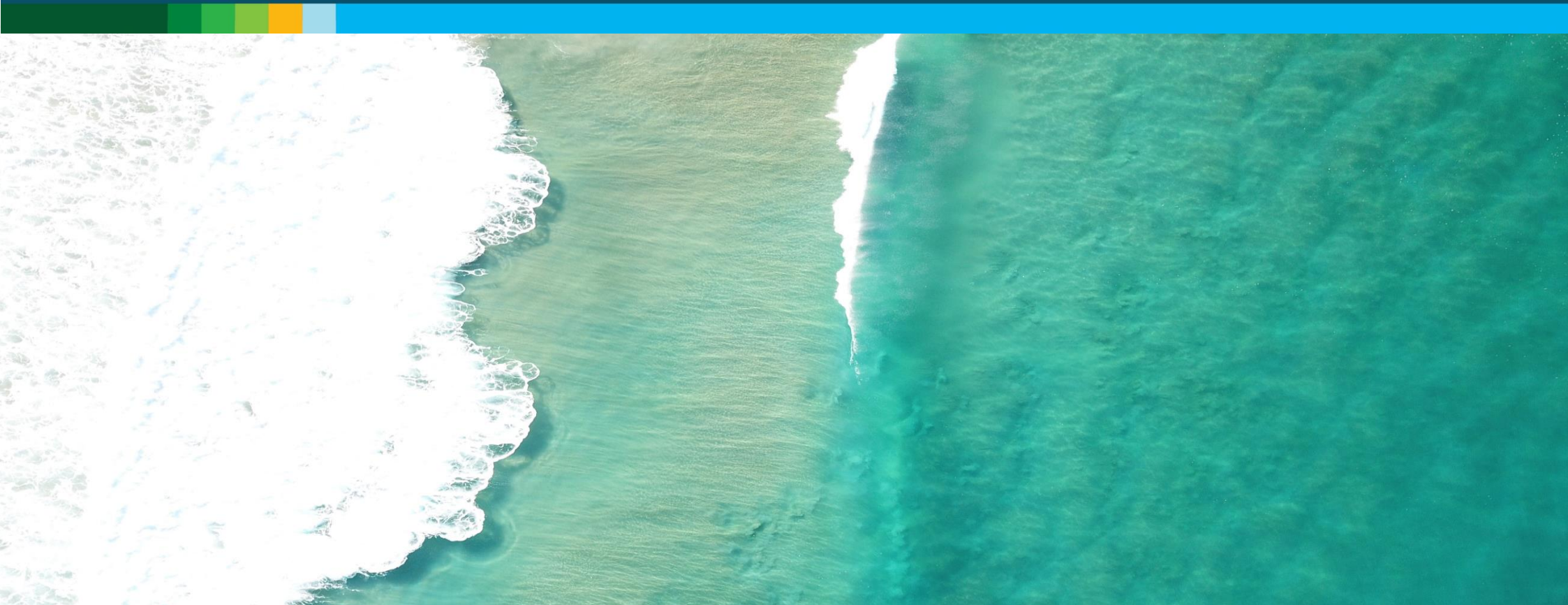


SRV Community Engagement Plan



Bega Valley Shire Council acknowledges and pays our respects to the traditional custodians of the lands, waterways and airspace of the shire.

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Community Engagement Plan

Aim

To inform and engage with Bega Valley Shire Council ratepayers and residents to seek their feedback on Council's consideration of the introduction of a Special Rate Variation (SRV) to support the ongoing operations, maintenance and renewal of our existing assets and provision of our current level of service provided to the community. Multiple SRV options will be proposed including an option of no SRV, with a rate peg increase only.

SRV Purpose:

1. Enhance financial sustainability
2. maintain service levels as close as possible to current levels
3. fund the ongoing operation, maintenance and renewal of existing assets
4. reduce the reliance on external grant funding for asset renewals
5. Manage a range of financial impacts including additional costs for maintenance and renewal of grant-funded new assets, impact of natural disasters, rising materials costs and inflation

Through implementation of this plan, there will be:

- Awareness of the difficult financial decisions that Council needs to make for the future of the shire
- Awareness of the SRV options modelled in the Long Term Financial Plan (LTFP) and value of the proposed service reductions for options A and B
- An understanding of the process for submission and approval to IPART and that Council still needs to decide formally in February 2023 to submit the application and then wait for the determination by IPART in May 2023 and that there is a chance the SRV may not be approved
- Quality feedback received by Council to help inform the SRV process
- An understanding of the impact the SRV has on the 2023-24 Operational Plan and longer term
- A well-informed community who understands they can provide submissions directly to Council and to IPART if and once the application is submitted in February
- Clarity on where the additional money is going to be spent if the SRV is applied
- Clarity on what the plan is if we don't get an SRV
- An understanding of the challenging financial situation of BVSC and many Councils across the State

Timeline

Phase 1- Community Engagement – 16 November to 16 January- Community engagement

Phase 2- Community Engagement- Post 1 February Council decision close loop with those who provided feedback, if application submitted then further engagement once IPART determination is provided.

The overall timeline of the SRV process is as follows:

November 2022 - Council required to notify IPART of its intention to apply for an SRV

November, December 2022 and January 2023 - Community engagement

February 2023 - Decision to apply to IPART

May 2023 - IPART determination

July 2023 - If approved, SRV commences

Target Audiences

- Ratepayers in the Bega Valley Shire are categorised into a rating structure that includes residential, business and farmland categories.
- Non-ratepayers who are residents, e.g rental tenants
- Community organisations e.g Business chambers, Local Area Committees/Process Associations, advocacy groups
- Local and Federal Members
- Local media

Key Messages

The need for a SRV and how this will impact the community can be a complex topic to communicate. A number of key messages have been developed to convey essential information about the proposed SRV.

What is a Special Rate Variation?

- An SRV to rates allows a council to increase its income base from rates above the rate peg, under the provisions of *the Local Government Act 1993* (NSW). An SRV is a tool used by council's to adjust their fixed income base when reducing operating expenditure alone does not balance the budget. SRV's can be for one or several years and can be temporary or permanently retained in the rates base. SRV's only apply to your general rates. It does not apply to water, sewer or waste charges.
- There are multiple steps when applying for an SRV. Each year, councils wishing to apply for an SRV apply to the Independent Pricing and Regulatory Tribunal (IPART) in February. The applications are assessed against criteria listed in the Office of Local Government's Guidelines. These include:
 - The need for, and purpose of, a different revenue path for a council's General Fund (as requested through the special variation) is clearly articulated and identified in the council's IP&R documents.
 - Evidence that the community is aware of the need for and extent of a rate rise.
 - The impact on affected ratepayers must be reasonable.
 - The relevant IP&R documents must be exhibited (where required), approved and adopted by the council.
 - The IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies.
 - Any other matters.

Why do we need an SRV?

- Council is faced with the challenge of making sure we have enough money to continue to deliver the large range of services we provide and to look after our infrastructure into the future – things like roads, footpaths, bridges, stormwater drains, parks, libraries,

community buildings and swimming pools – and our vital community services. We know that our community values the services we provide and places a high priority on maintenance and renewal of our shire’s infrastructure when it is needed, so the current trend of our service delivery and asset costs exceeding our income needs to change. An increase in rates through a SRV is one way that Council can increase its income to meet the communities’ expectations and ensure we remain financially sustainable

- The funding of local government is complex. The work we do is largely funded by general rates and charges, user fees and charges and a Financial Assistance Grant from the Australian Government. We also receive grants from the state and Australian government for certain projects, programs and services.
- In the past, councils received close to 1% of federal taxation revenue through the Financial Assistance Grants. However, over time this has reduced to 0.55%, with no indication this declining trend will change.
- Our fixed income base is from general rates (the base rate and ad valorem) and this is set each year by the rate peg controlled by the Independent Pricing and Regulatory Tribunal (IPART).
- Over the years, the annual rate peg increases have not kept pace with the inflation and rising costs. Our delivery costs have increased significantly – fuelling our vehicles to repair roads, clean toilets, mow lawns, pay wages, etc – and the costs involved in purchasing materials, hiring contractors and paying suppliers has also increased.
- We have continued to deliver grant-funded assets to increase liveability and amenity in our community and this, combined with external influences such as rising costs, material shortages and unexpected expenditure associated with multiple disasters and the pandemic, has gradually led to the problem we now seek to address.
- If we don’t improve our financial position over the longer term, services will have to be reduced and assets will not be renewed

when needed. The value of our cash and investments will continue to decline.

- The gap between the increasing cost to support our assets and deliver services, and the fixed amount of income we collect is widening, so applying for an SRV now is a financially responsible decision.

What is Council’s Long Term Financial Plan?

- Every Council is required to develop a Long Term Financial Plan (LTFP) that looks at the financial sustainability of Council over the next 10 years and forms part of Council’s Resourcing Strategy.
- The LTFP is formulated using a number of estimates and assumptions to project the future revenue and expenditure required by Council to deliver those services, projects and programs expected by the community. In doing so, it considers the resources that impact Council’s ability to fund its services and capital works whilst remaining financial sustainable.
- Council has developed and adopted multiple LTFP’s in the last 5 years that all indicated the need for a special variation to increase revenue to close the widening gap between income and expenditure.
- The Long Term Financial Plan (LTFP) that was adopted by Council in June 2022 was based on financial modelling assumptions and estimates from March and April 2022. It included a ‘Maintain’ scenario that recommended a 35% increase in general rates. Since that time, we have experienced rapidly rising inflation, ongoing cost escalations, material and contractor supply issues and undertaken further revaluation of our assets.
- At the time of adopting the current LTFP, it was also acknowledged that costs for renewing or rebuilding assets had been based on unit rates that were backwards looking and were expected to be underestimates based on inflationary trends at that time. In addition, further detailed work was done on understanding what

our asset replacements needs are over the next 10 years. In the next 10-year period, there is a need to replace a number of large value assets that are at the end of their lives and have not yet been replaced. Many of the large value assets Council manages are long lasting assets such as pools and bridges that have 50-70 year lives. Many of our assets were built in the 1940s, 50s and 60s and are now nearing the end of their service lives and if they are not replaced, risk failure and closure.

- Our updated LTFP is modelling that we will need an additional \$23.1million per year over the 10 years of the LTFP to remain financially sustainable. This is where we calculate the percentage increase that is required.
- The Revised Long Term Financial Plan that has also been placed on exhibition includes 4 options. Option A is the recommended pathway so we can continue to deliver services we currently provide and support the current assets we have. Option A is a 90% permanent increase to general rates. These scenarios all include the rate peg for 2023-24 of 4.1%.

Proposed SRV Options

	Option A	Option B	Option C	Option D
	SRV with no service level changes - single year.	SRV with no service level changes - phased over 2 years.	SRV with service level changes - single year.	No SRV. Rate peg only with significant service level changes.
Special Rate Variation	90% increase permanently applied	45% in 2024 and 37.2% in 2025 permanently applied	43% increase permanently applied	-
Service Changes	This option will allow Council to meet current asset management and operational needs and financial sustainability ratios.	This option will allow Council to meet current asset management and operational needs; however the rate increase will be introduced over 2 years.	Council will need to significantly reduce current levels of service by an average of \$13.9 million each year. This option prioritises catching up on our infrastructure backlog and reducing our capital program below recommended levels.	Council will need to significantly reduce current levels of service by an average of \$25.9 million each year. This option continues the unsustainable financial trajectory and will mean we are not able to manage core assets such as roads and bridges.

These options all include the rate peg for 2023-24 of 4.1%. Option B includes a rate peg of 2.5% in 2024-25. Option A is a cumulative increase of 94.75% at the end of 2024-25. Option B is a cumulative increase of 98.94% at the end of 2024-25. Option C is a cumulative increase of 46.58% at the end of 2024-25. Option D is a cumulative increase of 6.60% at the end of 2024-25.

What will the Special Rate Variation be used for?

- Council has many and varied competing priorities when it comes to slicing up the annual budget. Securing additional funding for assets through an increase in rates means we can afford to operate, maintain and upgrade our assets when needed.
- Option A and Option B of the SRVs modelled will ensure Council remains financially sustainable, with the additional income used to:
 - maintain service levels as close as possible to current levels
 - fund the ongoing operation, maintenance and renewal of existing assets
 - reduce the reliance on external grant funding for asset renewals
 - manage a range of financial impacts including additional costs for maintenance and renewal of grant-funded new assets, impact of natural disasters, rising material costs and inflation.
- If the rate increase is approved, it will benefit future Councils and the community as the ongoing funding needs for assets will be secure. This is about intergenerational equity. We have to make tough decisions now to ensure we don't disadvantage future generations.
- Council has a range of existing special variations in place to supplement the cost of existing services provided to the community including biosecurity, tourism, lifeguards, the regional gallery and the airport. The last SRV Council applied for was in 2013 to provide funding for collector roads, recreation facilities, public halls and buildings.

Financial Sustainability

- Council has been working through a financial improvement program for many years now and while we have made significant improvements, the reality is that escalating costs – such as materials and contractors – are fast outstripping any cost

reductions we can make. Over the past few years we have concentrated on making Council resilient following multiple natural disasters and becoming more efficient. We have saved money where possible through staffing restructures, zero-based budgeting, divesting land, joint regionalisation of services and planning, efficiencies in procurement and better management and maintenance of assets.

- The following issues continue to challenge Council's ability to remain financially sustainable:
 - Receiving significant grant funding for new and upgraded assets which increases the cost per year to maintain and renew these assets over their lifetime (maintenance and depreciation costs).
 - Cost shifting of NSW Government to deliver services to the community without appropriate resourcing.
 - Delivering on community expectations to provide consistent assets and service levels across the towns and villages across the Bega Valley.
 - Our Shire is vast in relation to our low population and as a result we have high infrastructure costs, relative to a small rate base.
 - Increasing frequency and severity of weather events impacting infrastructure.
 - Council's reliance on volunteers for a range of service provision is going to change as volunteerism declines nationally.
 - Limited asset and service consolidation opportunities due to the geography and size of the Bega Valley Shire.
 - Breadth of services provided by Council places increased pressure on Council finances.
 - Maintaining the current level of spending on asset renewal to ensure continuing good condition of Council's asset base.
 - Restricted opportunity for revenue generation.
 - Gradual reduction in Federal Government funding to Local Government. In the past, local Council's received close to 1% of

federal taxation revenue through the Financial Assistance Grants and over time, this has reduced to 0.55%.

- Government spending contraction and shift of focus impacting asset renewal.
- High inflation, rising costs and material and labour shortages impacting project delivery.
- We are one of many Councils across NSW facing financial sustainability challenges. For 2020-21, 74 NSW Councils (of 128) reported operating deficits in General Fund.
- The average operating performance ratio of NSW Councils (measures a council's achievement in containing operating expenditure within operating income) has steadily declined from 9.8% in 2016-17 to -1.5% in 2020-21
- One of our neighboring councils, Snow Valleys Council, recently had approved a 35.95% rate increase introduced over two years and another similar regional Council, Cootamundra-Gundagai Regional Council has 53.5% increase approved.
- Of the 128 Councils in NSW, 82 have applied for an increase to rates since 2011/12.
- The last SRV Council applied for was in 2013 to provide funding for collector roads, recreation facilities, public halls and buildings. Council has a range of existing special variations in place to supplement cost of existing services provided to the community including biosecurity, tourism, lifeguards, the regional gallery and the airport.

How can I provide my feedback?

- Community information sessions (see schedule below)
- Council is seeking feedback from the community to inform the final decision of Council in applying for an SRV
- There is dedicated [project page](#) where more information can be found.

Communication Materials and Engagement Channels

Council will adopt numerous methods of communications to engage meaningfully with ratepayers to allow every opportunity for feedback. This is an important decision and as a Council we don't take this lightly and understand the burden this will place upon our community. Council must weigh up the needs of our community now against the needs of following generations and ensure we remain in a sustainable financial position.

- Have your say - Special Rate Variation
- Mailout and notice to all ratepayers
- Media Releases - identified milestones
- Website – Homepage banner, dedicated SRV project page and FAQ's
- Online survey
- Newspaper and radio advertising announcing engagement period
- Direct emails to dedicated SRV sign up list
- CEO correspondence to key stakeholder groups
- Fortnightly Council news
- Social media - Facebook posts and events
- Physical displays in the customer service area and libraries of all SRV material
- Dedicated SRV brand
- SRV Information Sessions - Pambula and Bega
- SRV Online Webinar - live and recording posted on Council's website
- Market pop-ups - Eden, Merimbula, Cobargo, Bermagui, Candelo
- Radio interviews
- Staff and Councillor reference materials
- CEO Internal newsletter and staff briefings
- Media briefings
- Individual submission open via email or post

Resources

- Communication and Engagement and Corporate Planning team
- Finance staff
- Leadership Executive Group as required to attend engagement sessions
- External mail house for flyer and e-notice distribution (budgeted)
- External consultant to provide Capacity to Pay Report (budgeted)
- Budget for radio and print advertising, SRV information sessions

Risk

Risk	Mitigation Strategies
Failure to meet requirements of OLG / IPART within SRV application	<p>Utilise resources provided by OLG and IPART to ensure all requirements are met.</p> <p>Ensure clear communication across Council project team to ensure the development of the SRV application is in alignment of assessment criteria</p>
Failure to delivery SRV Project (in its entirety) within timeframes.	<p>Ensure staff resourcing and correct skills sourcing for the delivery of the project is maintained.</p> <p>Finance team to notify project team of any delays / problem areas in delivering the updated LTFP and draft FY24 budget.</p> <p>Develop review / communication milestone points between Corporate Planning team and LEG to identify any potential delays early within project</p>
Lack of clear communication internally on the project leading to an internal lack of certainty	<p>Project team to identify milestone points for review of materials.</p> <p>Timeframes clearly articulated and accessible to staff.</p>
Lack of clear communication externally on the project leading to a reputational and lack of trust	<p>External communications and engagement plan developed and clearly articulated and accessible for staff and Councillors</p> <p>Elected members briefed and engaged during development of key messaging.</p> <p>Consultation material to be developed and clearly understood by Council, Corporate Planning team and community</p> <p>Early engagement with media</p> <p>Project timeline including all engagement stages clearly articulated</p>
Elected members	<p>Ensure Council is aware of process and requirements</p> <p>Ensure Council is aware of impact to Ratepayers</p> <p>Ensure Council is aware of community engagement materials and process</p> <p>Ensure Council is aware of timeframes</p> <p>Ensure Council resolutions are made within timeframes</p>

Implementation Milestones

Phase 1 community engagement period will run from 16 November 2022 to 16 January 2023.

Date	Activity
Friday 4 November	Media alert for SRV media briefing
Monday 7 November	CEO monthly staff briefing
Friday 11 November	Customer service and library team briefing
Thursday 10 November	Media briefing - SRV scenarios and community engagement process- prior to Council report on SRV being released, email to SRV mailing list
Friday 11 November	Project Page is live, SRV newsletter to subscribers
Friday 11 November	All staff briefing, CEO newsletter, Media release, social media posts advising SRV to be considered at 16 November Council meeting
Wednesday 16 November	Council Meeting- Determination to notify IPART to proceed with SRV application
Wednesday 16 November	Have your say on SRV is live, media release announcing LTFP on public exhibition, social media posts, display in Council libraries and Customer Service
Mid November- Mid December	Newspaper and radio advertising
Saturday 19 November	Eden community market – 20 Chandos Street, Eden. 9am- 1030am
Sunday 20 November	Merimbula seaside market – Ford Park, Ocean Drive, 9am- 1030am
Saturday 26 November	Cobargo Markets – Main Street Cobargo 9am- 1030am
Monday 28 November	SRV Presentation- Bega Valley Commemorative Civic Centre, 3pm-7pm- run hourly sessions- 30 min presentation, 30 min Q+A with panel
Wednesday 30 November	SRV Presentation- Pambula Hall, 3pm-7pm- run hourly sessions- 30 min presentation, 30 min Q+A with panel
Thursday 1 December	Bermagui Growers and Makers Market, Bermagui Country Club 3:30pm – 5:30pm
Friday 2 December	Letter to all ratepayers
Sunday 4 December	Candelo markets – Candelo Oval and Town Hall (William Street, Candelo. 9am- 1030am
Monday 5 December	Online meeting- open to all 6pm-8pm, email to SRV mailing list
Tuesday 10 January 2023	Email to SRV mailing list and e-notice customers reminding SRV exhibition closing on Monday 16
Wednesday 11 January 2023	Social Media reminder post

Friday 13 January 2023 Social Media reminder post

Sunday 15 January 2023 Social Media reminder post

Monday 16 January 2023 Exhibition and consultation period closes

25 January 2023 Councillor Workshop on SRV Engagement feedback

1 February 2023 Council meeting- Resolution to submit application to IPART

Performance Measures

- Community informed of the need for and extent of the rate rise
- Number of responses received from residents across the Shire
- Feedback is useful in informing the IPART application
- Media remain engaged for the duration of the project
- Increased use of the rates calculator as residents assess the impact on their rates
- Community aware of opportunities for further engagement with IPART if application is submitted