

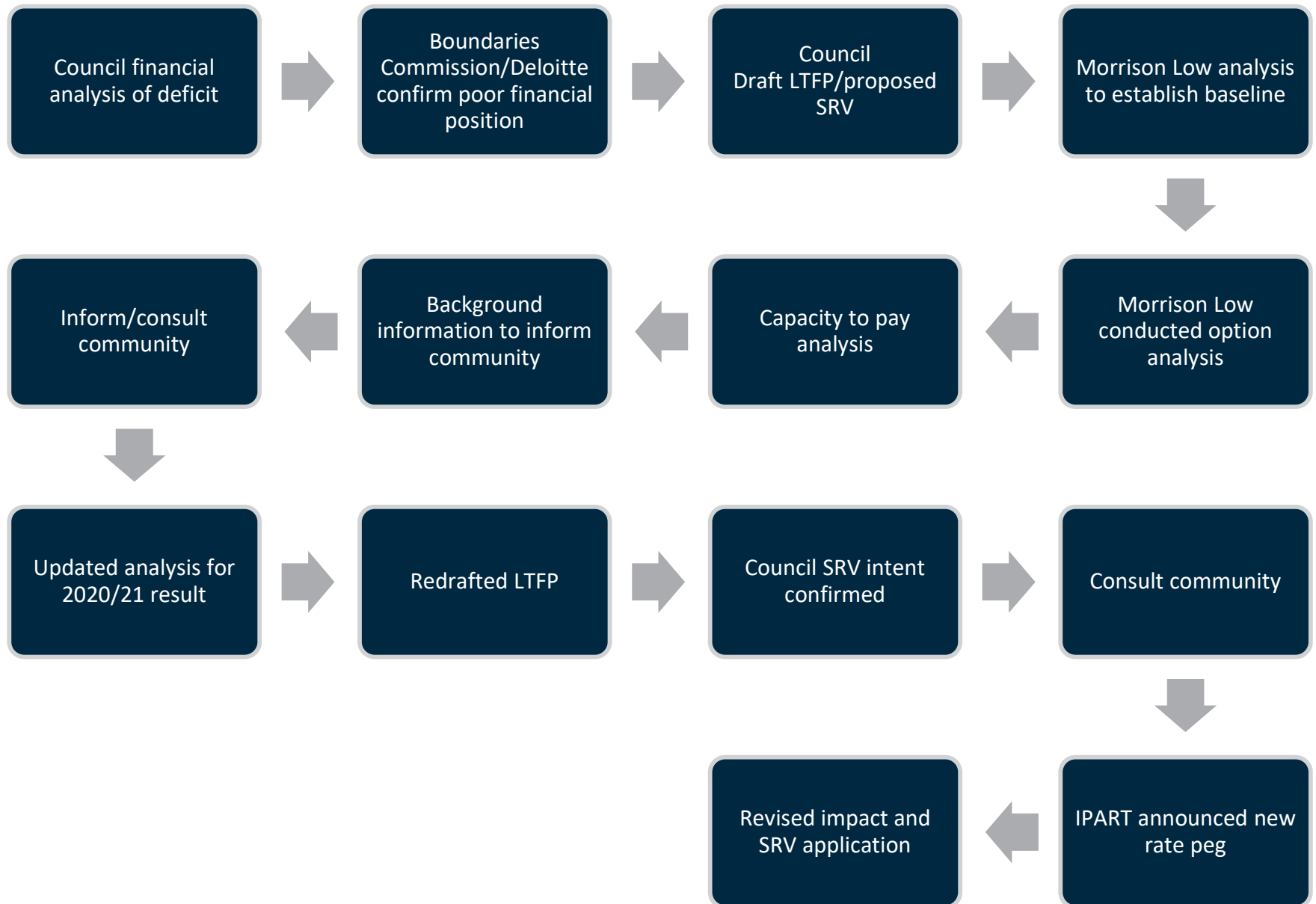
# Snowy Valleys Council

## Special Rates Variation Modelling and Community Engagement

11 January 2022



# Recap process



# Obligations to be financially sustainable

- The Local Government Act requires councils to apply sound financial management principles, including:
  - achieve a **fully funded operating position**
  - **maintain sufficient cash reserves**
  - have an appropriately **funded capital program**
  - **maintain its asset base** 'fit for purpose'
  - have adequate resources to meet ongoing **compliance obligations**.
- **Not negotiable** - failure to meet these obligations, will lead to NSW Office of Local Government intervention.

# Recap financial analysis

- Initial analysis suggested a \$4.5 million p.a. gap.
- Subsequently reduced after 2020/21 result - \$3.4 - \$4 million. Subject to future rate caps, new assets, service levels etc.
- Drivers of gap:
  - rate capping
  - cost shifting – for example Emergency Services Levy
  - termination of an SRV for the former Tumut Shire Council
  - new assets funded through federal and state government grants
  - recovery from natural disasters
  - protections on full-time equivalent (FTE) staff
  - requirements of service level changes through merger harmonisation.

# Community engagement steps

- Council facilitated engagement through CSP.
- Specific SRV engagement:
  - Phase one – July - Sept. Objective: to **inform** the community and **consult** as input into Council's decision to notify its intent to IPART.
  - Phase two – November. Objective: to **consult** on Council's intention. This would inform final decision on amount and decision to submit or not by the new Council.

# Recap funding gap - phase 1 options

	Option A	Option B	Option C
Closing the gap through: <ul style="list-style-type: none"> <li>• asset rationalisation</li> <li>• changed service levels</li> <li>• reduced services</li> <li>• increased fees and charges.</li> </ul>	No service changes, with a productivity saving of \$600,000.	\$600,000 productivity savings + savings of \$700,000 over three years from a combination of closing the gap options.	\$600,000 productivity savings + savings of \$1.7 million over three years from a combination of closing the gap options.
Special rate variation - without rate peg 2.5%	An SRV of 30% spread over two years (32.25% compounded).	An SRV of 25% spread over two years (26.66% compounded).	An SRV of 15% spread over two years (15.56% compounded).

# Clarification of SRV amounts

	Special rate variation
Phase 1 without rate peg est. 2.5%	An SRV of 15% in 2022/23 plus 15% in 2023/24
Phase 2 with rate peg est. 2.5%	An SRV of 17.5% in 2022/23 plus 17.5% in 2023/24
Application including revised rate peg of 0.7% for 2022/23 and est. 2.5% for following year	An SRV of 15.7% in 2022/23 plus 17.5% in 2023/24

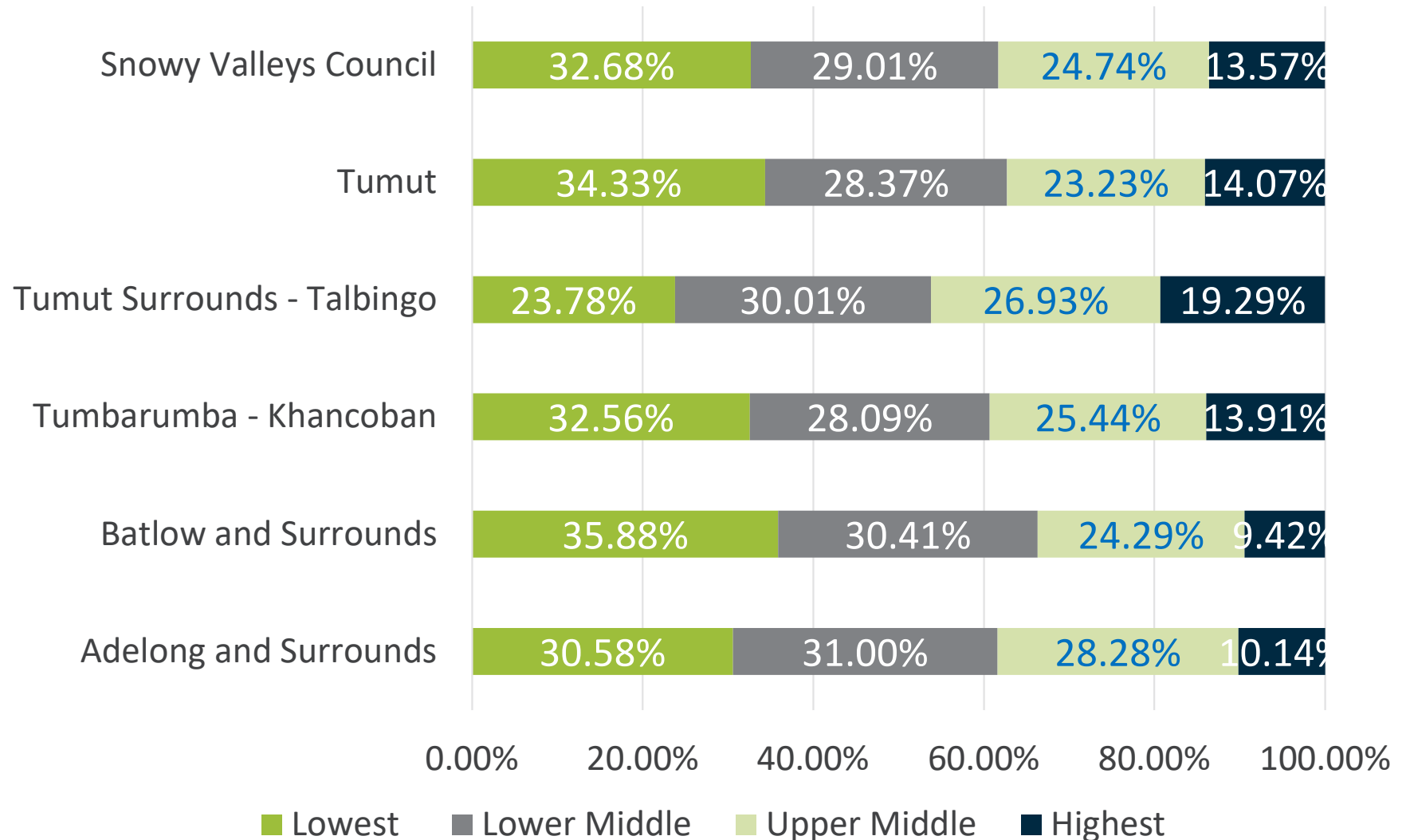
# Capacity to pay research

Area	Findings
Adelong and Surrounds	<ul style="list-style-type: none"> <li>• Highest proportion of family households as well as the largest proportion of young residents under the age of 18</li> <li>• High levels of home ownership</li> <li>• Largest middle class with respect to equivalised household income</li> </ul>
Batlow and Surrounds	<ul style="list-style-type: none"> <li>• Highest proportion of retirees amongst the LGA areas</li> <li>• Lowest level of equivalised household income within the LGA</li> <li>• Highest proportion of residents requiring assistance</li> </ul>
Tumbarumba - Khancoban	<ul style="list-style-type: none"> <li>• Largest proportion of residents in the workforce or of working age</li> <li>• Highest proportion of households with children</li> <li>• Second highest level of equivalised household income within the LGA</li> </ul>
Tumut Surrounds - Talbingo	<ul style="list-style-type: none"> <li>• Second highest proportion of family households</li> <li>• High levels of home ownership</li> <li>• Highest level of equivalised household income within the LGA</li> <li>• Lowest proportion of households under housing stress</li> </ul>
Tumut	<ul style="list-style-type: none"> <li>• Second highest proportion of working age residents</li> <li>• Largest proportion of 'at risk' households</li> <li>• Highest level of social housing within the LGA</li> <li>• Second lowest overall level of equivalised household income</li> <li>• Highest proportion of households under financial household stress</li> </ul>



# Capacity to pay research cont.

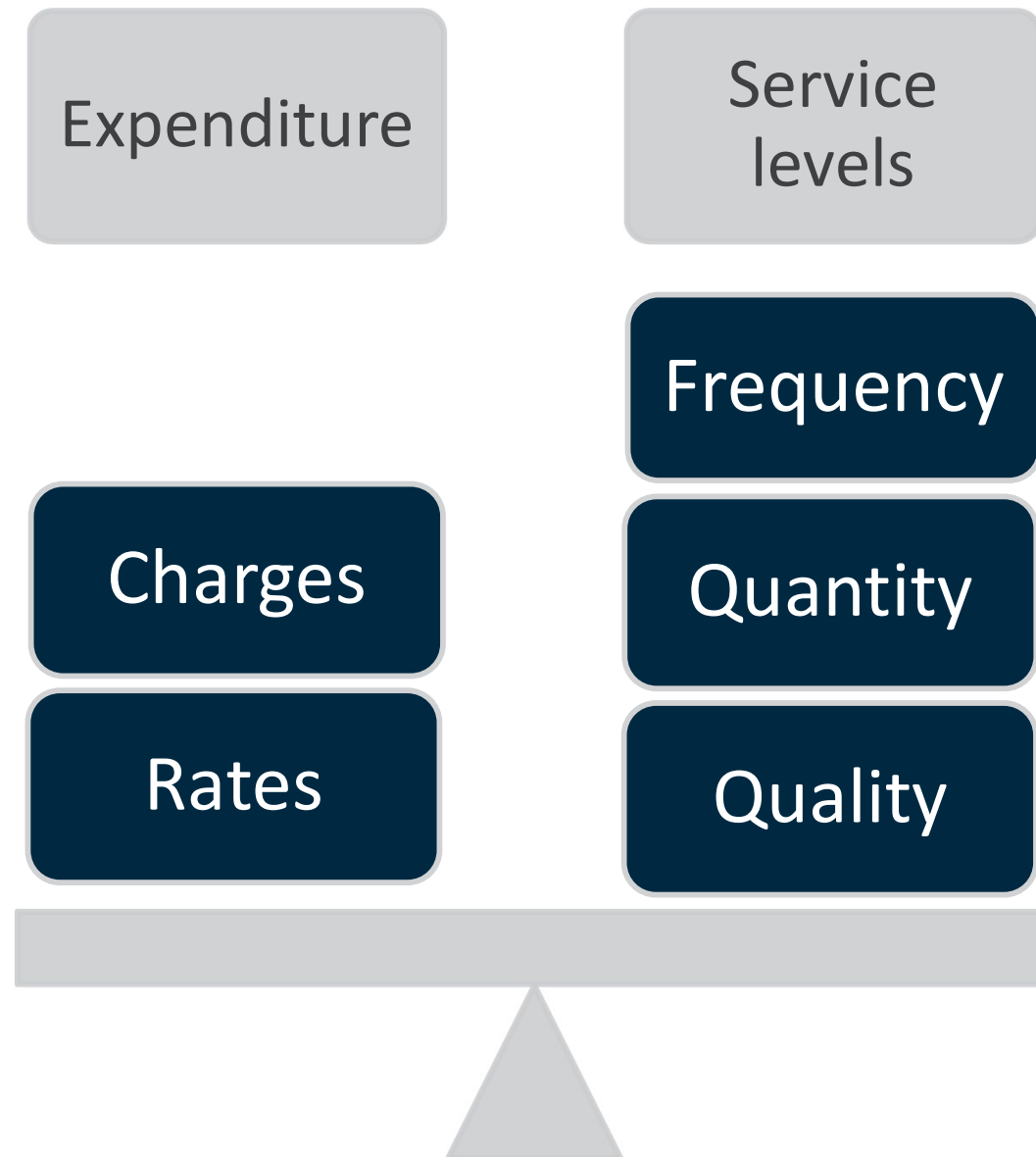
## Equivalised household income



# Housing stress

Stressed households	Percentage
Adelong and Surrounds	3.67%
Batlow and Surrounds	6.65%
Tumbarumba - Khancoban	6.20%
Tumut Surrounds - Talbingo	2.75%
Tumut	10.12%
<b>Snowy Valleys Council</b>	7.74%
<b>Canberra Region</b>	9.46%
<b>Regional NSW</b>	11.42%
<b>NSW</b>	11.68%
<b>Australia</b>	11.45%

# Goal of the community engagement



# Recap community engagement - phase one

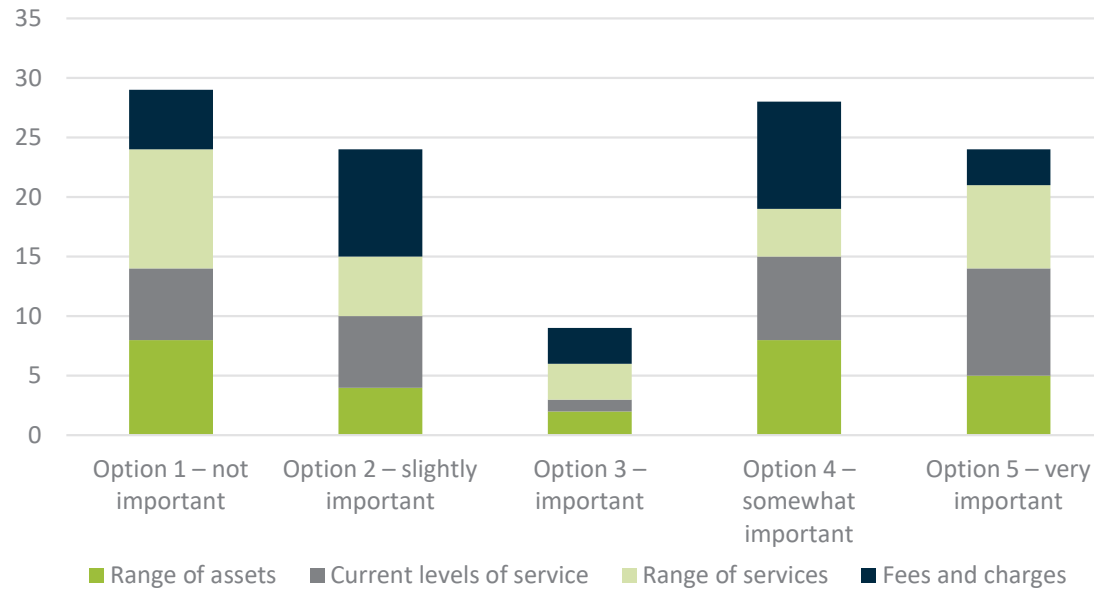
- A number of background papers were developed to provide community members with an independent opinion on Council's financial position, why this had occurred, the options available and some of the solutions.
- Eight community meetings and three internal education meetings were held.
- Meetings were advertised via local newspaper, local radio, Council's website and social media.
- Meeting polled on possible options and level of SRV. A website survey was also conducted.
- Results showed the community's feelings about the importance of maintaining current service levels when considering closing the gap measures. Community sentiment was divided.
- Of those attending meetings, most favoured the smallest SRV, followed by the largest. Those attending an online meeting were more supportive of Council's options than those submitting online.

# Recap community engagement - phase one

- Summary of community engagement activities:
  - Council webpage with all SRV information live from July 5 – 318 visitors.
  - Information on the page included SRV summary, five detailed background documents, community Q&A, recording of the community meeting presentation, a survey, feedback form and rates calculator.
  - Advertisements in print news on July 14, 16, 20, 21, 23, August 13, 18, September 8, 10, 14, 15.
  - Social media - nine posts.
  - Brochure letterbox drop delivered to 8017 households, businesses, roadside mailboxes and post boxes on 30 August.

# Recap community engagement - phase one

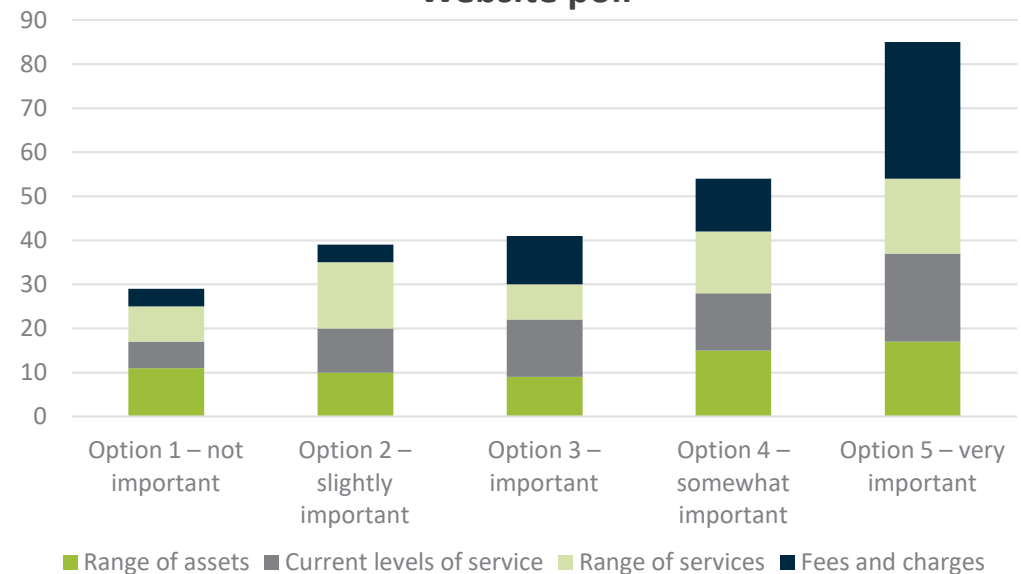
## Online meetings



## Preferred SRV and closing the gap option



## Website poll



# Additional community engagement

- Council received 549 submissions through the Integrated Planning and Reporting (IP&R) community engagement process.
- Council also received via hand delivery at the Tumut Community Meeting, 495 signed letters opposing the introduction of an SRV.
- All but a small number of these submissions:
  - opposed any SRV
  - opposed service cuts.
- Few submissions expressed a preference for actions to avoid an SRV.

# Community engagement - phase two

- Phase two communications included:
  - mail out
  - website updates
  - print advertisements
  - virtual engagement session.
- 15 submissions to Council's notice of intent – a low response rate:
  - most submissions opposed the proposed SRV
  - a small number of responses did not directly oppose the SRV but did raised questions
  - one submission supported an SRV but felt it should be a lower amount.



# Summary of community engagement

- Despite Council's best efforts, given COVID-19 restrictions, around 8% of the Snowy Valleys' community formally engaged.
- There was a contrast between those who participated in the online forums and via the website survey or submissions.
- The majority of those who engaged did not favour a large SRV and, in addition, there was an unwillingness to accept a reduction in assets, services, service levels or an increase in fees and charges.
- There was no consistent view on non-SRV preferences or actions by Council to close the funding gap.
- The engagement did not provide Council with a clear community preference for sustainability.

# Questions?

