons for most preferred option. A 5-point unipolar scale was used for all rating questions where 1 was the lowest satisfaction, importance or support and 5 was the highest satisfaction, importance or support. A copy of the survey is included in Appendix 2.

### ***When was the survey conducted?***

The survey commenced on Monday 13 October 2014 and concluded on Saturday 19 October 2014. Surveying was conducted on weekdays and weekends, during the day and evening.

### ***Who took part in the survey?***

A random selection of households in the Newcastle LGA were contacted and invited to take part in the telephone survey. These households were sourced from the electronic white pages. Quotas were placed on location (ward) to ensure an equivalent number of responses were obtained from each of Newcastle's four wards.

### ***How many took part in the survey?***

In total, 400 community members residing in the Newcastle LGA were surveyed. A sample size of n=400 completed interviews has a sampling error +/- 4.9% to 95% confidence. This means that if the survey was repeated that 19 times in 20 we would expect the same result, within +/- 4.9%. A sample size of n=400 is sufficient to obtain a robust community measure.

### ***Data handling and analysis.***

The data was weighted by age, location and gender to be representative of the Newcastle LGA population. Data handling and analysis was carried out using Sparq software by Council staff. Further information on weights applied can be found in Appendix 3a, and a copy of the raw data is provided in Appendix 3b.

Mean scores were calculated for all rating scales. Table 2 outlines mean score interpretation.

**Table 2: Rating questions- mean score interpretation**

Mean score	Interpretation
1.99 or lower	Very low
2.00-2.49	Low
2.50-2.99	Moderately low
3.00-3.59	Moderate
3.60-3.89	Moderately high
3.90-4.19	High
4.20-4.49	Very high
4.50+	Extremely high

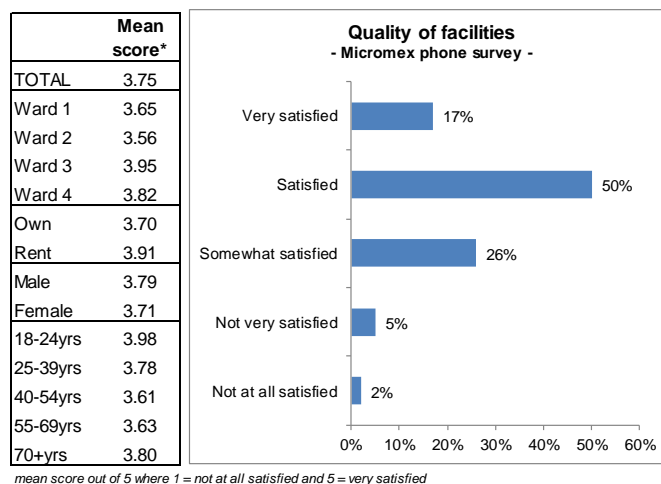
## Results

### **Satisfaction with facilities and services**

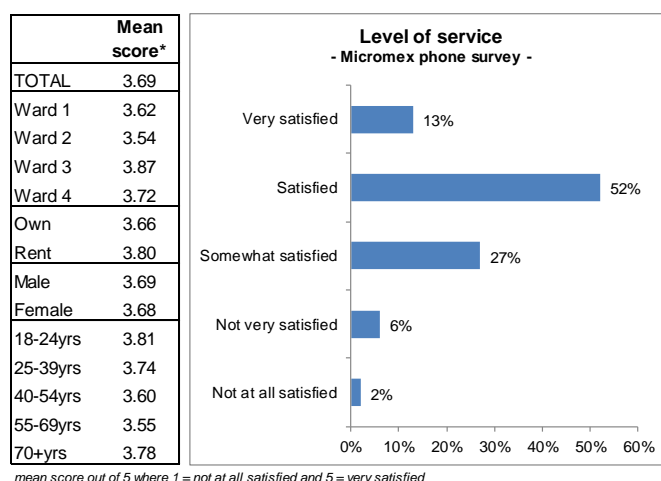
Respondents were asked to indicate how satisfied they are with the quality of facilities and level of services currently provided by Council. Overall, 67% of respondents indicated they were satisfied or very satisfied with the quality of facilities provided by Council (figure 3). Similarly, 65% of respondents were satisfied or very satisfied with the level of service provided by Council (figure 4). Analysis of mean scores revealed little in the way of significant differences in key demographic groups.

### **Importance of Council providing better facilities and services**

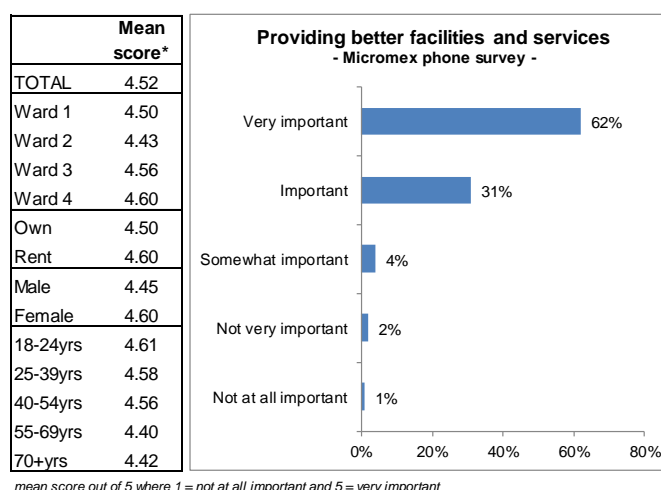
Respondents were also asked to indicate the extent to which they thought it important for Council to provide improved facilities and services. The vast majority of respondents (93%) said it was important or very important for Council to provide better facilities and services (figure 5). Analysis of mean scores revealed no significant differences in key demographic groups.



**Figure 3: Quality of facilities (Micromex survey)**



**Figure 4: Level of service (Micromex survey)**



**Figure 5: Importance of facilities and services (Micromex survey)**

## Awareness of Council's financial position

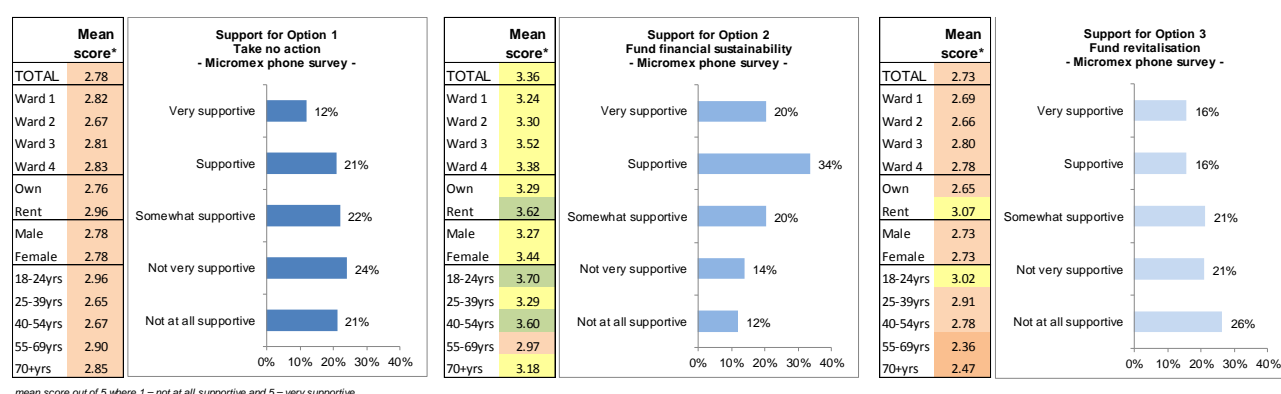
Overall, 44% of respondents were aware that Council is exploring options to ensure financial sustainability. As the survey was conducted at the beginning of the engagement period, it is envisaged this figure would have been higher by the end of the engagement period given promotional activities continued after the survey had closed. Awareness is higher amongst those who own their property compared to those who rent, and higher among respondents aged 40-70+ yrs vs those aged 18-24yrs.

**Table 3: Awareness of Council's financial position (Micromex survey)**

% aware that Council are exploring options for ensuring financial sustainability													
TOTAL	Ward 1	Ward 2	Ward 3	Ward 4	Own	Rent	Male	Female	18-24yrs	25-39yrs	40-54yrs	55-69yrs	70+yrs
44%	43%	47%	48%	39%	48%	30%	49%	41%	20%	43%	50%	56%	52%

## Support for the three rating options

Respondents were asked to indicate their level of support for each of the three rating options using a 5 point scale. Results are presented in Figure 6. Overall, Option 2- fund financial sustainability- received the highest level of support, with 54% supportive or very supportive of this option. Levels of support for options 1 and 3 were similar with 33% and 32% of respondents respectively indicating they were supportive or very supportive of these options.

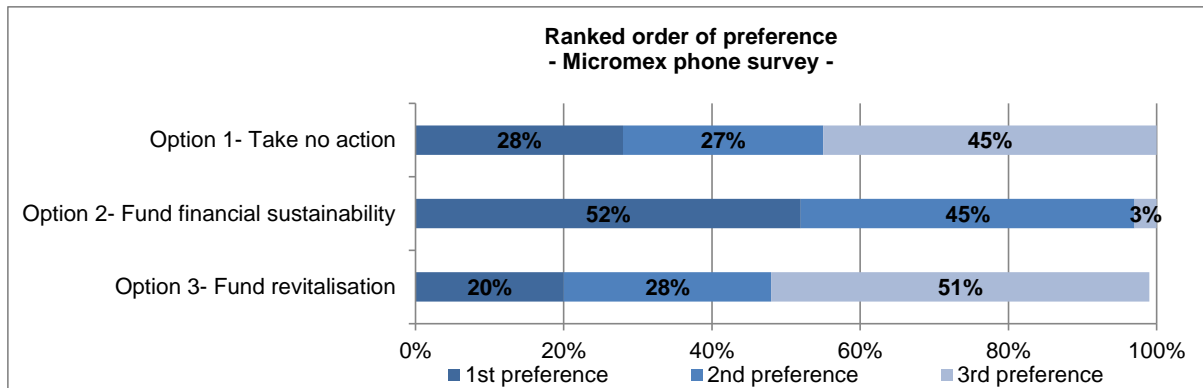


**Figure 6: Support for each rating option (Micromex survey)**

In terms of significant differences, those who own a property in the Newcastle LGA were less supportive of option 3 than those who rent. Those aged 18-24yrs and 40-54yrs were significantly more supportive of option 2 than those aged 55-69yrs.

### ***Ranked order of preference***

In addition to indicating their level of support for each of the three rating options, respondents were also asked to rank the three options in order of preference. The results are shown in Figure 7. Just over half (52%) of respondents ranked Option 2- fund financial sustainability – as their first preference. One in four (28%) respondents ranked Option 1- take no action- as their first preference, with the remaining 20% of respondents opting for Option 3 – fund revitalisation- as the first preference.



**Figure 7: Order of preference- rating options (Micromex survey)**



### ***Reasons for preferred option***

Option 1- take no action- was the preferred option amongst 28% of respondents. The reasons given for preferring this option related primarily to affordability, particularly for pensioners and those on fixed incomes, and Council's financial management. Full verbatim responses can be found in Appendix 4a.

***“Cost of living is very high and cannot afford any increase”***

***“People on the pension cannot afford increases. I feel like we are going backwards on the pension.”***

***“Council wastes money and is not there for public interest”***

***“The rates are high enough as they are”***

***“Council should not penalise residents for poor financial management”***

***“Not financially affordable for residents”***

***“Pensioner on a fixed a income and cannot afford an increase”***

***“Council needs to manage current finances better before residents should have a rate increase”***

***“Current situation is fine and do not want to pay more than \$50 a year extra”***

***“An increase in the rates would adversely effect older residents”***

Option 2- fund financial sustainability- was the most preferred option with 52% of respondents selecting this as their first preference. The reasons given for preferring this option relate to it being an affordable and reasonable increase that will see service levels maintained or improved. Full verbatim responses can be found in Appendix 4b.

***“A moderate rate increase is fair considering costs are going up, private enterprise can pay for revitalisation”***

***“Reasonable increase to enable our services to be maintained”***

***“Option 2 is an appropriate rate increase for the services provided in the area”***

***“When I initially heard this option, it seemed the better of the three”***

***“This is an affordable option for residents which would help improve services for future generations”***

***“Special rate increase is necessary to maintain services and facilities according to my standards”***

***“Think there should be other ways that they can raise money besides rates however I don't want things to deteriorate”***

***“Not as steep an increase and it helps to look after the city”***

Option 3- fund revitalisation- was the most preferred option by 20% of respondents. The reasons given for preferring this option related to a desire to see services improved. Full verbatim responses can be found in Appendix 4c.

***“Want to see a revitalised Newcastle for my children”***

***“Improve services would be best and feel it is not too much per year”***

***“Newcastle is on the move and improving, if it costs extra to keep this growth then happy with the rate increase, as long as they see the physical results from the rate increase and the money is not tied up in politics and not spent.”***

***“Infrastructure and services are in need of improving and upgrading”***

***“Better services and revitalisation is desperately needed”***

***“It's a relatively small contribution from the community to provide the best possible future and create more jobs”***

***“I value the facilities and services a great deal and want to see them improved;\$101 is an acceptable amount to improve community facilities and services”***

# Newcastle Voice survey

## Methodology

### ***Who conducted the survey?***

The Newcastle Voice survey was conducted by Council's Engagement Team.

### ***What questions were asked?***

The questionnaire was the same as the telephone survey. Please refer to Appendix 2 for a copy of the survey.

### ***When was the survey conducted?***

The survey commenced on Monday 13 October 2014 and closed on Sunday 26 October 2014.

### ***Who took part in the survey?***

Newcastle Voice is Council's community reference panel. Individuals join Newcastle Voice to have their say on a variety of Council projects and activities via surveys, workshops and information sessions. All online active Newcastle Voice members residing in the Newcastle LGA (n= 1992) were emailed a survey invitation on 13 October 2014. Electronic reminders to those online Newcastle Voice members who had not yet completed the survey were sent on 20 October and 24 October 2014.

The survey was also printed and distributed in hard copy to those Newcastle Voice members who requested printed surveys (n= 261). The survey was mailed out on 16 October 2014. A pre-paid envelope was included to encourage their return.

The survey was also available to members of the broad community to complete via a link on Council's website. This was publicised via the Road to Recovery information booklet and online Herald advertising.

### ***How many took part in the survey?***

In total, n= 689 Newcastle Voice members took part in the survey, representing an overall response rate of 30.6% (online response rate of 31.3% and hard copy response rate of 24.9%). A further n= 211 members of the broad community completed the survey via Council's website, taking the total number of survey respondents to n= 900.

### ***Data handling and analysis.***

Data was weighted by age, location and gender to be representative of the Newcastle LGA population. Data handling and analysis was carried out using Sparq software by Council staff. Further information on weights applied can be found in Appendix 5a, and a copy of the raw data is provided in Appendix 5b.

Mean scores were calculated for all rating scales. Table 4 outlines mean score interpretation.

**Table 4: Rating questions- mean score interpretation**

Mean score	Interpretation
1.99 or lower	Very low
2.00-2.49	Low
2.50-2.99	Moderately low
3.00-3.59	Moderate
3.60-3.89	Moderately high
3.90-4.19	High
4.20-4.49	Very high
4.50+	Extremely high

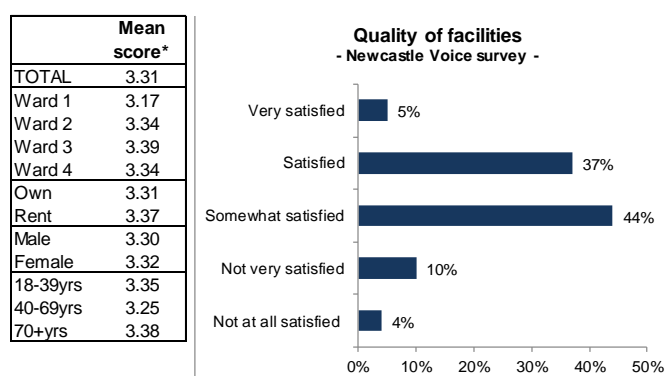
## Results

### **Satisfaction with facilities and services**

Respondents were asked to indicate how satisfied they are with the quality of facilities and level of services provided by Council. Overall, 42% of respondents indicated they were satisfied or very satisfied with the quality of facilities provided by Council in the local area (figure 11). Similarly, 42% of respondents were satisfied or very satisfied with the level of service provided by Council (figure 12). Analysis of mean scores revealed little in the way of significant differences in key demographic groups.

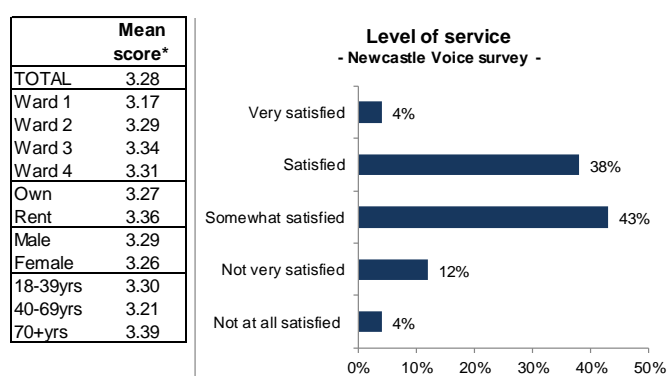
### **Importance of Council providing better facilities and services**

Respondents were also asked to indicate the extent to which they thought it important for Council to provide improved facilities and services. The majority of respondents (82%), said it was important or very important for Council to provide better facilities and services (figure 13). Analysis of mean scores revealed females place greater importance on providing better facilities and services than males.



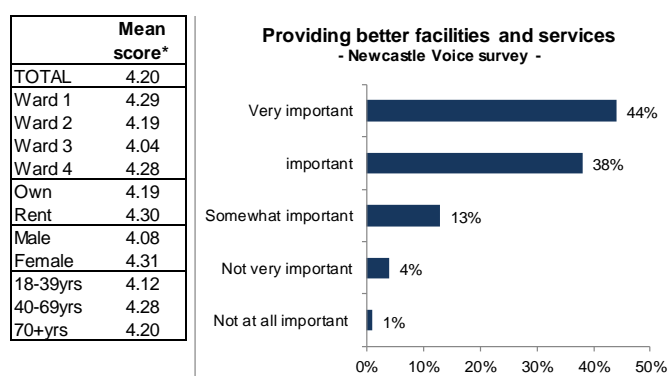
mean score out of 5 where 1 = not at all satisfied and 5 = very satisfied

**Figure 8: Quality of facilities (Newcastle Voice survey)**



mean score out of 5 where 1 = not at all satisfied and 5 = very satisfied

**Figure 9: Level of service (Newcastle Voice survey)**



mean score out of 5 where 1 = not at all important and 5 = very important

**Figure 10: Importance of facilities and services (Newcastle Voice survey)**

### Awareness of Council's financial position

Overall, 85% of respondents were aware that Council is exploring options to ensure financial sustainability. Awareness was higher amongst those who own their property compared to those who rent their property.

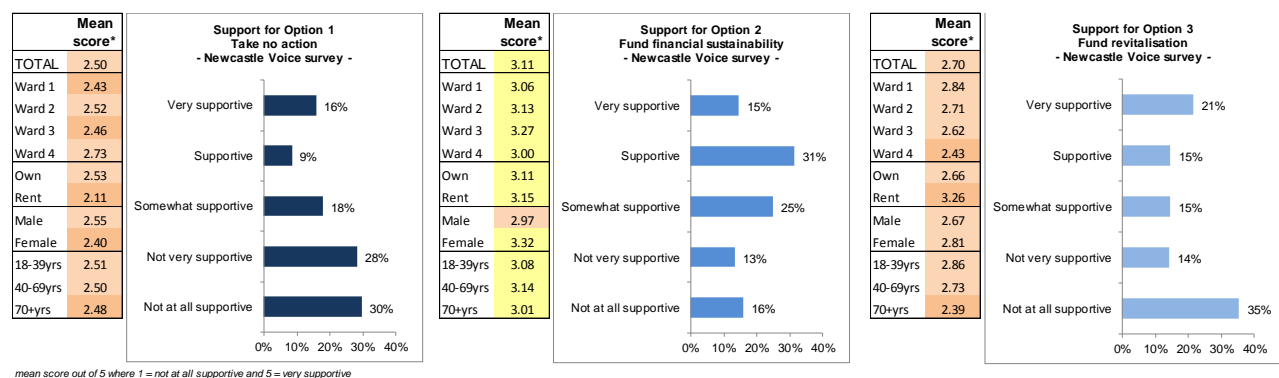
**Table 5: Awareness of Council's financial position (Newcastle Voice survey)**

*% aware that Council are exploring options for ensuring financial sustainability*

TOTAL	Ward 1	Ward 2	Ward 3	Ward 4	Own	Rent	Male	Female	18-39yrs	40-69yrs	70+yrs
86%	85%	88%	84%	84%	87%	70%	87%	85%	80%	86%	89%

### Support for the three rating options

Respondents were asked to indicate their level of support for each of the three rating options using a 5 point scale. Results are presented in Figure 14. Overall, Option 2- fund financial sustainability- received the highest level of support, with 46% supportive or very supportive of this option. One in four respondents (25%) were supportive or very supportive of Option 1, and just over one in three respondents (36%) were supportive or very supportive of Option 3.

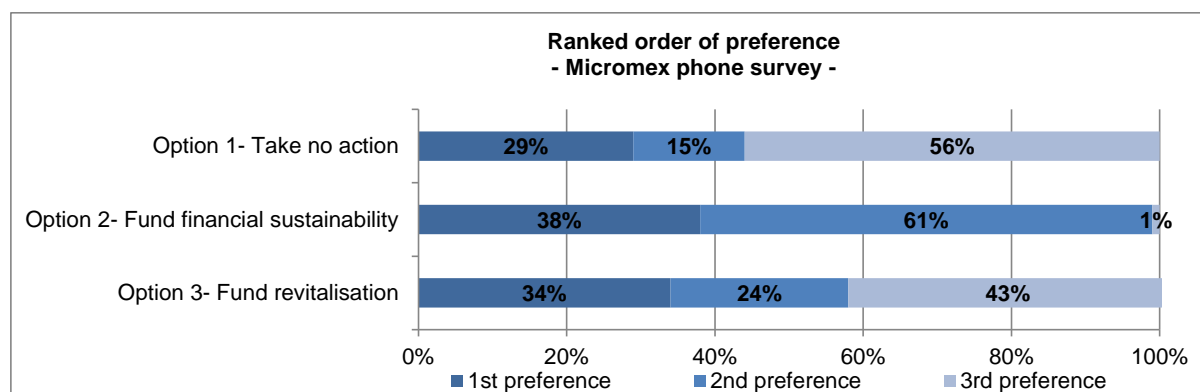


**Figure 11: Support for each rating option (Newcastle Voice survey)**

In terms of significant differences, those who own a property in the Newcastle LGA were less supportive of option 3 than those who rent. Similarly, those aged 18-39yrs were more supportive of Option 3 than those aged 70+yrs. In regard to Option 2, females were more supportive of this option than males.

### ***Ranked order of preference***

In addition to indicating their level of support for each of the three rating options, respondents were also asked to rank the three options in their order of preference. The results are shown in Figure 15. Similar to the telephone survey, one in four (29%) of respondents ranked Option 1- take no action- as their first. Option 2- fund financial sustainability received the greatest support, with 38% of respondents indicating this as their first preference, closely followed by Option 3- fund revitalisation at 34%.



**Figure 12: Order of preference- rating options (Newcastle Voice survey)**



### ***Reasons for preferred option***

Option 1- take no action- was the preferred option amongst 29% of respondents. The reasons given for preferring this option related primarily to Council's financial management and affordability concerns, particularly for pensioners and those on fixed incomes. Full verbatim responses can be found in Appendix 6a.

***“A large number of people do not get enough income to support this increase”***

***“The council need to become more efficient and this option may force efficiency to take place”***

***“As I am on the aged pension we find it very hard to pay our rates now if they were to increase by larger amounts it would make it even harder for us “***

***“Council must become more efficient, less wasteful and more accountable”***

***“You should be analysing ways of improving required services by cutting down on non essential services”***

***“The cost of living is high and getting higher. We need restraint in spending and to live within our means. The increases above state limits will impact those who can least afford it the most. Please consider those who have the least.”***

Option 2- fund financial sustainability- was the most preferred option with 38% of respondents selecting this as their first preference. The reasons given for preferring this option relate to it being a reasonable and moderate increase that will see service levels maintained, but respondents also noted that Council need to adequately manage their finances. Full verbatim responses can be found in Appendix 6b.

***“It is a moderate, middle level solution that will have less impact on the needy of the community and still provide resources sufficient for continuing services”***

***“I'm not confident that an increase as large as Option 3 will be efficiently managed and result in additional benefit to the community. I acknowledge that there needs to be improved financial sustainability and option 2 presents a reasonable position”***

***“I think it is an equitable balance between ratepayers and councils finances”***

***“Council waste enough money as it is, I don't think they should be given a big bucket of cash to play with. I think they should be encouraged to spend wisely like the rest of us are told to do”***

***“I think it is a fairer option for both council and me as a rate payer”***

Option 3- fund revitalisation- was the most preferred option by 34% of respondents. The reasons given for preferring this option related to a desire to see services and the city improved. Full verbatim responses can be found in Appendix 6c.

***“A relatively moderate increase in rates should provide a significant improvement in services”***

***“As long as funds are being managed efficiently I'm happy to pay more to assist in seeing a revitalised and more vibrant Newcastle”***

***“Better facilities and infrastructure will attract people and jobs”***

***“I want our city to be well maintained and improved. The other options do not allow for this”***

***“Newcastle has so much potential, but revitalisation of the city heart is key. The council has proven it can do good public works with the beach boardwalk renovation and I support more of this style of spending that improves the city for all”***

***“There has been so much time spent on talking about the revitalisation of Newcastle so if this means implementing it let's go ahead.”***

***“You get what you pay for! You can't do the best for Newcastle with no money. And I speak as an aged pensioner.”***

## **Feedback slips**

Included in the Road to Recovery information booklet distributed to households across the LGA was a feedback slip that members of the community could complete and return to Council via mail or by dropping the completed slip into a local library.

### ***What questions were asked?***

The feedback slip asked respondents to rank the three rating options in their order of preference and also provided the opportunity for respondents to enter any comments they had about Newcastle's Road to Recovery. Basic demographics including age, gender and postcode were also collected.

### ***How many completed the feedback slip?***

In total, 280 members of the community returned the feedback slip by 31 October 2014.

### ***Who completed the feedback slip?***

The slip was completed by residents across all four wards, with an equal proportion of males and females providing feedback.

**Table 6: Respondent profile**

**Respondent profile- Feedback slip**

TOTAL	Ward 1	Ward 2	Ward 3	Ward 4	Male	Female	18-24yrs	25-39yrs	40-54yrs	55-69yrs	70+yrs
280	48	97	71	60	139	138	0	18	52	111	91

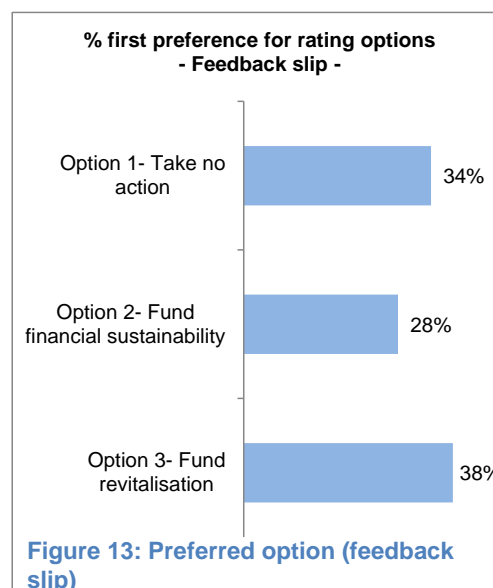
*Note: demographic questions were not compulsory therefore numbers may not add to the total of 280*

**Data handling and analysis.**

Of the 280 returned feedback slips, 274 contained an attempted completion of the rank order question. As not all respondents completed the rank order question in full (i.e. did not rank all three options), only first preferences percentages are reported. Data has not been weighted.

**Results**

In contrast to the telephone and Newcastle Voice surveys, Option 3 received the highest level of support with 38% of respondents who completed a feedback slip indicating this as their most preferred option. This was followed by Option 1, which was the first preference among 34% of respondents, and Option 2, which was the first preference among 28% of respondents.



**Reasons for preferred option**

Similar to the telephone and Newcastle Voice surveys, the main reasons given by the 34% of respondents favouring Option 1- take no action- were affordability and Council not adequately managing its financial situation in the past. Those who preferred Option 2- fund financial sustainability (28%)- also commented on Council's financial management practices. The main reasons given by the 38% of respondents who preferred Option 3- fund revitalisation- related to wanting to see a better future for Newcastle, including the completion of priority projects and ensuring Newcastle has adequate infrastructure. Full verbatim comments are given in Appendix 7a-c.

## Online feedback form

In addition to the surveys and feedback slips, members of the Newcastle community were also able to indicate their preferred rating option via an online feedback form available on Council's website.

### ***What questions were asked?***

The form asked respondents to rank the three rating options in their order of preference. Basic demographics including age, gender and postcode were also collected.

### ***How many completed the online?***

In total, 79 members of the community completed the online form by 31 October 2014. However, after data cleansing (see data handling and analysis below), 59 valid responses remained.

### ***Who completed the online form?***

The slip was completed by residents across all four wards, with an equal proportion of males and females providing feedback.

**Table 7: Respondent profile**

***Respondent profile- Online form***

TOTAL	Ward 1	Ward 2	Ward 3	Ward 4	Male	Female	18-24yrs	25-39yrs	40-54yrs	55-69yrs	70+yrs
59	15	21	8	13	29	30	0	17	22	15	3

*Note: demographic questions were not compulsory therefore numbers may not add to the total of 59*

### ***Data handling and analysis.***

Data was cleansed so that multiple responses from the same IP address received in a short time frame (<2minute) were excluded from the dataset. This resulted in 59 valid responses.

## Results

Similar to results from the feedback slip, Option 3- Fund revitalisation- received the highest level of support, with 42% of respondents indicating this as their first preference. This was followed by Option 1, with 34% first preference, and Option 2 which had 24% first preference (see figure 21).

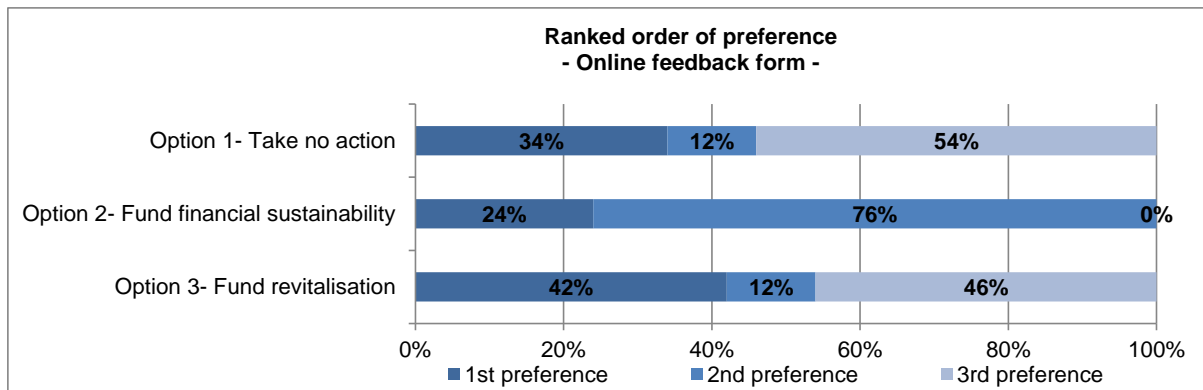


Figure 14: Order of preference- rating options (Online feedback form)

## Email submissions

Members of the Newcastle community also had the opportunity to submit feedback on the three rating options via email. A total of 26 email submissions were received by Council. Of these, 25 indicated a preferred option (figure 22). In line with the feedback slip and online form, Option 3- Fund revitalisation- was the most preferred option amongst those submitting a response via email.

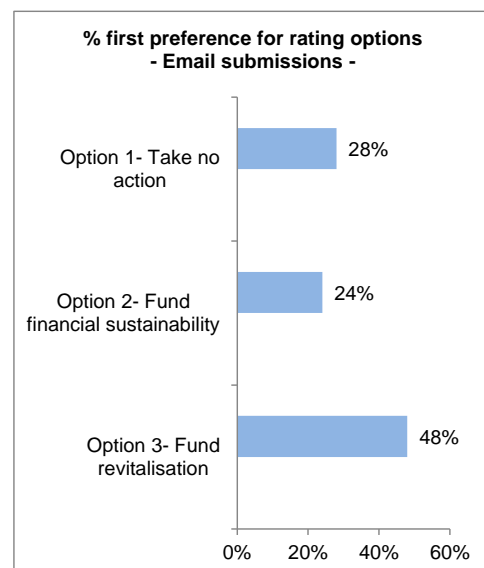


Figure 15: Preferred option (email submissions)

### Reasons for preferred option

Given the relatively small number of email submissions, all verbatim comments regarding the preferred option have been included below:

Prefer Option 1- Take no action:

***“Work more efficiently with the money you have and change your work culture”***

***“Council needs to seriously look at how you manage your funds, maximise your achievement per dollar with NO wastage”***

***“Please consider upping our pension concession”***

Prefer Option 2- Fund financial sustainability:

*“Overspending is an aspect of the previous council which is largely mismanagement. I appreciate your efforts to cut spending which have happened recently. Core business should be your focus. Let the people's vote count and accept the democratic mandate (i.e. cut the rail line)”*

*“Cut your work force”*

Prefer Option 3- Fund revitalisation:

*“Asset sales or leases, increase rates, decrease expenditure, make savings and improving efficiency”*

*“Found the brochure very informative”*

*“Give pensioner discounts to offset proposed fee increase”*

*“I am very [EXPLETIVE] that we went through the same process a few years ago, with very similar options, the expensive "fix everything" option was selected, then suddenly the council announced it was broke and couldn't complete the work. I hope people got sacked after that incident. What guarantee can you make that the same debacle won't be repeated?”*

*“Let's bring it home Newcastle”*

*“Strong supports for rapid revitalisation of Newcastle”*

*“Top end of Newcastle is a disgrace, rail truncation and Adamstown railway gates need to be looked at”*

## Community drop-in information sessions

Nine community drop-in sessions were held across Council's library network to allow ratepayers and residents to speak with Council staff directly to ask questions or provide comments or feedback on the three rating options. The sessions were hosted by two members of Council's Engagement Team. The drop-in sessions were promoted in press advertising and coverage, radio coverage, social media posts, Newcastle Voice communications and on Council's website. In total, 67 residents and ratepayers attended the sessions. Table 8 outlines attendance by location.

**Table 8: Attendance at community drop-in information sessions**

Location	Date / Time	# attendees
New Lambton	9 October 2014, 4.30-7.30pm	9
Adamstown	11 October 2014, 9.30-12.00pm	8
Hamilton	14 October 2014, 1.00-4.00pm	18
City	16 October 2014, 5.00-8.00pm	1
Beresfield	18 October 2014, 9.30-12.00pm	5
Mayfield	20 October 2014, 10.00-1.00pm	11
Wallsend	22 October 2014, 4.30-7.30pm	6
Lambton	23 October 2014, 2.00-5.00pm	6
Stockton	25 October 2014, 9.30-12.00pm	3

## Common questions

Outlined below are some of the most common questions asked at the drop-in sessions and the information that was used to inform responses to these questions.

### ***What is rate pegging?***

Since 1977, council rate revenue and certain other council revenues have been regulated in NSW under an arrangement known as 'rate pegging'.

Rate pegging is the percentage limit by which all councils in NSW may increase the total income they will receive from rates. The rate peg is set each year by the Independent Pricing and Regulatory Tribunal (IPART). The rate peg for the 2014/15 financial year is 2.3%.

The average annual rate cap is well below the average rate increase in every other state. If Newcastle applied average rate increases similar to other states, an additional \$300 million would have been raised over the past 10 years.

### ***What is a special rate variation?***

A special rate variation allows councils to increase general income above the rate peg, under the provisions of the Local Government Act 1993 (NSW).



Councils may apply for a special rate variation for a range of reasons such as:

- improving the financial position of the council, particularly where there may be financial sustainability issues
- funding the development and/or maintenance of essential community infrastructure or to reduce backlogs in asset maintenance and renewal
- funding new or enhanced services to meet growing demand in the community
- funding projects of regional significance, and
- covering special or unique cost pressures that the council faces.

There are two types of special rate variations that a council may apply for:

- a single year (one off) variation or
- a multi-year variation for between two to seven years.

#### ***Who makes the decision about a special rate variation?***

IPART makes the final decision about Special Rate Variations. They take into consideration a number of factors including Council resolutions and community feedback on the proposal.

#### ***What does IPART consider when making its decision?***

IPART assesses each application in accordance with the *Guidelines for the preparation of an application for a special variation to general income for 2014/15* (the Guidelines) issued by the Division of Local Government(DLG), Department of Premier and Cabinet on 30 September 2013. The Guidelines are updated each year. They are available on both the DLG's and IPART websites.

#### ***How did Council get into the position where a special rate variation would be needed to ensure financial sustainability?***

- State and Federal Governments now expect local governments to undertake greater responsibilities than ever before, but provide no additional funding to deliver these services.
- The NSW Government's average annual rate peg is well below the average rate rise in every other state. The discrepancy has severely impacted Council's ability to meet costs of service delivery.
- As plant, property and equipment has aged, Council's infrastructure maintenance and renewal backlog has grown to \$90million.
- Rising fees and charges including significant taxation and levy impacts on waste disposal charges, increasing utility costs (electricity, gas, water etc), and a drop in State and Federal Government grants and contributions are also impacting Council's potential to create revenue.

#### ***What is cost shifting?***

State and Federal Governments continue to expect local government to do more. However, the matching funds to do this are not provided. Over time, both tiers of government have shifted more

costs onto Council with the last survey showing this equated to \$13.2 million additional expenditure annually.

***Where does Council get its income from?***

Council has a number of sources of revenue, including: rates, fees and charges, grants, commercial activities, investments and borrowings. Rates make up roughly half Council's revenue.

***What action has Council taken to address financial sustainability?***

The 2013-2017 Delivery Program outlined a plan to move us towards sustainability (ie where our revenue is greater than our expenditure). We have made significant progress, and over a two year period, we reduced our overall expenditure by 10%.

We did this by:

- reducing staff numbers by 90 full time positions
- restructuring to reduce management positions
- reducing ongoing operational expenses
- prioritising capital works to make sure all projects are fully funded before work starts
- focusing on the top four priority projects
- identifying surplus assets for disposal
- Seeking expressions of interest to lease and operate Beresfield Golf Course
- increasing income from commercial operations
- building productivity improvement into the budget
- selling two parking stations which generated income and reduced our backlog
- selling the civic precinct site to The University of Newcastle to accommodate 'NeW Space' city campus
- outsourcing operations of four inland swimming centres
- reducing the length of the lifeguard season to match neighbouring and metropolitan councils.
- working with Hunter Surf Lifesaving to provide weekend beach patrols
- closing the Loft Youth Venue
- reducing the level of regulatory services for neighbourhood issues
- reducing the level of service for mowing, rubbish collection and road maintenance
- seeking commercial partnerships for improving community facilities including expressions of interest for Newcastle and Merewether Ocean Baths
- transferring operations of family day care services to neighbouring councils

***Didn't Newcastle just have a special rate rise?***

Yes, an single year SRV was granted in 2012, however this SRV was for specific capital projects like coastal projects such as the recently completed works at Merewether, city centre revitalisation,

cycleways as well as other specific projects. The 2012 SRV revenue can only be used for these priority projects and cannot be used to fund day to day operations.

## Other topics discussed

In addition to the questions outlined above, other topics raised and discussed included:

- Queries/comments regarding how rates are calculated
- Comments regarding affordability, particularly in regard to how an increase may impact pensioners. This was particularly evident at the Mayfield and Lambton sessions
- Queries/comments regarding how the increase applies to base rates only and not to charges such as domestic waste and stormwater
- Concerns regarding how funds are distributed across the Newcastle LGA, with residents from western suburbs perceiving a disadvantage to their inner city / coastal counterparts
- Expectation that Councillors would be in attendance at the drop-in sessions. Cr Brad Luke was the only Councillor who attended a session (Wallsend)
- Specific questions on Council's accounting practices, for example depreciation methods used. These members of the community were put in contact with Council's Finance Manager to discuss these topics
- A number of community members raised wanted to speak about the rail line. These residents were advised that the rail is a NSW Government matter and that they should speak to their State member about this topic.

## Summary and recommendations

Council engaged with the Newcastle community about the Road to Recovery using a range of communication and consultation tools. In total, over 1,750 members of the community provided feedback on the three rating options.

A telephone survey of 400 randomly selected households found that Option 2- fund financial sustainability- was the preferred approach. These results were mirrored in the larger Newcastle Voice survey of 900 residents and ratepayers, which also found that Option 2- fund financial sustainability- was the preferred approach. In both surveys, less than one-in-three respondents indicated Option 1- taking no action- as their most preferred option.

Feedback from other channels including feedback slips, online forms and email submissions was more polarised. Option 3- fund revitalisation- edged ahead as the most preferred course of action. Similar to the survey results, taking no action (Option 1) was the preferred option for one-in-three respondents.

Across all feedback avenues, approximately two-thirds of respondents favoured rating options that included a special rate variation. In line with this community feedback, it is recommended that Council resolve to proceed with an application to IPART for a 2015/16 SRV.

# Road to Recovery

## Application for Special Rate Variation 2015/16 Community Engagement Strategy Summary Report



### BACKGROUND

The City of Newcastle is facing the challenge of balancing community expectations with future financial sustainability. A multi-year special rate variation (SRV) has been proposed to ensure medium to long term financial sustainability. The proposal for a SRV was included as part of the 2013-2017 Delivery Program and the 2014-2015 Operational Plan.

### ENGAGEMENT OBJECTIVES

The key objectives in engaging with the community were to gauge community support for the proposed SRV and provide opportunities for the community to provide feedback on the three rating options.

#### Key activities to **inform** the community included:

- Advertising in the Herald
- Road to Recovery information booklet, 72,000 copies distributed to households
- Road to Recovery article included in Council News Spring Edition, distributed to 54,000 ratepayers
- Media releases / coverage
- Lord Mayoral column
- Council website
- Community drop-in sessions
- Newcastle Voice newsletter

#### Key activities to **consult** with the community included:

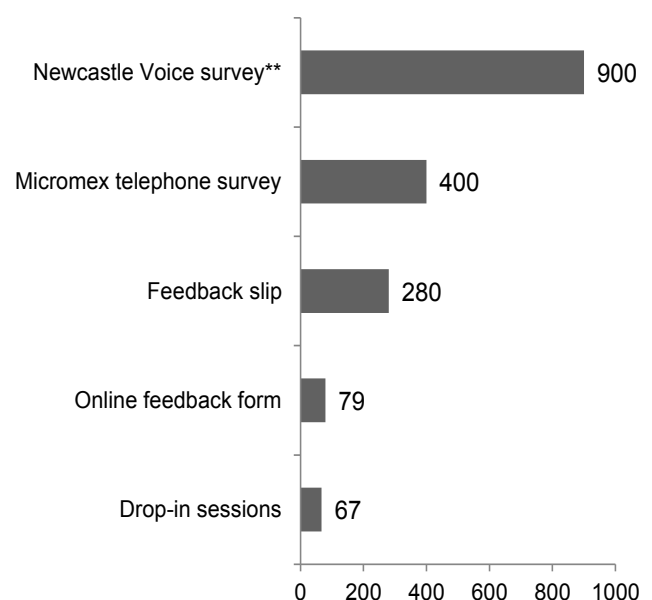
- *Newcastle Voice survey\*\**: open to Newcastle Voice members and the broad community
- *Phone survey*: conducted with 400 randomly selected households by Micromex Research
- *Feedback slip*: residents were invited to return complete a feedback slip included in the Road to Recovery information booklet
- *Online feedback form*: visitors to Council's website had the opportunity to indicate their order of preference for the three options
- *Drop-in community information sessions*: held in nine locations across Newcastle.

We communicated directly with **1,726** members of the Newcastle community during the Road to Recovery engagement activities.

**Overall, the community are supportive of a special rate variation.**

In the telephone and online surveys, Option 2—fund financial sustainability - received the most support. Feedback from other channels was more polarised, however two in every three community members gave their first preference to options involving a special rate variation (Options 2 and Option 3).

#### # residents participating in each activity



# Road to Recovery

## Micromex telephone survey



### Who conducted the survey?

The survey was conducted by an external organisation, Micromex Research Services.

### When was the survey conducted?

The survey commenced on Monday 13 October 2014 and concluded on Saturday 19 October 2014. Surveying was conducted on weekdays and weekends, during the day and evening.

### Who took part in the survey?

A random selection of households in the Newcastle LGA were contacted to take part in the telephone survey.

### How many took part in the survey?

In total, 400 community members residing in the Newcastle local government area were surveyed.

### What questions were asked?

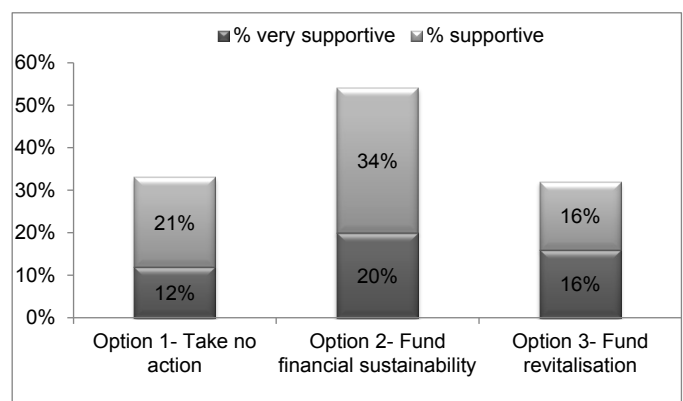
- Satisfaction with the quality of facilities and level of service currently provided by Council
- Importance of Council providing better facilities and services
- Awareness that Council is looking at options to ensure financial sustainability, include the possibility of a special rate variation
- Level of support for each of the three options
- Rank the three options in order of preference
- Open-ended questions asking reasons for most preferred option

### RESULTS

- 67% satisfied with the quality of facilities provided by Council
- 65% satisfied with the level of service provided by Council
- 93% indicated it was important for Council to provide better services and facilities
- 44% were aware that Council is investigating ways to ensure its ongoing financial sustainability

### Support for each option

- **Option 2, fund financial sustainability, received the greatest level of support**
- Using a 5-point scale, 54% of respondents indicated they were supportive or very supportive of Option 2
- An equivalent number of respondents were supportive or very supportive of Option 1 and Option 3, at 33% and 32% respectively



- When asked to rank the three options in their order of preference, 72% of respondents gave their first preference to one of the two options proposing a special rate variation:
  - Option 2– fund financial sustainability was the first preference among 52% of respondents
  - Option 3– fund revitalisation was the first preference among 20% of respondents.

# Road to Recovery

## Newcastle Voice survey



### Who conducted the survey?

The survey was conducted by Council's Community Engagement Team .

### When was the survey conducted?

The survey commenced on Monday 13 October 2014 and concluded on Sunday 26 October 2014.

### Who took part in the survey?

All active online and offline Newcastle Voice members residing in the Newcastle LGA (n= 2253) were invited to take part in the survey. The survey was also available to broad community members via a link on Council's website

### How many took part in the survey?

In total, 900 community members took part in the survey. A total 689 Newcastle Voice members completed the survey (624 online and 65 offline), representing a response rate of 30.6%. Responses were also received from 211 members of the broad community.

### What questions were asked?

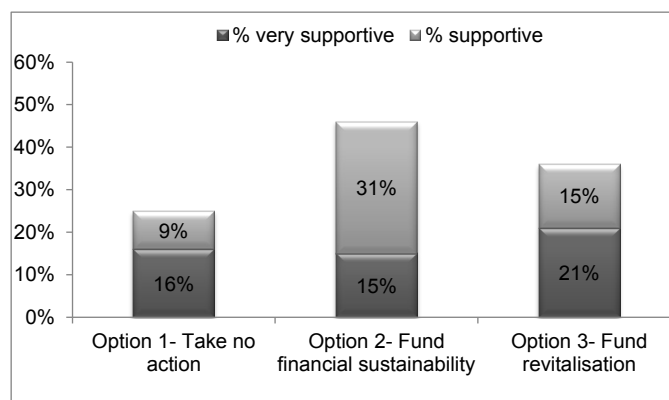
- Satisfaction with the quality of facilities and level of service currently provided by Council
- Importance of Council providing better facilities and services
- Awareness that Council is looking at options to ensure financial sustainability, including the possibility of a special rate variation
- Level of support for each of the three options
- Rank the three options in order of preference
- Open-ended questions asking reasons for most preferred option

### RESULTS

- 42% satisfied with the quality of facilities provided by Council
- 42% satisfied with the level of service provided by Council
- 82% indicated it was important for Council to provide better services and facilities
- 85% were aware that Council is investigating ways to ensure its ongoing financial sustainability

### Support for each option

- **Option 2, fund financial sustainability, received the greatest level of support**
- 46% of respondents indicated they were supportive or very supportive of Option 2
- Option 3 received greater support than option 1.



- When asked to rank the three options in their order of preference, 71% of respondents gave their first preference to one of the two options proposing a special rate variation:
  - Option 2– fund financial sustainability was the first preference among 38% of respondents
  - Option 3– fund revitalisation was the first preference among 34% of respondents.

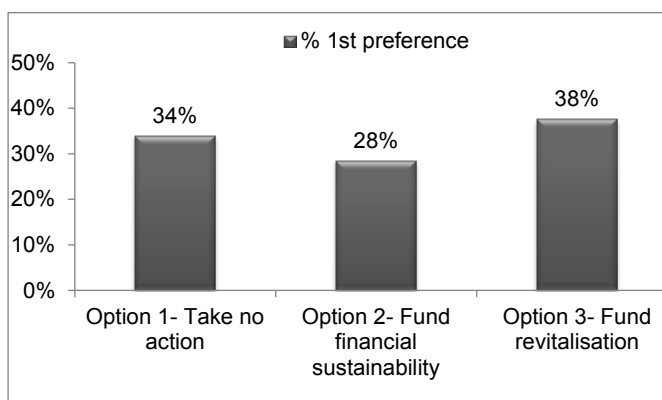
# Road to Recovery

## Other engagement activities



### INFORMATION BOOKLET- FEEDBACK SLIP

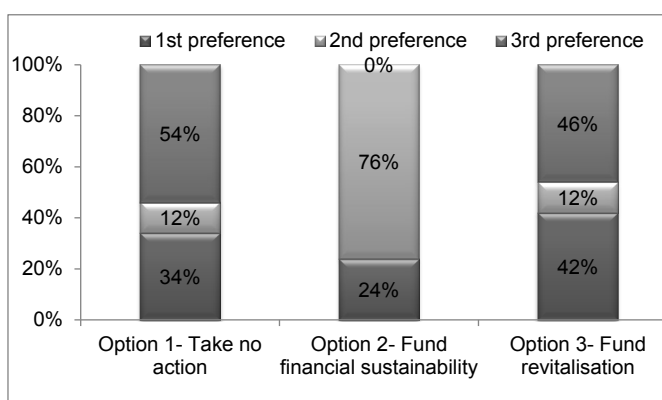
- This slip asked responders to rank the three options in order of preference
- 280 community members completed the slip and returned it to Council. Of these, 274 respondents attempted the rank order question\*.
- Of the 274 valid responses, 66% gave their first preference to one of the two options proposing a special rate variation (28% for Option 2 and 38% for Option 3).



\* As not all respondents completed the rank order question in full, only first preference percentages are shown

### ONLINE FEEDBACK FORM

- This form asked responders to rank the three options in order of preference
- 78 community members completed the online feedback form, which was available on Council's website
- Data was cleansed so that multiple responses from the same IP address received in a short time frame (<2minute) were excluded, resulting in 59 valid responses.
- Of the 59 valid responses, 66% gave their first preference to one of the two options proposing a special rate variation (24% for Option 2 and 42% for Option 3).



### COMMUNITY DROP IN SESSIONS

- Nine drop-in session held across the LGA, 67 community members in attendance
- Common topics raised:
  - ◊ Factors that led to Council's current financial position and actions taken over past two years
  - ◊ Affordability, particularly in regard to how increases may impact pensioners
  - ◊ Rate calculations
  - ◊ How funds are spent across the LGA, residents from wards 3 and 4 perceiving a disadvantage
  - ◊ 2012 SRV and how projects are progressing

Where	When	# attendees
New Lambton	9 Oct, 4.30-7.30pm	9
Adamstown	11 Oct, 9.30-12.00pm	8
Hamilton	14 Oct, 1.00-4.00pm	18
City	16 Oct, 5.00-8.00pm	1
Beresfield	18 Oct, 9.30-12.00pm	5
Mayfield	20 Oct, 10.00-1.00pm	11
Wallsend	22 Oct, 4.30-7.30pm	6
Lambton	23 Oct, 2.00-5.00pm	6
Stockton	25 Oct, 9.30-12.00pm	3

Unweighted data