

**INDEPENDENT PRICING AND
REGULATORY TRIBUNAL
(IPART)**

Special Rate Variation Application

Wollongong City Council 2014-15

Attachment 13

**Securing Our Future Communications and
Community Engagement Strategy**

Financial Sustainability: Securing our future

September 2013 – February 2014

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**Note this document is for internal use only between client and Engagement Unit.
Wider distribution only to occur with approval of Engagement Unit.**

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Background

Since 2007 Council's approach to financial sustainability has primarily been about achieving operational savings to improve Council's operating position, and to free up operational funds to be used for asset renewal. The program has included around 40 service reviews, harvesting underspend in Divisions through the mini-budget process, reviewing staffing structures and establishment levels, to name a few.

Whilst this process has achieved around \$20M additional capital expenditure, it has not enabled Council to move to a surplus operating position, and will not provide the long term efficiencies needed to enable financial sustainability. The continuation of a savings program has been built into Council's 10 year Resourcing Wollongong 2022 strategy. At the time of adoption (2012), the strategy commits Council to an operational improvement target of \$3.3M in 2012-13 and an annual savings totalling \$12.4M by 2022. At the time of writing this report, the target is now \$10.5M savings. Achievement of the savings target stabilises Council's operating deficit, though does not achieve an operating surplus.

Council's short to medium term financial capacity is considered to be sound by the NSW Treasury Corporation ("T-Corp") (2012). Council has:

- A large portfolio of operational and community assets
- Balanced cash flows over 10 years
- A positive financial asset position with low levels of debt, and
- Strong cash holdings that provide capacity to manage normal variations in operational performance or provide opportunity for future investment.

Council's pre-capital operating forecast continues to be in deficit around \$15M per annum over the next five years after allowing for achievement of the savings program – a clearly unsustainable position.

The longer term outlook shows little sign of improvement. Whilst Council will continue to increase its funds available for capital works, the consumption of assets (depreciation) continues to outstrip the funding available for renewal, with the gap being about \$21M annually.

It is proposed that a more intensive, focused approach is taken to achieve sustainable results. It is likely that this approach will need to include a mix of service and service level adjustments, internal efficiency measures (including budget reductions) and revenue increases (including rates, fees and charges). TCorp considers these issues to be significant and could impact the long term financial sustainability of Council. Further ongoing cost controls or securing new or additional revenue in future years is recommended by TCorp to address these issues.

The DLG, who has an oversight and monitoring responsibility for local government performance in NSW, has also indicated that Council needs to more strongly demonstrate how it intends to achieve financial sustainability over the longer term through its Resourcing Strategy. Council's existing Resourcing Strategy recognises the asset dilemma faced and that the challenge will require us to either increase our revenue, or make concessions on our services or levels of service. The current Long Term Financial Plan includes a baseline plan that reflects existing policy and service levels. The Plan identified that,

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“Council will move forward with the baseline scenario, then will engage the community to explore the dilemma faced by the organisation with regard to its assets and review the options available into the future” (pg.13).

What is the decision to be made?

Council is seeking to make a decision (using community feedback) about how to deliver a sustainable financial position for Council.

A mix of operational and efficiency improvements, changes to service levels and changes to funding sources will be considered.

Community Engagement Objective

The community engagement objective in the financial sustainability program is to:

- a. Seek feedback from the community in identifying priority services, service levels and funding sources.
- b. Deliver widespread public confidence and acceptance of the priorities, trade-offs and funding models used as being equitable and based on merit.

The engagement process involves three groups of stakeholders: external (community, businesses other levels of government – list of external stakeholder list on page 10), internal (staff) and the Councillors.

1. The **community** of whom Council will ask the following questions:
 - a. What are the priority services for Council to deliver and to what level should Council deliver these services? (Service and service level reviews)
 - b. How should Council fund the delivery of these services to the desired level? (Funding sources)
2. **Staff** of whom Council will ask:
 - a. What are the opportunities to achieve operational and efficiency improvements?
 - b. What are the priority services for Council to deliver and to what level should Council deliver these services? (Service and service level reviews)
 - c. How should Council fund the delivery of these services to the desired level? (Funding sources)
 - d. What are the opportunities to increase Council revenue?
3. **Councillors** of whom Council will ask:
 - a. What are the opportunities to achieve operational and efficiency improvements?
 - b. What are the priority services for Council to deliver and to what level should Council deliver these services? (Service and service level reviews)
 - c. How should Council fund the delivery of these services to the desired level? (Funding sources)
 - d. What are the opportunities to increase Council revenue?

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Organisational Risks

There are significant risks to the program.

There is a possibility that a rates increase will be part of the mix, and that the public and media response to this is most likely to be negative. There is also a chance that a reduction or even removal of services is also the outcome.

If a rates increase is identified by the community as being needed, the timeframe for applying for this is very tight.

Despite these risks, the implications of not addressing not achieving a sustainable financial position are wide-reaching.

High demand on internal resourcing will require the prioritisation of tasks to this project.

Public Relations Risk

This is a high risk project. Therefore it is essential that this project is carefully managed and the community are given adequate opportunity to have their say.

Timing for applying for a special rate variation is particularly tight, and may impact on the ability for the organisation to understand the details about our services (delivery streams) and adequately engage with the community about those services.

Exhibition of the Resource Strategy, Delivery Plan and Fees and Charges is likely to occur over the December-January period.

Negative media response to a potential rates increase or service reductions.

Community perception regarding inclusiveness of the engagement and understanding of the detail of information provided.

Financial Implications

The financial implications of the project and the project outcomes will be significant.

The project will require significant reallocation of staff, management and senior management time across a number of different phases of the project

There will be financial resources required to undertake the community engagement component of this program.

A future IPART application will again require significant staff involvement over an intensive period of time. This is likely to mostly involve Executive Strategy and Finance Division, and potentially Human Resources and Infrastructure Strategy and Planning. It is likely other work priorities will need to be put on hold.

At this stage it is anticipated that these costs will be met from existing operational budget.

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Key Messages

1. Council is not broke we are planning for future financial security. Council's short to medium term financial position is considered to be sound – however our long term position is not sustainable.
2. The challenge of long term financial sustainability is common across the majority of Councils in NSW.
3. No decisions have been made. We want to hear the community's ideas about how we can achieve our aims
4. Council is considering options around efficiency savings, priority services, service levels, funding sources
5. Many of Wollongong's roads, footpaths, buildings and community facilities were built in the post-war era, making them over 70 years old. The challenge Wollongong currently faces is in maintaining and renewing these assets into the future.
6. Over the past five years Council has made internal savings of \$20.3million each year to put back into improving ageing assets. We need to find \$21 million more each year.
7. On 9 December Council voted to put 3 options to provide Council with an additional \$21 million to spend on infrastructure on public exhibition
8. We received feedback from **XXXXXX** individuals and community groups
9. Based on this feedback a fourth option has been developed which pulls together elements from each of the advertised options. This option includes (rates), (services), (savings)
10. Council will meet to consider this at an extraordinary meeting on 17 February.
11. Whatever the decision of Council on Monday 17 February, any proposed changes to services will take some time to phase in. Coming out of the meeting Council will develop a three year program which will include roll out of any proposed changes.
12. Following the meeting, if Council decides to proceed with a rates rise, Council will need to notify IPART by 24 February. It is expected that IPART will publish their determination on our request online in June.
13. Some of the things the additional \$21 million a year would be spent on include; renewing Austinmer rock pool, replacing the kiosks at Stanwell Park and Mt Keira, upgrades to Corrimal, Unanderra and Helensburgh town centres, an additional 2.3km of footpath per year, renewal of Yallah Bridge at Yallah.

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Project Key Milestones

The key milestones for the Financial Sustainability: Securing our future project are listed below:

Activity	Due Date	Responsibility
Finalise Public Packs	Completed by 27/9	ES/FIN/INF
Councillor 1 day workshop	3/10	ES/FIN
Citizen's Panel	4-5 days late Sept and October	Consultant
Staff Panel 1 day workshop	October	ES/FIN
Consult on Citizen's Panel Report	Early November	ES/CE
Re-write Resource Strategy	November	ES/FIN/INF/HR
Re-write Delivery Program	November	ES/FIN + All Divisions
Council meeting	25 November	ES/FIN
Council meeting	9 December	ES/FIN
Submissions close	5 February	ES
Council meeting	17 February	
Notify IPART	24 February	ES
Annual Plan etc exhibit	April-May 2014	ES

Engagement and Communication Methodology

The engagement and communication methodology for the Financial Sustainability: Securing our future project has been broken down into four steps.

- Step 1 – Call for submissions to inform Citizens Panel
Community Submissions close 8 Oct
- Step 2 – Convene Citizens Panel to review Council services, costs & revenue
- Step 3 – Exhibition of Citizens Panel report – December November 5-20
Step 4 – Exhibition of 3 options based on financial scenarios, revised Draft Resource Strategy and Delivery Program – Exhibition of revised plans – Dec 13-Feb 5

A diagram showing a summary of the Engagement Plan appears on page 9. A detailed description of the engagement and communication methods use outlined below.

Step 1:

The community were invited to make submissions to the panel. Council wanted the community, staff and Councillors to consider three key topics: operational and efficiency improvements, changes to service levels, and changes to funding sources.

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The community were asked to make either online or paper submissions to the Panel as well as participate in online discussion forums.

The communication methods used for this part of the project including information provided on the Council's website, through bookmarks distributed at council facilities and the Neighbourhood Forums. Media briefings, releases and Council social media channels were used to broadly disseminate information.

Step 2:

A Consultant was hired to convene a Citizen's Panel of randomly selected residents to undertake a deliberative process and review Council services, costs and revenue. The Community Panel prepared a report to Council on their recommendations.

In October the Council newsletter featuring the Securing Our Future project was delivered to 80 000 households in the local government area. Advertisements were placed in The Advertiser throughout the project.

Step 3:

The Citizens Panel recommendations were placed on public exhibition from 5-20 November 2013. The key engagement tool for Step 3 engagement was an online submission form on the 'Have your say' website.

This survey invited feedback from community members regarding the overview of the Citizen's Panel findings and recommendations, recommended service level changes, recommended efficiencies and recommended revenue sources. The online submission closed with an option to provide any other feedback. Community members were also invited to email or write to Council to provide feedback.

On the 7 November 2013 Council staff convened a meeting with Neighbourhood Forum Convenors to discuss the process of the Citizen's Panel and their report, requesting members consider the recommendations and provide feedback.

Council staff were at Viva La Gong on Saturday 9 November 2013 to distribute promotional material, answer questions and invite further feedback.

Email lists and databases developed through ongoing engagement processes, including community groups and networks were used to promote the engagement and online opportunity to have a say.

Information packs were produced and distributed at a number of Council sites throughout the Local Government Area. The packs consisted of a cover sheet explaining the background to the project and how to have your say, the Citizen's Panel's report, a poster and promotional bookmarks.

An Advertisement inviting the community to read the Citizen's Panel Report and make a submission to Council appeared in The Advertiser three times during November and a media release distributed to local media on 5 November. A number of news articles have appeared in

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both print and broadcast media during the exhibition period, including use of the Illawarra Mercury's online comments facility.

The use of online media supported the engagement process during the exhibition period. The Securing our Future webpage was updated with messages about the process of the Citizen's panel as well as copies of key documents, a discussion form and submission process. The link to the Securing our future webpage has been extensively shared and promoted via Council's Facebook page and Twitter feed.

Step 4:

During step 4 the draft Resourcing Strategy 2012-2022 (revised 1 December 2013) and draft Delivery Program 2012-17 (revised 1 December 2013) and options based on three financial scenarios for securing the financial sustainability of the Council were put on public exhibition. The exhibition period was from 11 December 2013 until 5 February 2014.

The community were asked to consider the options and indicate their preference as well as review and comment on the draft strategies which explain the impacts of each option. Council explained to the community that the three options reflect the diversity of opinion obtained from the first round of consultation on the Panel's report.

Feedback was sought on different combinations of the following elements:

- Efficiencies including possible outsourcing and staff level changes
- Service changes including possible cuts, closures or privatisation
- Fees and charges increases
- Rates increases of varying levels.

The options are summarised on the survey as follows:

Option 1: Citizen's panel recommendations including service cuts and outsourcing, moderate fee rise, small rate rise.

Option 2: Limited service cuts, moderate fee and rate rise, efficiencies including some outsourcing.

Option 3: More significant rate rise, efficiencies with low impact on services and staff.

The purpose of this Step 4 engagement was to measure both the community's views of acceptable levels of service, and community capacity and appetite for a potential rate rise.

Full paid ads explaining the options appeared in the Mercury on several occasions and a brochure was delivered to all residents. Submissions were received online, via feedback forms and on a quick poll hosted on the Council website.

In addition to the exhibition materials for Steps 1-3, Step 4 featured updated Frequently Asked Questions, an information brochure outlining options and how to have your say, and the draft Resourcing Strategy 2012-2022 (revised 1 December 2013) and draft Delivery Program 2012-17 (revised 1 December 2013).

Information packs were produced and distributed at a number of Council sites throughout the Local Government Area including all Council libraries and Customer Service Centre. All information has been made available on Council's engagement web page.

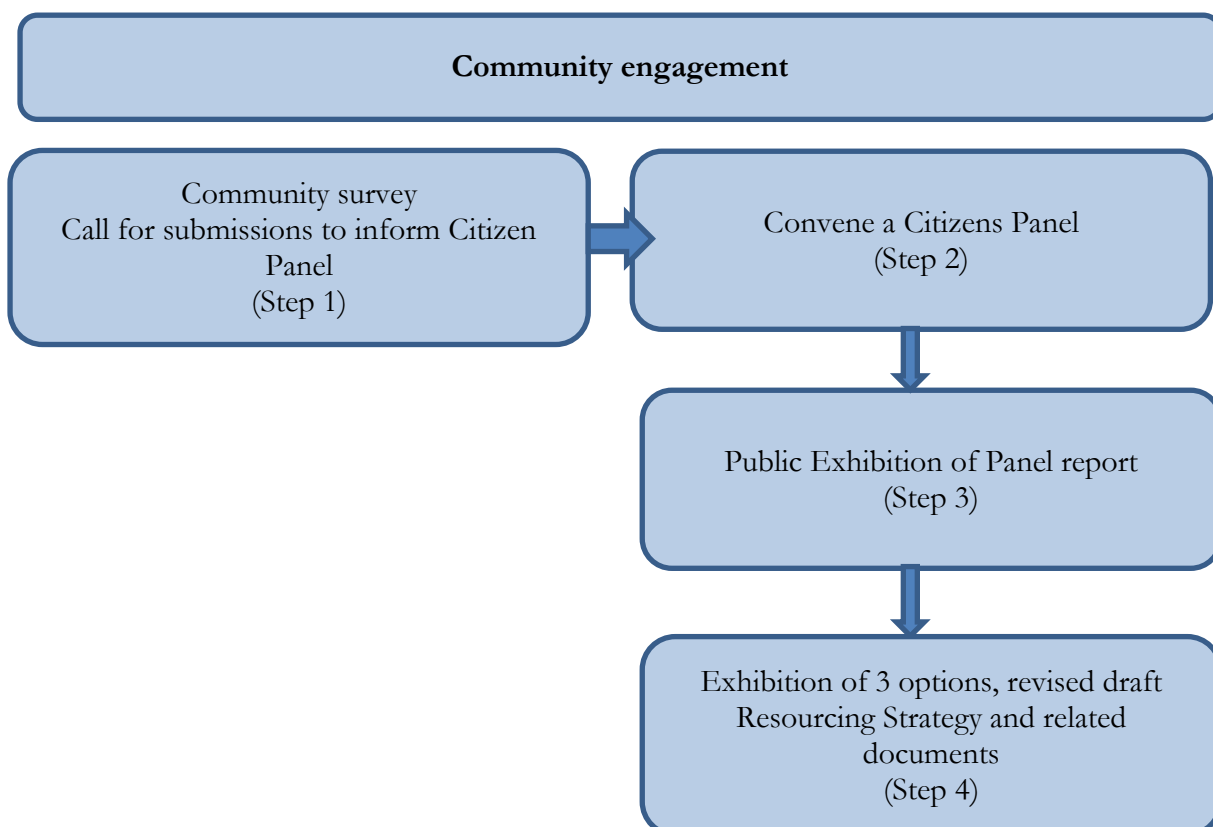
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The abovementioned brochure was distributed to more than 80 000 households in the Wollongong LGA commencing 13 January 2014. The brochure explained the many ways the community could get involved in having their say. A Fact Sheet was created in January and distributed at kiosks to explain in more depth what the rating options on exhibition mean. Comparative data is given from baseline and rate peg across each option. It also explains rating categories other than residential.

A full page advertisement appeared in The Advertiser newspaper on 18 December 2013, 22 and 29 January 2014 and the Mercury on 18 January. This spelt out the problem and the three options on exhibition.

The use of online media supported this step of the engagement process. The Council website hosted a page for Securing Our Future and all promotional materials, including a survey, videos and discussions boards were available on the webpage. The link to the Securing our future webpage has been extensively shared and promoted via Council's Facebook page and Twitter feed.

Summary of Engagement Plan: Community



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Stakeholders

The engagement process involves three groups of stakeholders: internal stakeholders (staff), external stakeholders (community, businesses and other levels of government) and Councillors. The following list is a summary of key external stakeholders.

Community

- Community action groups – Save our Services, Pool Users Group
- Neighbourhood Forums
- Licenced community operators of Council owned facilities
- Surf Life Saving Clubs
- Clubs and service organisations
- Council Reference and Advisory Groups
- Illawarra Land Council
- Special interest groups ie environmental, cultural, Friends Groups, CALD, aged and disability
- Education – Schools, P&C, TAFE, UoW, U3A, WEA

Business

- Illawarra Business Chamber
- Child care centres and kindergartens
- Unions
- IRT

Government

- State & Federal Members
- Community and health agencies

Summary of Communication Methods

A summary of the communication methods used in this project appear over the page.

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Summary of Communication Methods

Methods	Details of Methods	Distribution	Responsibility
Internal			
Councillor engagement		Councillors	Executive Strategy
News and Views	Updates September, November, December and January.	All Council Staff	Engagement/ Communications
Staff Workshops	18 October 2013	All Council Staff	Engagement/ Exec Strategy
External			
Letter	Send notification letters to stakeholders about exhibition period and inviting their feedback. Key points need to be included in the letter: <ul style="list-style-type: none"> • Securing our Future engagement is open and Council is seeking feedback • how to “have your say” • contact details for the project manager • Website link 	All community, business and government stakeholders	Engagement
Frequently Asked Questions	The FAQ should include questions that the community may ask and address the key messages for the project. Updated version distributed during Step 4 of the project Fact Sheet – “What the rating options mean”.	All community, business and government stakeholders	Engagement/ Project Officer
Flyer	Develop a flyer to promote all engagement activities. Include QR code linking to the consultation webpage.	All community, business and government stakeholders	Engagement
Brochure	Financial Sustainability Review brochures distributed to all households in January 2014	All community	Engagement

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Neighbourhood Forums (NFs)	Executive Strategy and Community Engagement to present at NFs during November	NF attendees	Engagement/ Exec. Strategy
Kiosks	Kiosks were held in December 2013 and January 2014	All community	Engagement/Exe Strategy
Reference groups	Community Engagement to present at Reference groups between October and November.	Reference groups	Engagement/ Reference group facilitator
Online engagement	Engagement page with relevant information and discussion tools	All community, business and government stakeholders	Engagement/ Communications
Media release	Media releases will be sent out to promote the exhibition periods for the project	All community, business and government stakeholders	Media Team
The Advertiser	A notice will be put in the Council Column in The Advertiser to promote the exhibition period and engagement activities. A full page ad appeared in the Advertiser 18 December 2013 and 29 January 2014.	All community, business and government stakeholders	Engagement
Mercury	A full page ad appeared in the Mercury on 18 January.		
Council Community Newsletter	The October 2013 Council community newsletter featuring information on Financial Sustainability Review was distributed to all households in the Wollongong Local Government Area.	All community	Engagement
Council facilities ie libraries, leisure centres, art gallery, youth centres, botanic gardens	A copy of the flyer, survey and relevant information will be made available at libraries.	All community, business and government stakeholders	Engagement

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Bookmarks	Securing Our Future bookmarks were distributed to libraries, shops and Council facilities.	All community, business and government stakeholders	Engagement
Social Media	Utilise Facebook and twitter to promote engagement opportunities.	All community, business and government stakeholders	Communications

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Timeframe

The timeframes for the program are non-negotiable. The key milestones for the Financial Sustainability: Securing our future project appears on page 6.

The engagement program must start no later than mid-September and be concluded with a written report to Council by 8th November for Steps 1-3. This report must be written in such a way that the wider community can read and respond to the findings of the Panel through an online and hard copy consultation process which will be managed by WCC staff in early November.

The engagement report for Step 4 is to be finalised in time for the 17 February 2014 Council meeting.

Budget

Within current budget.

Commitment

- Project Manager to keep Engagement Officer and Media Officer informed of details of works, dates and any changes to project.
- Information for media releases and advertisements to be sent by deadlines listed above.
- Draft letters and fliers to be sent to Engagement Officer prior to distribution to stakeholders to ensure that all messages are consistent.

Name	Position Title	Date	Signature
This Project Plan has been prepared by the Engagement Unit as advice on how to consult with the community on (name project) . The content of the plan has been agreed to by the parties below. The Engagement Unit will be kept up-to-date on progress of this Project as outlined in the Plan. Signed by:			
	Engagement Coordinator		
	Project Manager		
	Manager or Supervisor		