



Community Engagement Report

Balranald Shire Council

November 2017



Document status

Ref	Approving Director	Date
7261	S Bunting	November 2017

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Introduction

Balranald has a very low rate base to anchor the various services required of a modern council. Lack of finance is a major issue. As a consequence there is the reality of Balranald Shire Council struggling with compliance and legislative obligations.

In NSW, local government annual rates income is subject to rate pegging with each year's percentage increase determined by the Independent Pricing and Regulatory Tribunal (IPART) under delegation of the Minister for Local Government. The rate peg also incorporates a productivity factor.

Council was issued with a Performance Improvement Order in April 2017 which included the appointment of a temporary advisor. Council has submitted a Performance Improvement Implementation Plan, which was further extended following the advisor's report to the Office of Local Government.

To become more sustainable, Council needs to

- increase its unrestricted cash
- create sufficient financial capacity to employ resources to deliver current services
- increase asset maintenance expenditure to achieve the NSW governments asset management ratio
- increase capital and renewal expenditure to achieve the NSW governments target infrastructure backlog ratio.

To achieve this, Council has reviewed all operating expenditure to ensure that Council is spending every dollar it receives wisely, coupled with exploring all opportunities to maximise non-rating income. After this process Council is left with two options to become sustainable. These being;

- reviewing its rating structure
- applying for a Special Rate Variation (SRV) to increase its annual rates income above the rate peg.

A Community Engagement Plan (Appendix A) was developed and implemented outlining the process Council undertook to consult with residents and seek their feedback on the proposed application for an SRV. The engagement process included the development and circulation of

- Information leaflet, including a "Have your say- Submission Form" – Appendix B
- Frequently Asked Question – Appendix C
- Community Survey on the SRV and results – Appendix D
- Presentation to the Focus Group Meetings – Appendix E

This report covers community feedback from the five community focus group sessions, facilitated by Morrison Low, a summary of the written submissions and report on the survey results. Council elected to use a facilitator for the focus groups to ensure that the engagement process was seen to be independent, transparent, community focused and more removed from any perception of direct Council influence.

Engagement Summary

Balranald Shire Council engaged with the community on its current financial situation and options to address the challenges facing Council and the Community. Council considered a range of reports at a number of Council meetings to determine its options for community consultation and engagement. The Community engagement program comprised of provision of information, focus group sessions, written submissions and a community survey.

The engagement involved the provision of information by direct mail to all residents and access to information on Council's website. This information included an information leaflet, including a "Have your say- Submission Form", Frequently Asked Questions and access to staff to respond to community questions.

Council conducted five focus group sessions with 153 individuals attending. These sessions provided an opportunity for community members to provide feedback, seek clarification and ask questions. Each focus group session received a presentation and was provided with the opportunity to respond to 4 key questions - sustainable Council, satisfaction with current services provided by Council, preference of the rating options and ideas to make Council more sustainable over the long term. Following is a summary of these sessions.

There was unanimous agreement from all focus group sessions that Council should be sustainable.

It was clear from the focus group sessions that there is a strong opposition to the proposed rate increase of 10% per year including the rate peg for seven years. A small number of participants suggested a lower rate increase subject to council making some savings and efficiency improvements. The question of affordability of the proposed rate increase, due to low wages, was raised in most sessions.

All focus group sessions were largely satisfied with current services provided by Council with the exception of roads. In some cases this was the only key service that participants received and in these cases, all focus groups were dissatisfied. Other comments suggested reviewing Council services, disposing of some of the road equipment and looking at using contractors to deliver some services.

A range of ideas were suggested for Council to become more sustainable over the long term. There was a consistent theme that Council needs to improve its operational performance. Other ideas include:

- Seek to increase grant income
- sell or outsource services eg. Caravan Park, Discovery Centre, Bidgee Haven Hostel, Swimming Pool
- Review the level of Council debt
- A major restructure of Councils in Western Division
- Council to provide efficiency improvements and lift their game.
- Council being more transparent and consult with community more often.
- A rating structure that reflects service benefits.

As part of the distribution of the information leaflet was the provision for community members to provide written submissions. 187 submissions were received. Of these 155 did not support increasing the rates above the rate peg limit and 14 supported the SRV with a further 9 respondents suggesting a lower SRV increase. 9 respondents had no preference.

It is clear from the written submissions, that the majority are dissatisfied with Councils transparency and performance which influenced their view of the need for a special rates increase. Respondents expressed concern at what they believe was poor governance and inefficient management, lack of services provided, particularly related to road maintenance, poor communication between council and community and lack of accountability.

There was a number common themes for improvement namely, reduce Council staff and overheads, sell off assets to pay for services and be more transparent with the community.

Council developed an online community feedback survey for the SRV and it was accessible from Councils' website. Fifteen people responded to the survey with over 90% of respondents agreeing that it's important that Council is sustainable. 40% of the respondents were satisfied with the current services provided by Council and a further 40% somewhat satisfied.

In relation to the proposed SRV 11 of the 14 people who responded to this question indicated their preference as Option 2 - no increase in rates above the rate peg limit.

Focus Group Sessions

For each session a presentation detailing context, challenges, current financial status, proposed options for an SRV and mining rates was undertaken. Individuals were afforded the opportunity to ask questions and to seek clarification. During the sessions participants were asked to respond to the following four questions:

1. Should there be a sustainable Council?
2. Are you satisfied with the current services provided by Council?
3. What is your preferred option – a. SRV of 10% over 7 years or b. No rate increase?
4. How can Council become more sustainable over the long term?

Following are the outcomes and main issues raised for each of the five focus group sessions.

Kyalite Focus Group Session

Wednesday 8 November, 1pm to 2pm

Venue: Kyalite Hotel; Number in attendance - 4

1. Should there be a sustainable Council?

There was unanimous support for a sustainable Council.

2. Are you satisfied with the current services provided by Council?

The group was satisfied with all current services except for roads. Greater maintenance frequency required.

3. What is your preferred option – a. SRV of 10% p/a over 7 years or b. No rate increase?

The group questioned what will people get for the additional rates.

4. How can Council become more sustainable over the long term?

- Council should be working to increase its share of Financial Assistance Grants rather than looking for

additional rates income

- Council should look at options for changing rate categories to capture solar farms etc
- Council should make workers more accountable to eliminate waste, improve efficiencies
- Council should not use consultants
- There is a problem with the way Council is being run, could sort out bigger problems by starting with the smaller ones.
- Not enough work being done on roads
- Need to see better operations from Head Office – need more concrete planning so people know what they are getting for their money.

Balranald Focus Group Session 3-4pm

Wednesday 8 November, 3pm to 4.30pm

Venue: Theatre Royal; Number in Attendance - 45

Following are the outcomes and issues raised for each of the 4 questions

1. **Should there be a sustainable Council?**

There was unanimous support for a sustainable Council. The following comments/issues were raised:

- With the amount of money being paid out, Council should be able to do the job, Why have top of range new cars for staff to drive.
- Redundancy and sacking of staff, wouldn't that lead to retraining new staff (more money and time)

2. **Are you satisfied with the current services provided by Council?**

The majority were satisfied with current services. The following comments/issues were raised:

- When will ratepayers see the outcomes?
- Can Council cut any expenses, i.e. grader sits idle when raining and operator still gets paid.
- Council should review their services.
- Bring in private contractors instead of employing people.
- Wentworth Shire Council contract their road crew, why doesn't our council.
- Grader sat idle for 6 weeks when it was dry.
- Why put bitumen on top of bitumen, when nothing wrong underneath, i.e. town streets being sealed on top of seal
- Is council properly assessing roads?
- Mismanagement of Council funds, problem will still be there in 10 years if Council do nothing now.

- SRV won't solve the problem alone
- 39 recommendations from the Improvement Order reflects on the Councillors that we have now
- The Caravan Park issue was brought up at every meeting, it was explained by the General Manager that an extraordinary meeting was called and will be held on Friday.

3. What is your preferred option – a. SRV of 10% over 7 years or b. No rate increase?

The majority were against the SRV of 10% over seven years, however a number of participants would support some increase subject to Council improving its operations and performance.

The following questions were raised:

- If we vote NO to the SRV, what services will be cut?
- Where did 10% come from, why not start with 5 – 6% NOT 10%?
- How does Council expect pensioners to take on this 10% burden?

4. How can Council become more sustainable over the long term?

Following are the suggestions made by participants:

- Better Management – do more with the same, review council services.
- Administration, sell all services i.e. Caravan Park, Discovery Centre, Swimming Pool etc.
- Look at Councils debt levels
- Number of staff in office – could these numbers be reduced?
- Review organisation structure
- It was stated that after Administrator commenced in Central Darling, their services are still being delivered. Administrators sold all plant and equipment, call contractors to complete tasks.
- Where did Caltex money go, use that to pay off the debt, if it doesn't pay off the debt entirely it will certainly drop the interest rate significantly.
- What caused the 39 recommendations of the Improvement Plan – this should help
- Was suggested consultation with community more often
- Start a Rate Payers committee.

Clare Focus Group Session

Wednesday 8 November, 5.30pm to 6.30pm

Venue: Clare Community Hall; Number in Attendance - 17

1. Should there be a sustainable Council?

There was unanimous support for a sustainable Council.

2. Are you satisfied with the current services provided by Council?

The group was satisfied with some services but weren't satisfied with roads maintenance. The following comments were made:

- Roads are a disgrace
- Mungo Road disgrace, residents refuse to travel on them
- Not happy with the state of roads, 70% deteriorated, some have not seen a grader for more than 3 years.
- Its time staff and councillors drove out to look at roads more closely.
- Why are council representatives not here at the meeting?
- Ramp has been damaged for 2 years, reported to Council, and nothing has been done
- Bad Management on Councils behalf
- Caravan Park management was bought up again at this meeting, with plenty of questions and comments

3. What is your preferred option – a. SRV of 10% p/a over 7 years or b. No rate increase?

The group were unanimous against the SRV, with the following comments and questions:

- Farmer's rates will be going up by thousands.
- If the rates go up now, when will it end?
- How far are we from Administration?
- Would we get anymore services if our rates increase?
- When mining commences, what will happen to the roads then?
- Rate rise in anyway is unsupported
- Have IPART ever given 10% increase.

4. How can Council become more sustainable over the long term?

- Should be major restructure of Councils in Western Division
- FAGS funding – what about trying to increase this?
- Representative for this area to seek additional funding.

- Put Council into administration
- Run the council more efficiently
- 4% cut of wages would solve everything
- Train staff that we have to do the job more efficiently
- How many new employees have council got, and why do we need so many?
- The community were concerned about lack of communication between management, councillors and community residents.

Balranald Focus Group Session 8-9pm

Wednesday 8 November, 8.30pm to 10.00pm

Venue: Theatre Royal; Number in Attendance - 53

Following are the outcomes and issues raised for each of the 4 questions

1. Should there be a sustainable Council?

There was unanimous support for a sustainable Council. The following comments/issues were raised:

- Mismanagement of Council
- Workers can't do their jobs and spend too much on Consultants
- Why has it taken 4 years for staff to consult with public.
- Where does responsibility of mismanagement of funds lie?
- Council running behind in services with more staff than 10 years ago.

2. Are you satisfied with the current services provided by Council?

The group was satisfied with most of current services. The following comments/issues were raised:

- Maintenance grades per year are not happening
- Councillors and mayor should be present at community meetings to listen to what we have to say.
- Wasting grant money on underground power poles, when community infrastructure needs repairing eg football sheds.
- Rocks Road, was graded in the rain 6 years ago, has not been graded since.
- We need common sense in the depot
- Public not getting value for money, i.e. Pool not being opened long enough hours

3. What is your preferred option – a. SRV of 10% p/a over 7 years or b. No rate increase?

The majority were against the SRV of 10% p/a over seven years, however a number of participants would support some increase subject to Council improving its operations and performance.

The following comments were raised:

- Can council reapply for SRV after 7 years
- Does community have final say. It was advised “no” its Council.
- Why do 10% why not start with 6 or 7% and give and take a bit
- Once rates have risen they will never go back down
- How can we afford rates with this large increase?
- Very low paid employees in this town
- Very costly to live in this town
- 10% is outrageous, our wages are not as high as other regional places
- 10% over 7 years is outrageous, 10% for 4 years maybe?
- People want to live here, with rates rising this much makes it impossible

4. How can Council become more sustainable over the long term?

- Stop employing contractors and consultants, provide efficiency, and lift their game
- Shire should be more transparent and consult with community more often
- Bidgee Haven Hostel is in a financial mess
- Buy cheaper cars
- Council needs to live within its means
- Council needs to improve performance and productivity

Euston Focus Group Session

Wednesday 9 November, 8am to 9.30am

Venue: Euston Recreational Facility; Number in Attendance - 34

Following are the outcomes and issues raised for each of the 4 questions

1. Should there be a sustainable Council?

There was unanimous support for a sustainable Council. The following comments/issues were raised:

- Council not operating correctly
- What is the percentage of administration expenses incurred over the last 2 years?

- How much has been spent over the last 3 years on staff and consultants?
- Mismanagement of Council
- How much money has been overspent on the budget for the last 4 years?
- Has council still got reserves for water & sewer infrastructure?

2. Are you satisfied with the current services provided by Council?

The group was satisfied with most of current services. The following comments/issues were raised:

- More services for Euston
- Currently limited services, with some rates for roads that are graded every 3 years.

3. What is your preferred option – a. SRV of 10% p/a over 7 years or b. No rate increase?

The majority were against the SRV of 10% p/a over seven years, however a number of participants would support some increase subject to Council improving its operations and performance.

The following questions were raised:

- Currently money is not being spent in Euston
- Consultants costing too much money
- Council have made some decisions in the past that have cost money, now are coming to ratepayers for help
- The increase is a lot of money for rate payers and pensioners especially
- Maybe over a longer period?
- Maybe a one-off fee from each household

4. How can Council become more sustainable over the long term?

- Ask Government to assist financially and look for grants available
- Council get their house in order first, and then come to ratepayers asking for help
- Rating structure should reflect services
- GM should have people skills, knowledge and accounting practice
- Ratepayers lobby with local member
- Review services including the aged care service
- More focus groups for the next phase
- Council should improve productivity and efficiencies

Written Submissions

As part of the community engagement process Council produced and mailed out an Information leaflet, with feedback opportunity to return the “Have your say- Submission Form”, refer Appendix B. Council received 185 written submissions. These submissions were reviewed with following results.

Overall summary of written submissions

The “Have your say- Submission Form” sought the responses feedback on two options, along with an opportunity to provide comments. 185 written submissions were received.

The two options were;

Option 1 - Rate increase of 10% per year including the rate peg for seven years to maintain services and assets at the current levels and to ensure the financial sustainability of Council

Option 2 - No increase above the rate peg which will lead to a reduction in service levels and an unsustainable Council.

Following are the results from the written submissions

Rating Options	Option 1	Option 2	No Preference	Support Smaller Variation
Number of Respondents	14	155	9	9

83% of the respondents were in favour of option 2 - No increase above the rate peg which will lead to a reduction in service levels and an unsustainable Council.

Following is an analysis of respondent comments in terms of main issues and themes.

- Poor and inefficient management
- Lack of services provided, particularly related to road maintenance.
- Poor communication between council and community
- Lack of accountability by Council for the current situation
- Council needs to improve budget management
- Sell machinery and hire contractors to undertake the work
- Reduce staff and Council overheads
- For those that supported some increase it is on the condition that it is clearly mapped out where the additional rates will be spent.
- Affordability of the proposed rate increase
- There is very strong support for a sustainable Council but do not understand why that can't be achieved using the rates that are currently in place.
- Community is generally dissatisfied with the services provided by Council. Many people see little to no services at all provided by Council.
- Suggestions from the community on how to become more sustainable

- Reduce Council staff and overhead (particularly Councils' cars)
- Sell off assets to pay for services
- Merge with another Council
- Fix the financial position of Bidgee House aged care operations
- Be transparent with the community, allowing free flowing communication on both ends.
- Be available to hear and address community issues when they arise.

Community Survey Results

Council developed an online community feedback survey for the SRV and it was accessible from Councils' website. Please refer to Appendix D for a copy of the survey.

15 people responded to the survey with over 90% of respondents agreeing that it's important that Council is sustainable. 40% of the respondents were satisfied with the current services provided by Council and a further 40% somewhat satisfied.

In response to the question of how should Council raise additional money to eliminate the operating deficit 33% indicated that this could be achieved by cutting spending and reducing service levels in some areas. A further 33% suggested other means and are detailed below:

- Councillors stop spending money on cars and stop getting consultants in
- combination of cutting/reducing service levels in some areas and being focused on user pays
- cut spending on consultants and middle management assistant staff by limiting the amount spent on unnecessary consultants
- Reduce spend on luxury cars for staff and expenses on staff accommodation. We footed the bill for security doors at the office at a very inflated price. Can the shire spend less money on non-essentials to get us back on track?

The survey sought feedback on the community's preference of 2 options in relation to rates. The two options were

Option 1 - Rate increase of 10% per year including the rate peg for seven years to maintain services and assets at the current levels and to ensure the financial sustainability of Council

Option 2 - No increase above the rate peg which will lead to a reduction in service levels and an unsustainable Council.

11 of the 14 people who responded to this question indicated their preference as Option 2 - no increase in rates above the rate peg limit. Refer to Appendix D for a copy of the survey results.



Appendix A – Community Engagement Plan



Balranald Shire Council

Community Engagement Plan

October 2017



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7261	S Bunting	October 2017

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Introduction

Balranald has a very low rate base to anchor the various services required of a modern council. Lack of finance is a major issue. As a consequence there is the reality of Balranald Shire Council struggling with compliance and legislative obligations.

In NSW, local government annual rates income is subject to rate pegging with each year's percentage increase determined by the Independent Pricing and Regulatory Tribunal (IPART) under delegation of the Minister for Local Government. The rate peg also incorporates a productivity factor.

Council was issued with a Performance Improvement Order in April 2017 which included the appointment of a temporary advisor. Council has submitted a Performance Improvement Implementation Plan, which was further extended following the advisor's report to the Office of Local Government.

To become more sustainable, Council needs to

- increase its unrestricted cash
- create sufficient financial capacity to employ resources to deliver current services
- increase asset maintenance expenditure to achieve the NSW governments asset management ratio
- increase capital and renewal expenditure to achieve the NSW governments target infrastructure backlog ratio.

To achieve this, Council has reviewed all operating expenditure to ensure that Council is spending every dollar it receives wisely, coupled with exploring all opportunities to maximise non-rating income. After this process Council is left with two options to become sustainable: these being

- reviewing its rating structure
- applying for a Special Rate Variation (SRV) to increase its annual rates income above the rate peg.

This Community Engagement Plan outlines the process Council proposes to use to consult with residents and seek their feedback on the proposed application for an SRV.

Who are we

Balranald Shire Council is located in the south western part of New South Wales. The Shire is part of the Western Division of New South Wales. Located 850 km south west of Sydney and 450 km north of Melbourne, Balranald Shire Council covers an area of 21,346 square kilometres. Major townships within the Shire are Balranald (population 1,200) and Euston (population 600).

Balranald Shire Council sits on the Victorian border. The Victorian Cities of Swan Hill and Mildura are located 98 km and 162 km away. As such, the residents of the Shire have access to medical, educational, sporting and shopping services which provide advantages over other Western Division councils, with the possible exception of Wentworth.

In keeping with the other Western Division councils, Balranald has unique features such as major rivers, the Sturt Highway linking Sydney and Adelaide, and the Mungo and Yanga National Parks.

Visitors to Balranald and the smaller town of Euston are complimentary of the presentation and services. Both towns present as friendly and modern. Housing is of a good standard, and civic pride is evident. The appearance of the towns brings credit to the ongoing efforts of Balranald Shire Council.

The Shire was formed as a part of a large operation in the 1950s to bring much of the Unincorporated Area under municipal control. As with other examples of small municipalities merging with surrounding rural areas, a better resourced local government administration resulted.

The estimated resident population of Balranald Shire Council at June 2016 was 2,250. This represents a 4.2% decrease from the estimated 2350 resident population in 2011. Projections from the NSW Department of Statistics indicate that the population is expected to decline to 2,100 by 2031, a further 6.4% decrease from the 2011 estimated population. Total households are expected to decrease by 5.3% over the same period.

Background

Council is currently in an unsustainable financial position. In 2013, Council was assessed by NSW Treasury Corporation (TCorp) with the key findings being:

- ongoing operating deficits
- declining levels of asset renewals and forecast to deteriorate further
- Council advised no infrastructure backlog existed and asset management plans had been completed.

Since the TCorp report

- there has been no significant improvement in the operating ratio
- all asset management plans have been reviewed and the infrastructure backlog calculated
- depreciation expenses have been reviewed and adjusted downward
- investment in asset renewals has stabilised.

Balranald Shire Council has sought a review of its current rating structure due to a range of factors, namely a potential inequity between rating categories, the impact of the mineral sand mines and solar farms, the need to have appropriate categories and subcategories to manage any change in rating categories, and to address Council's overall financial position and long term financial sustainability.

Council was of the view that its current rating structure had some potential inequities between the rating categories. An analysis was undertaken which allocates the operating costs for each service (the benefit) to a rating category through a rates benefits model which compares the rates paid to benefits received. The results of the analysis indicates that there is inequity as the farmland rating category is paying more rates than the benefit received and the residential ratepayers less rates than the benefit received. However, the rates benefit model should only be used as a general guide to illustrate to Council a potential issue in the current rating structure.

Further, a comparison of the average ordinary rates for Balranald and its neighbouring councils shows that residential and business properties in Balranald pay lower average rates than those in neighbouring councils, with Balranald's average residential rate significantly lower than other councils.

Given the number, range and complexity of potential changes to the rating system in 2018/19, it is recommended that the rate structure should be reviewed for the start of the 2019/20 financial year with consideration given to rebalancing the contributions from different categories to the rate base income.

One of the key challenges is for Council to understand and quantify what the impact of mining and solar farming activities will have on the local community and on the Council. The change in use will see these properties re-categorised resulting in an increase in Council total allowable 'notional income'.

The rationale in determining the increase in rate income is based on increased demand and use of Council services and infrastructure. The basis of the cost impact assessment includes estimated population growth, recognition of location, access and use of Council services and infrastructure and potential benefits of economies of scale. The assessment also acknowledges the estimated road contributions which have been slightly discounted to recognise that staff, contractors and suppliers will use and consume the broader infrastructure of Council.

The recommended additional rate yield for these new activities is:

- Category Business: Subcategory Mineral Sands Balranald \$605,000
- Category Business: Subcategory Mineral Sands Atlas-Campaspe \$490,000
- Category Business: Subcategory Solar Farming \$70,000

In order to collect the additional rate yield, Council needs to make a rate for the new subcategories. The major issue is that there is a strong likelihood that the mineral sands valuations for rating purposes may not be available to meet this timeline. The report recommends that Council make the rate based on the estimated value provided by the Valuer General.

In addition Council understands there is a need for a permanent special rate variation (SRV) application to address its operating deficit. A revised LTFP has been developed and includes a permanent SRV application effective from 1st July 2018 for an increase of 10% (including rate peg) per year rate (compounded) for the next seven years.

Applying the 10% SRV to Council's current rate base will generate an estimated \$133,390 in 2018/19 rising to \$237,185 in the seventh year. Council will need to consider the impact on the whole rating structure as part of the revised LTFP, Delivery Program and Operation Plan and the subsequent community consultation.

Engagement framework, principles and objectives

Framework

The International Association of Public Participation (IAP2) has developed a public participation spectrum that provides an internationally recognised framework for community engagement. The spectrum is outlined in the table below.

					
	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	To provide the public with balanced and objective information to assist them understanding the problem, alternatives, opportunities and/or solutions	To obtain feedback on analysis alternatives and or decisions	To work directly with the public throughout the process to ensure that the 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 identification of the preferred solution	To place final decision-making in the hands of the public
Promise to the public	We will keep you informed	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how the public input influenced the decision	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how the public input influenced the decision	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum possible extent	We will implement what you decide

Council will use this spectrum to guide its engagement approach within the resources available.

Engagement Principles

Balranald Shire Council is committed to meaningful community engagement. In order to meet this commitment it has adopted the following guiding principles.

- Social Justice – All parts of the community should have an equal opportunity for input
- Creating the right debate – Residents will be informed. We will inform and educate the community on the key issues, options and choices facing the Shire
- Community input is valued – Council is open to all ideas and values all contributions. All input will be considered and acknowledged
- Engage Appropriately – Council will engage the community to maximise the value and range of community feedback

The combination of the application of the IAP2 public participation framework and Council engagement principles will ensure the engagement process delivers the expected outcomes and delivers an enhanced result.

Objectives

Through the application of the IAP2 Framework, the engagement principles above and the application of selected engagement tools, the community engagement process will

- inform the community of the sustainability issues facing the Shire
- test if the need for the proposed SRV is understood by the community
- gauge the level of support for the proposed SRV
- enable the Council to make an informed decision on whether to lodge an SRV application to IPART.

A successful community engagement process will deliver on the majority of these objectives. Council will measure the success of the process by

- the level of community involvement in the engagement process
- the representative nature of those individuals or groups who are engaged
- the level of feedback on the SRV.

Resourcing requirements

Budget

The Council has allocated a budget of \$18,500 for support services to facilitate this engagement process. Other costs and internal staff resources will be funded from existing budgets.

The budget has influenced the extent of community engagement that can be undertaken and as such a small range of focused engagement initiatives are planned.

Resources

This Council's community engagement process will be undertaken by a team comprising:

- Internal resources – to be confirmed
- Morrison Low Consultants

Engagement program

Council has identified a range of key stakeholders groups. Council will endeavour to ensure that each group is engaged in and able to participate in the initiatives below.

The following table outlines the community engagement actions and initiatives that will be undertaken to develop and finalise the SRV application.

Initiative	Activity	Engagement Type	Target Group	Timeframe	Responsibility
Prepare					
Develop Community Engagement Strategy	Draft strategy	Inform Inform/consult/ involve/collaborate	Council elected members and management	October	Morrison Low
Develop LTFP and Rating Review	Develop discussion documents to identify key issues facing the Shire	Inform	All residents	October	Council staff/Morrison Low
Update Facebook and website for engagement	Design Facebook webpage and web-based engagement tools <ul style="list-style-type: none"> - Information - Unloadable documents - Web feedback forms - Web surveys 	Inform	All residents	October	Council staff
Develop engagement material	<ul style="list-style-type: none"> - Submission forms - Survey forms 	Inform/consult	All residents	October	Council staff/Morrison Low
Awareness					
Create awareness SRV engagement process	Create awareness of engagement process amongst elected members and staff	Inform	Elected Members and Staff	October	General Manager
	Create awareness of process amongst Shire residents <ul style="list-style-type: none"> - Council newsletters - School newsletters - General media - Speaking engagements 	Inform	All residents	October /November	General Manager and staff
	Establish local identities as champions for the engagement process	Inform	All residents	October	Elected members

Initiative	Activity	Engagement Type	Target Group	Timeframe	Responsibility
Engage					
General Engagement					
Website	Launch website engagement	Inform/consult/involve	All residents	November	General Manager and staff
Facebook	Launch Facebook engagement	Inform/consult/involve	All residents	November	General Manager and staff
Community survey	Create and launch survey via Survey Monkey	Inform/consult	All resident	November	Morrison Low
Targeted Engagement					
Focus groups	Engage with targeted groups	Inform/consult/involve/collaborate	Special interest groups	November	Council staff and Morrison Low
Respond					
Summarise engagement	Analyse and summarise key issues from engagement process	N/A	N/A	November	Project manager and Morrison Low
Publish engagement summary	Publish summary	Inform	All residents and engagement participants	December	General Manager
Notify IPART	Advise IPART and submit final SRV application	N/A	N/A	December-January 2018	General Manager and staff
Validate					
2018/19 budget process	Public exhibition and submissions on Draft Operational Plan	Inform/Consult	All residents	May 2018	General Manager and Council



Appendix B – Information Leaflet



Message from the Mayor

We need your help to make some important decisions in Balranald Shire Council. Like many other NSW councils, our infrastructure and assets like roads, footpaths and streetlights need constant maintenance and upkeep to ensure they meet the expected standards and work when we need them.

All council revenue is regulated under 'rate pegging', basically The Independent Pricing and Regulatory Tribunal sets a rate peg which limits the amount Councils can increase their rates from one year to the next. The rate peg over previous years has not enabled Council to maintain assets and services at current levels and renew these assets in accordance with community expectations and good asset management practice.

Council was issued with a Performance Improvement Order in April 2017 which included the appointment of a temporary advisor. 39 actions have been identified to address the Orders' requirements, but without additional funding our community assets will continue to deteriorate.

So what can we do about it? Council has two options; it can apply to IPART for a Special Rates Variation (SRV) which allows Council to increase their rates over the rate peg in order to meet the needs of the community or it can adopt the status quo i.e. rate increases at the rate peg.

So far Council has made depreciation savings of \$2million per annum but to be able to continue services and maintain assets it still requires a SRV of 10%, per year, including the rate peg, for seven years commencing in 2018/19. The potential mineral sand mines will temporarily increase rates. Once operational it is estimated new rates of \$1.1 million per year for the life of the mines.

We understand that no one wants a rate rise, but to be a sustainable and maintain essential community services we believe that this is necessary. Our rate base is very low by comparison to other similar Councils. SRV applications are relatively common and most Councils will require an SRV from time to time and over the last three years IPART have granted approximately 39 SRV's to councils in need of additional funding to sustainably maintain and deliver assets and services.

We are seeking your feedback in order to help Council make this decision on whether to apply for the SRV, and want to make sure you are as informed as possible on the change. I encourage you to return the form on the back page of this leaflet to express your views on this proposal.

Leigh Byron
Mayor 24th October 2017

What will the SRV pay for?

Your rates pay for the creation and upkeep of the community's assets (roads, parks, bridges, recreation facilities, buildings and drainage) and a host of services. It's important to keep up local services and ensure assets are maintained to make Balranald Shire liveable and avoid huge cost to the community later in the asset lives. Together with the savings already made and the SRV over the seven years this will be spent on:

- \$2.1 million on asset backlog;

- \$1.05 million to additional maintenance of council infrastructure assets such as the road and drainage network; and
- \$11.8 million to ensuring that all service levels across all Council's functions are maintained without falling into debt

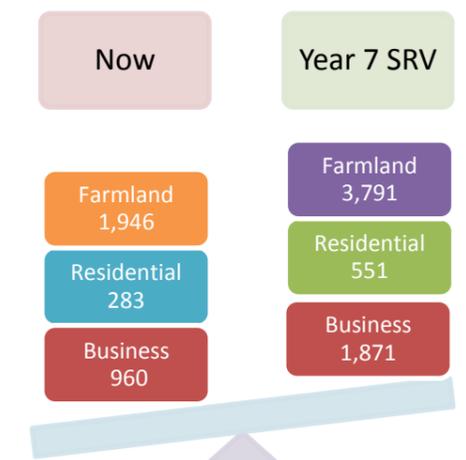
How will the SRV impact my rates?

The increase in rates (in terms of dollars) will vary for residents across the shire but to help understand the impact of the SRV the following table shows the proposed rate increases based on the average land value for each rating category and sub category. This represents a 95% cumulative increase in the total average rate.

Impact of Average Rates by Category					
Category	Ave Land Value	Average Rates per Property	Average Rates Year1 SRV	Average Rates Year 4 SRV	Average Rates Year 7 SRV
Farmland General	700,174	2,838	3,122	4155	5531
Farmland - Other Rural	72,489	363	399	531	707
Farmland - Intense	123,369	1,183	1301	1732	2305
Farmland - Average	438,314	1,946	2140	2848	3791
Residential - Balranald	40,536	299	329	438	583
Residential - Euston	51,740	293	322	429	570
Residential - General	20,488	189	208	277	368
Residential - Average	41,238	283	311	414	551
Business - Balranald	44,059	1,395	1534	2042	2718
Business - Euston	113,600	2,352	2587	3443	4583
Business - Mining	41,473	470	517	688	916
Business - Rural	8,706	288	317	422	562
Business - Average	35,597	960	1056	1406	1871
Total Average	159,973	861	947	1260	1678

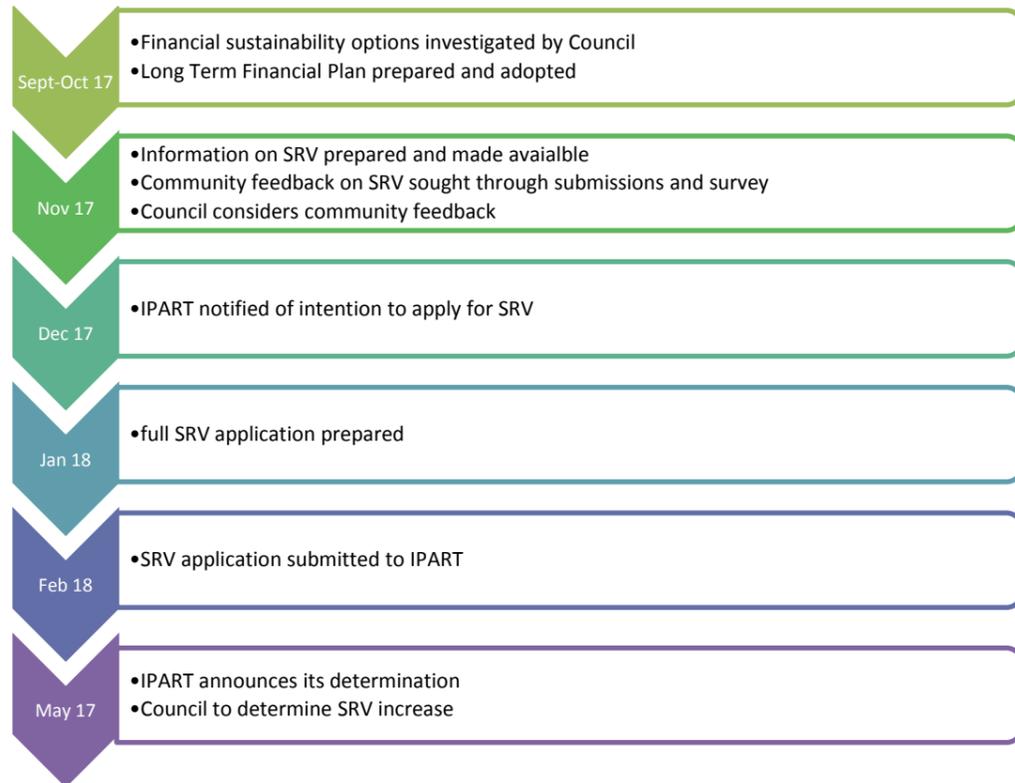
For an indication, this is after the seven year SRV, comparison to other councils current average rate bill.

Category	Average Rates by Comparison			
	Balranald	Hay Shire	Wentworth	Balranald Year 7 SRV
Farmland	1,946	4,131	1,581	3791
Residential	283	597	747	551
Business	960	1,679	1,137	1871





How does the process work?



How can you have your say?

Council will be releasing all relevant and current information on their website under the *latest news* section as well as Council's Facebook page. There is also a set of frequently asked questions that can be found under *latest news* section. You can respond with the form in this leaflet or via our web survey under the latest news section.

All feedback is required by 12 noon on the 17th November 2017.

More information is available at <https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Ratepayers>



Have you say – Submission Form

Return by noon **17 November 2017** to
Council Offices
Or
Scan and email to
council@balranald.nsw.gov.au
Or
Post to
PO Box 120 Balranald NSW 2715

My preferred option is

Option 1: Rate increase of 10% per year including the rate peg for seven years to maintain services and assets at the current levels and to ensure the financial sustainability of Council

Option 2: No increase above the rate peg which will lead to a reduction in service levels and an unsustainable Council

Name:

Address:

Postcode:

Email:

Comments:

Appendix C – Frequently Asked Questions

Frequently Asked Questions (FAQs) | Special Rate Variation



What is Rate Pegging?

Council's rating revenue is regulated under the NSW Government's 'rate pegging'. The Independent Pricing and Regulatory Tribunal (IPART) sets a rate peg which limits the amount by which councils can increase their total rate revenue from one year to the next. For many years, the rate peg limit has not kept pace with the increases in costs for councils to deliver services.

What is a special rate variation?

After IPART announces the rate peg for the upcoming year, councils can then have a conversation with the community as to whether the increase is sufficient to continue to deliver the existing range and standard of services available, whilst also ensuring there is sufficient funds to maintain and renew infrastructure. If they feel the increase is insufficient, Council can request an increase above the rate peg limit. These increases are known as a Special Rate Variation (SRV).

Applications for increases above the rate peg limit are assessed by IPART. IPART has stringent criteria which a council must meet before approving any application.

Why do we need a special rate variation?

Following the issue of the Performance Improvement Order 39 actions have been identified to address this order. The major reasons for the SRV is to build unrestricted cash, as currently Council has very limited financial capacity to meet ongoing commitments, to have sufficient resources to deliver current services and to increase asset maintenance and capital renewal expenditure to ensure assets are fit for purpose.

The proposed Special Rate Variation is an important step to help maintain and manage our current assets and ensure we deliver services in line with community expectations and remain financially sustainable.

What is a Performance Improvement Order?

The Minister for Local Government has issued a Performance Improvement Order requiring Council to address a number of issues identified by the government. Details of the Order can be found on Council's website.

What will the SRV be spent on?

The impact of the SRV on the Long Term Financial Plan of Balranald Shire Council will be an increase of \$950,000, excluding rate peg amount, after year 7, along with a \$14 million saving in depreciation that will be allocated to our assets backlog and maintenance issues and current service provision including:

- \$2.1 million on asset backlog;
- \$11.8 million to ensuring the General Fund remains in balance and all service levels across all Council's functions are maintained;
- \$1.05 million to additional maintenance of council infrastructure assets such as the road and drainage network

Visit our website www.balranald.nsw.gov.au and click on the Special Rate Variation link for further details.

How much will my rates go up?

The increase in rates (in terms of dollars) will vary for residents across the shire. The reason for this is that Council uses the land value of properties throughout the shire to determine the level of rates each property owner should pay.

In other words, land value determines how Council's total rate income will be collected from each property owner. To allow residents to understand the impact of the SRV the following table shows the proposed rate increases based on the average land value for each rating category and sub category. This represents a 95% cumulative increase in the total average rate.

Balranald Average Rates Table

Category	Ave Land Value	Average Rates per Property	Average Rates Year1 SRV	Average Rates Year 4 SRV	Average Rates Year 7 SRV
Farmland General	700,174	2,838	3,122	4155	5531
Farmland - Other Rural	72,489	363	399	531	707
Farmland - Intense	123,369	1,183	1301	1732	2305
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Residential - General	20,488	189	208	277	368

Residential - Average	41,238	283	311	414	551
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Business – Average	35,597	960	1056	1406	1871
Total Average	159,973	861	947	1260	1678

Visit our website www.balranald.nsw.gov.au and click on the Special Rate Variation link for further details.

Could some areas of Council become more efficient?

We continue to drive organisational efficiencies with the significant improvement being the reduction in depreciation costs as a result of the revaluation of council assets. This is currently saving ratepayers \$2million per year. We are committed to service review program to ensure we deliver services and facilities that meet our community's needs in the most efficient way. Council will also review its current rating structure, undertake service reviews and fees and charges income.

Despite these savings, we still do not have sufficient funds to meet the costs of providing the current service levels.

Can Council use grant funds to meet costs such as the infrastructure backlog?

There are substantial legislative restrictions over Council's funds. The Local Government Act 1993 (Section 409) states that funding granted to / collected by Council for one purpose cannot then be utilised for another purpose. In other words, a grant secured for sporting fields cannot be spent on roads. Only limited grant funding opportunities exist and are available for road asset renewal and upgrades and these generally have to compete on a State or Federal basis.

Is there an opportunity for Council to change its mind about a special rate variation?

Any council considering a rate increase must comply with the requirements set out in IPART guidelines, including a notification confirming their 'intention to apply' while they continue with consultation. Balranald Shire Council will consider whether to notify IPART after the community consultation has concluded in November 2017. The actual application (due in February 2018) cannot be submitted until Council makes a formal resolution to do so. Council will make this decision at a Council meeting in February 2018.

Why aren't the water and sewer services included in these documents?

The Local Government Act requires councils to fund water and sewer as separate functions. This is the reason why water and sewer rates and user charges are shown separately on your Council rates notice.

The proposed Special Rate Variation is for General Operations only. As this does not apply to water and sewer rates and user charges, they have been excluded from these documents.

How do our rates compare with others? Many residents have asked us how we compare to other councils in terms of the average rate bill. The table below illustrates this comparison.

Category	Balranald	Hay Shire	Wentworth	Balranald Year 7 SRV
Farmland	1,946	4,131	1,581	3791
Residential	283	597	747	551
Business	960	1,679	1,137	1871

The last column in the table above is the average category rate for Balranald ratepayers at the conclusion of the SRV increases.

What is happening with the two proposed mineral sands mines?

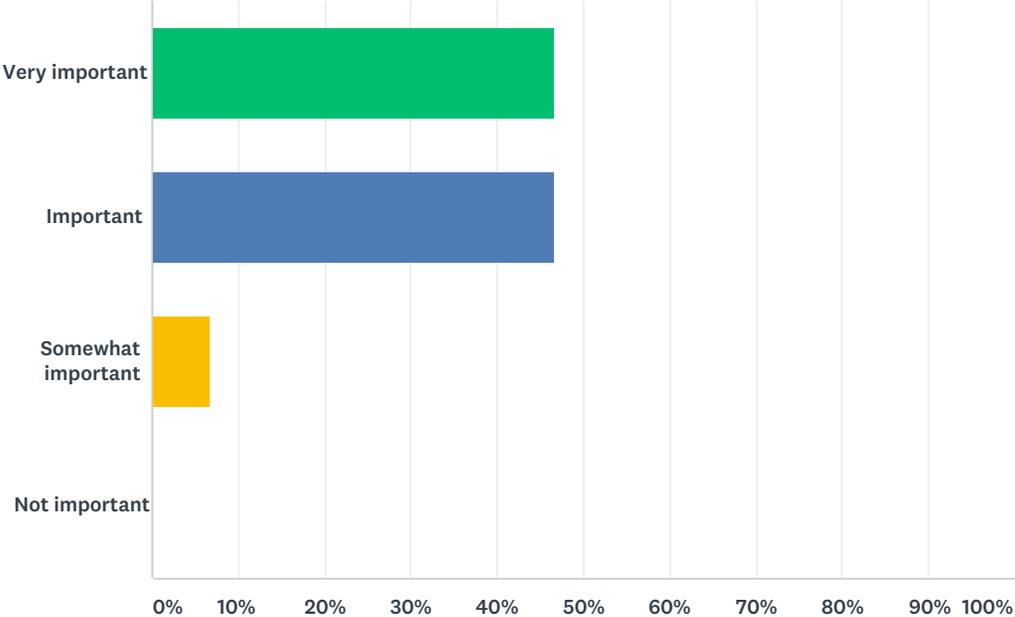
At this stage neither mine has commenced production and therefore Council is not able to charge rates. Council is preparing for when the mines commence operation by establishing a rationale to charge rates. It is also proposing to create a mineral sands mining rating category and make a rate for 2018/19. It should be noted that the mines have a defined life of 16 to 20 years and therefore the rates will only be charged for that period. The mineral sands rate burden will not be redistributed to ratepayers once the operations cease. Details of the rating rationale, costs to provide additional services and maintain assets and estimate rates can be found in the Long Term Financial Plan.



Appendix D – Community Survey and Results

Q1 How important is Council's Sustainability to you?

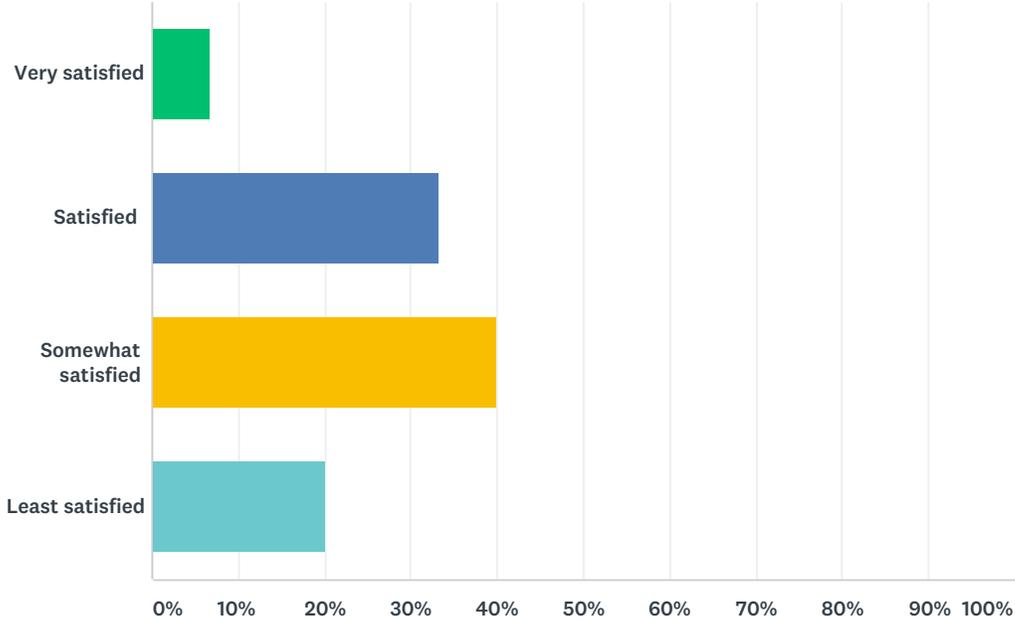
Answered: 15 Skipped: 0



ANSWER CHOICES	RESPONSES	
Very important	46.67%	7
Important	46.67%	7
Somewhat important	6.67%	1
Not important	0.00%	0
TOTAL		15

Q2 Overall, how satisfied are you with the current services provided by the Council?

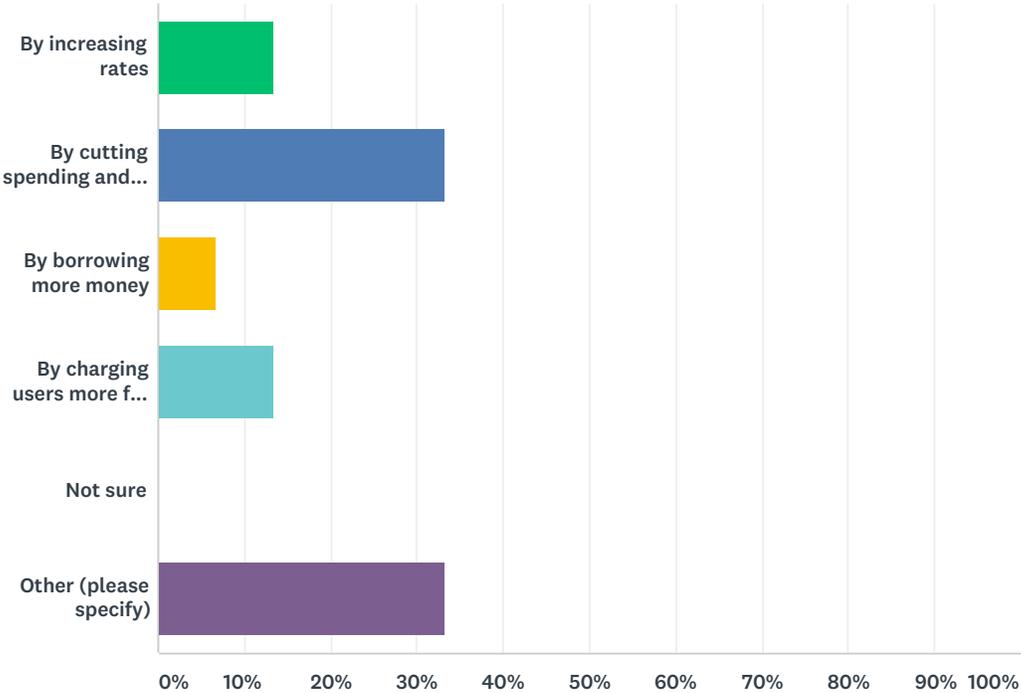
Answered: 15 Skipped: 0



ANSWER CHOICES	RESPONSES
Very satisfied	6.67% 1
Satisfied	33.33% 5
Somewhat satisfied	40.00% 6
Least satisfied	20.00% 3
TOTAL	15

Q3 Council has been running in operating deficit over a number of years which is impacting its spend on services. How do you think this money should be raised?

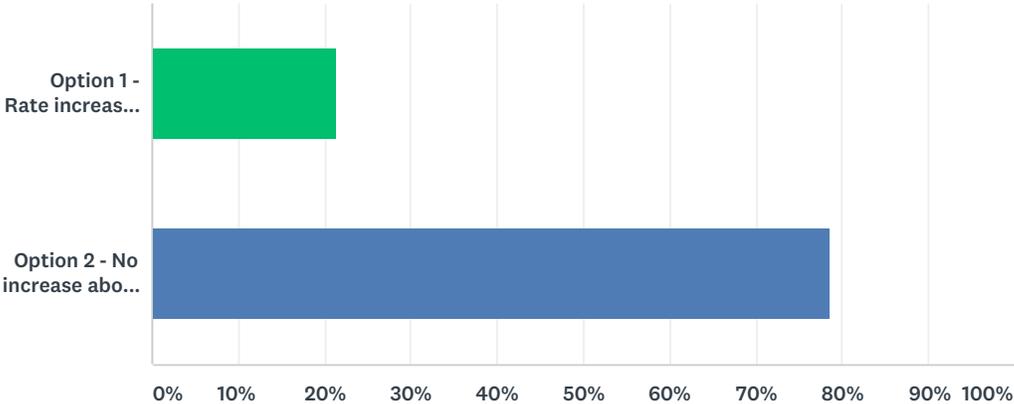
Answered: 15 Skipped: 0



ANSWER CHOICES	RESPONSES	
By increasing rates	13.33%	2
By cutting spending and reducing service levels in some areas	33.33%	5
By borrowing more money	6.67%	1
By charging users more for the services they use	13.33%	2
Not sure	0.00%	0
Other (please specify)	33.33%	5
TOTAL		15

Q4 Council is seeking feedback on two options available that would impact infrastructure condition across shire. We encourage you to review each option and provide feedback about your preferred option.

Answered: 14 Skipped: 1



ANSWER CHOICES	RESPONSES	
Option 1 - Rate increase of 10% per year (including rate peg) for seven years to maintain services and assets at current levels and to ensure the financial sustainability of Council.	21.43%	3
Option 2 - No increase above rate peg. This option will lead to reduction in service levels and unsustainable Council.	78.57%	11
TOTAL		14



Appendix E – Presentation to Focus Group



Focus Group Information

Balranald Shire Council

8th and 9th November 2017



Welcome and Introductions



Agenda

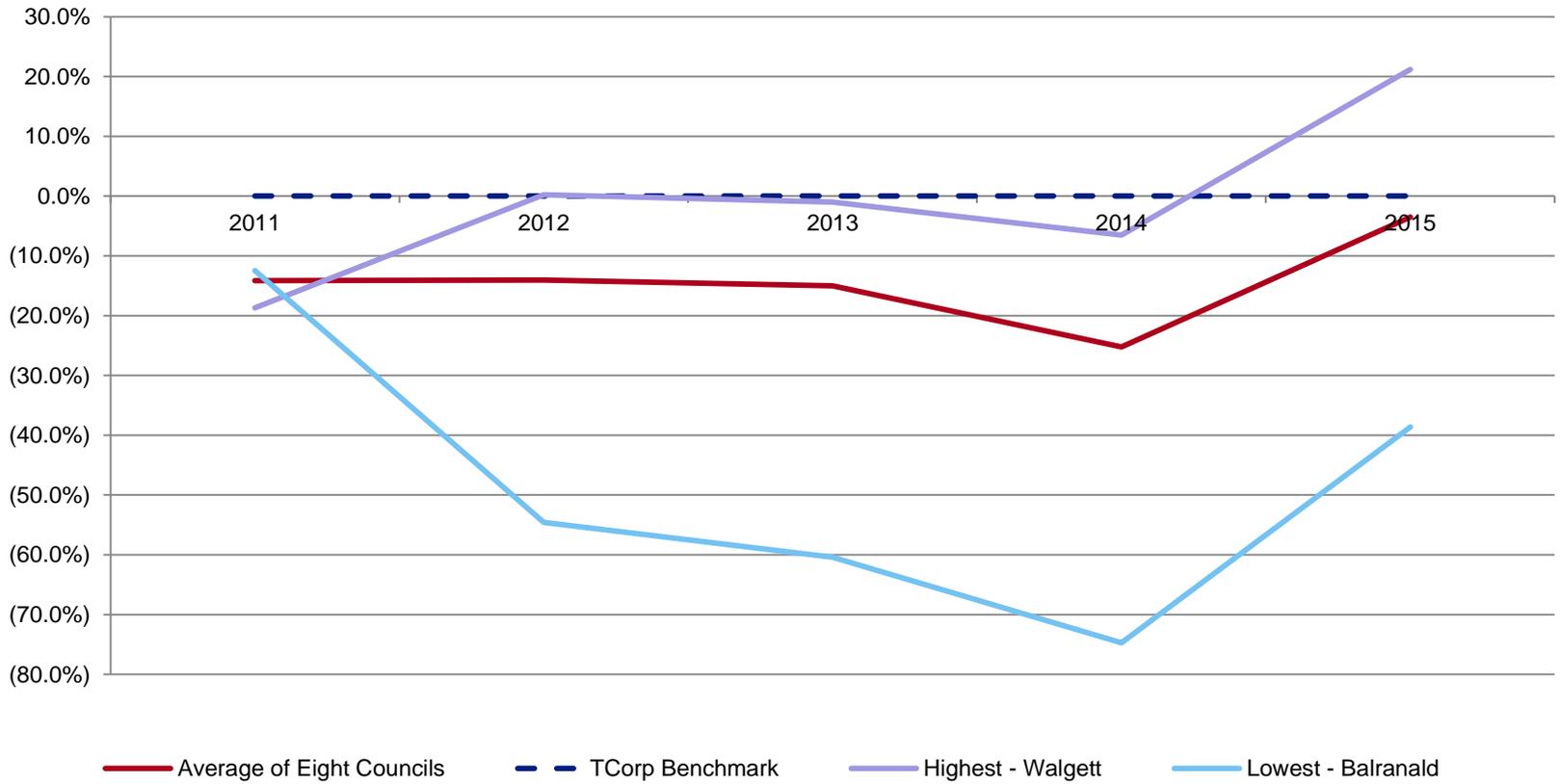
- Background and context
- Challenges for Balranald community and council
- Current Financial Status – Scenario 1
- Proposed Option – Scenario 2
- Proposed Option – Scenario 3
- Special Rate Variation (SRV) details

Background and context

- Council was issued Performance Improvement Order and 39 actions have been identified to address this order.
- One of the key actions is that Council prepare and adopt a Long Term Financial Plan with options to address Councils financial position.
- Council assessed its options to achieve ongoing financial viability.
- The Long Term Financial Plan adopted for community consultation

Background and Context

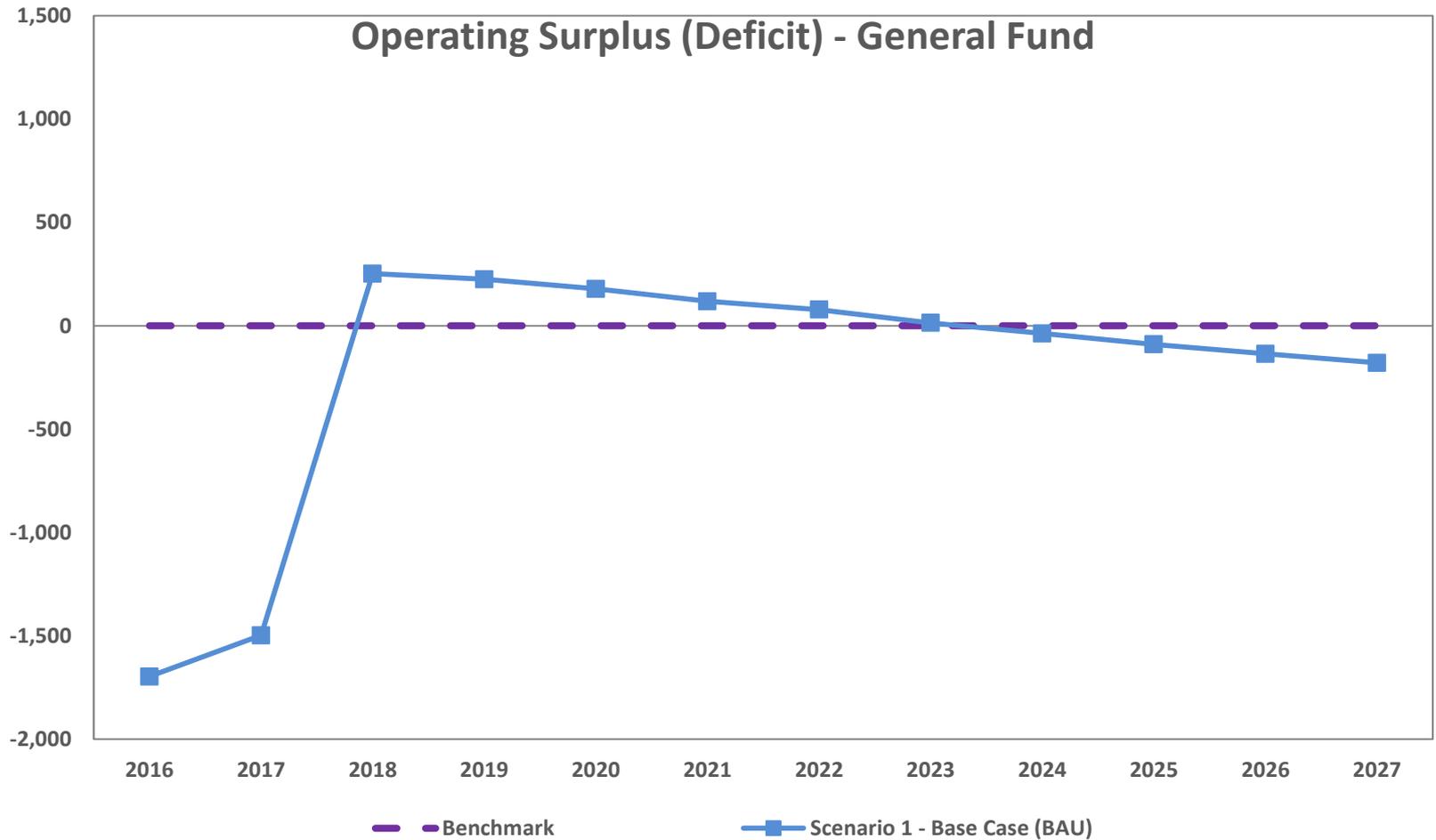
Operating Result – Tcorp Assessment – Dec 2015



Community and Council Challenges

- Estimated resident population at June 2016 was 2,250, expected to decline to 2,100 by 2031. Total households are expected to decrease by 5.3% over the same period.
- Council has a very low rate base to deliver the various services required of a modern council. As a consequence Balranald Shire Council struggles with compliance and legislative obligations.
- Council's location and size significantly increases the cost of service delivery.
- Total general rates is \$1.3m with services valued at \$13.7m delivered
- Extremely limited capacity to make savings through service level changes

Current Status – Operating Result

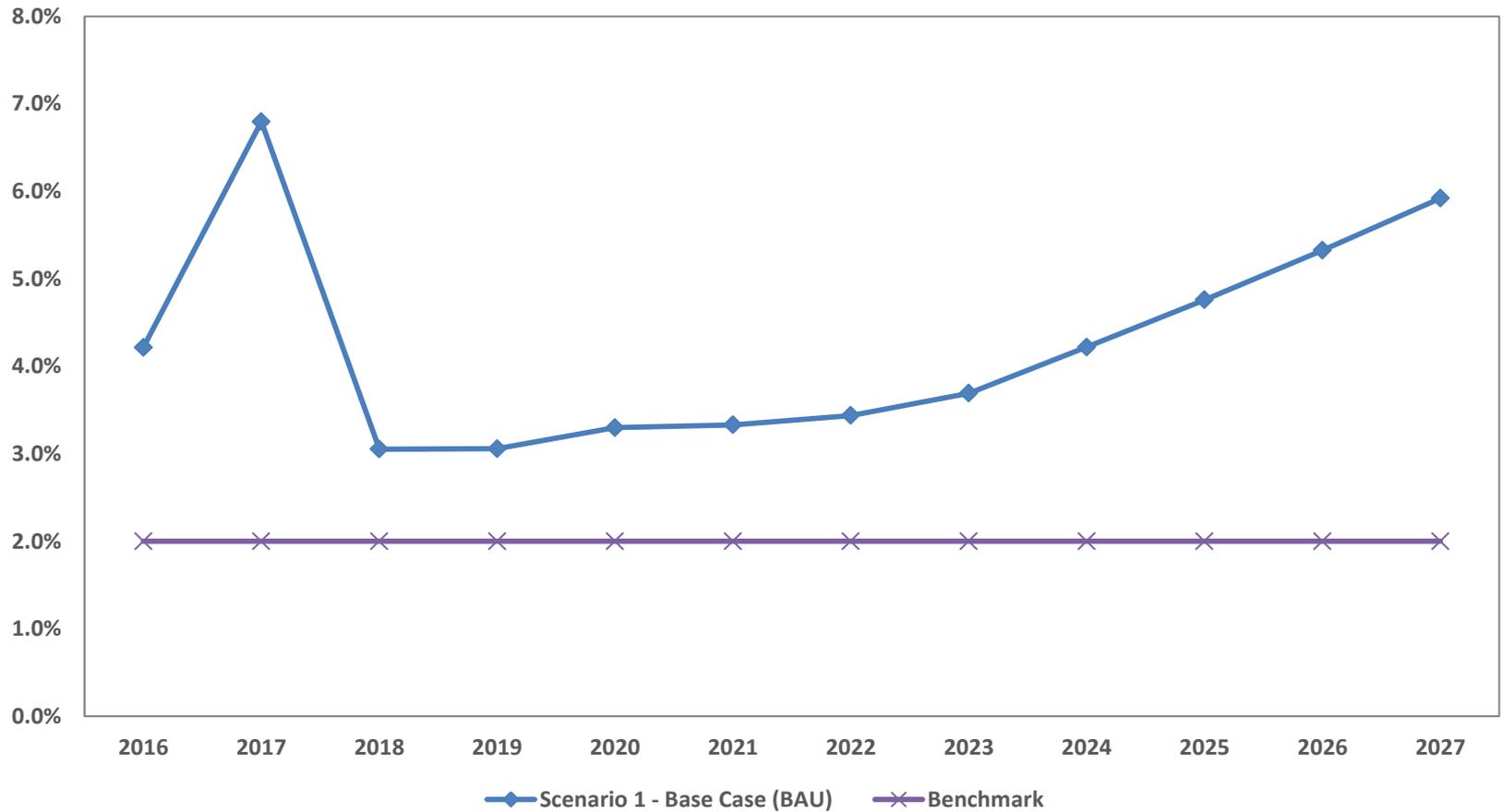


Current Status – Scenario 1

In our 2017/18 budget, which is the Scenario 1 base case, Council has taken the approach to reflect the current financial state, including the depreciation savings of \$2 million resulting in a very small surplus of \$252,000. Operating surpluses are not sustained beyond 2020/21. More importantly the current LTFP forecasts does not address the asset management challenges the Council faces with all indicators trending in the wrong direction.

Current Status – Backlog Ratio

Infrastructure Backlog Ratio (General Fund) - Annual Measure



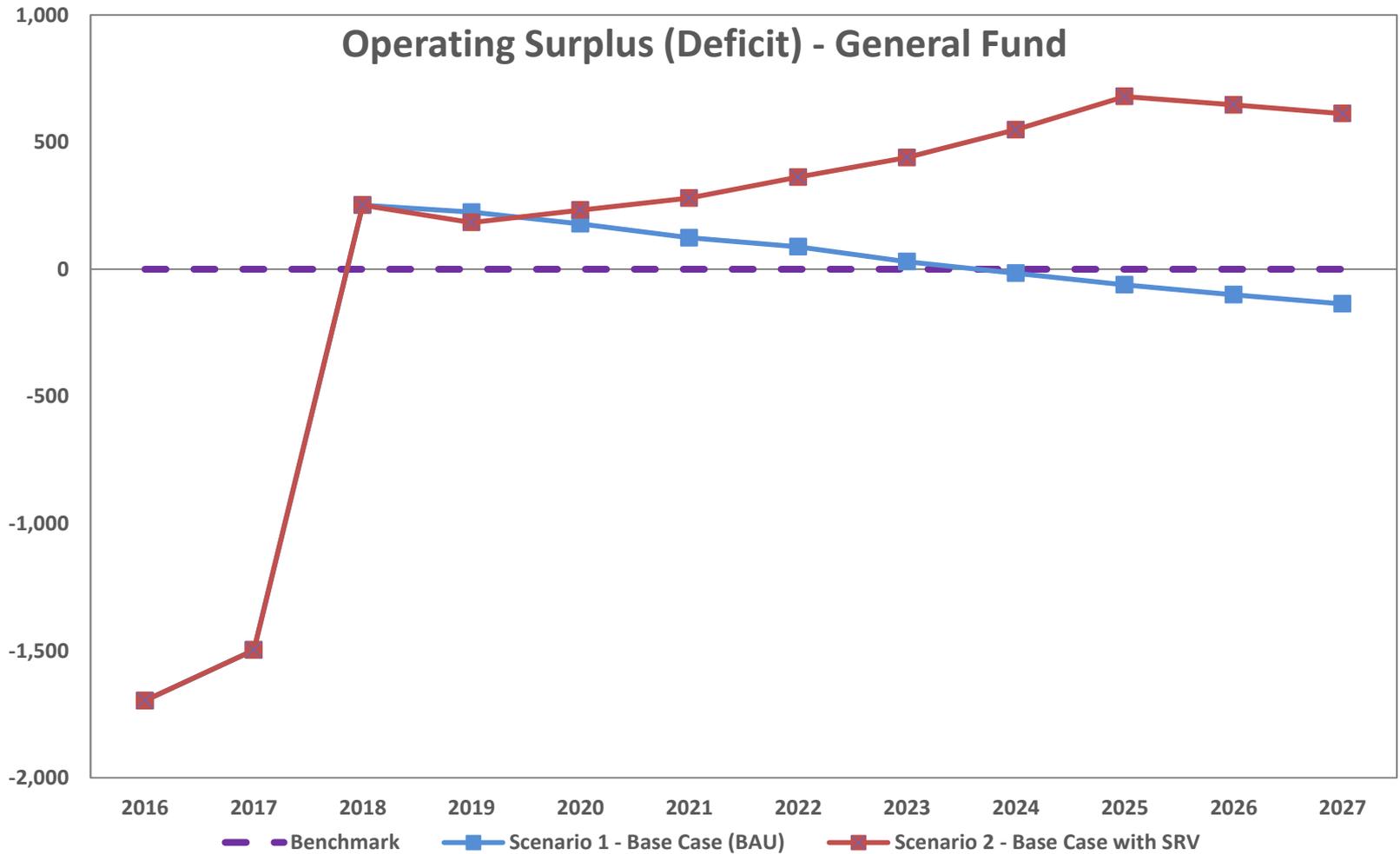
Need for a Special Rate Variation (SRV)

- Council has limited opportunities to decrease expenditure or increase income from its current operations to become sustainable. So an SRV will
 - Create a financially sustainable Council
 - Build unrestricted cash, as currently Council has very limited financial capacity to meet ongoing commitments let alone unplanned opportunities
 - Provide sufficient resources to employ additional staff in order to deliver current services.
 - increase asset maintenance and capital renewal expenditure to ensure assets are 'Fit for Purpose'
 - address the PIO requirements/obligations

Proposed Option – Scenario 2

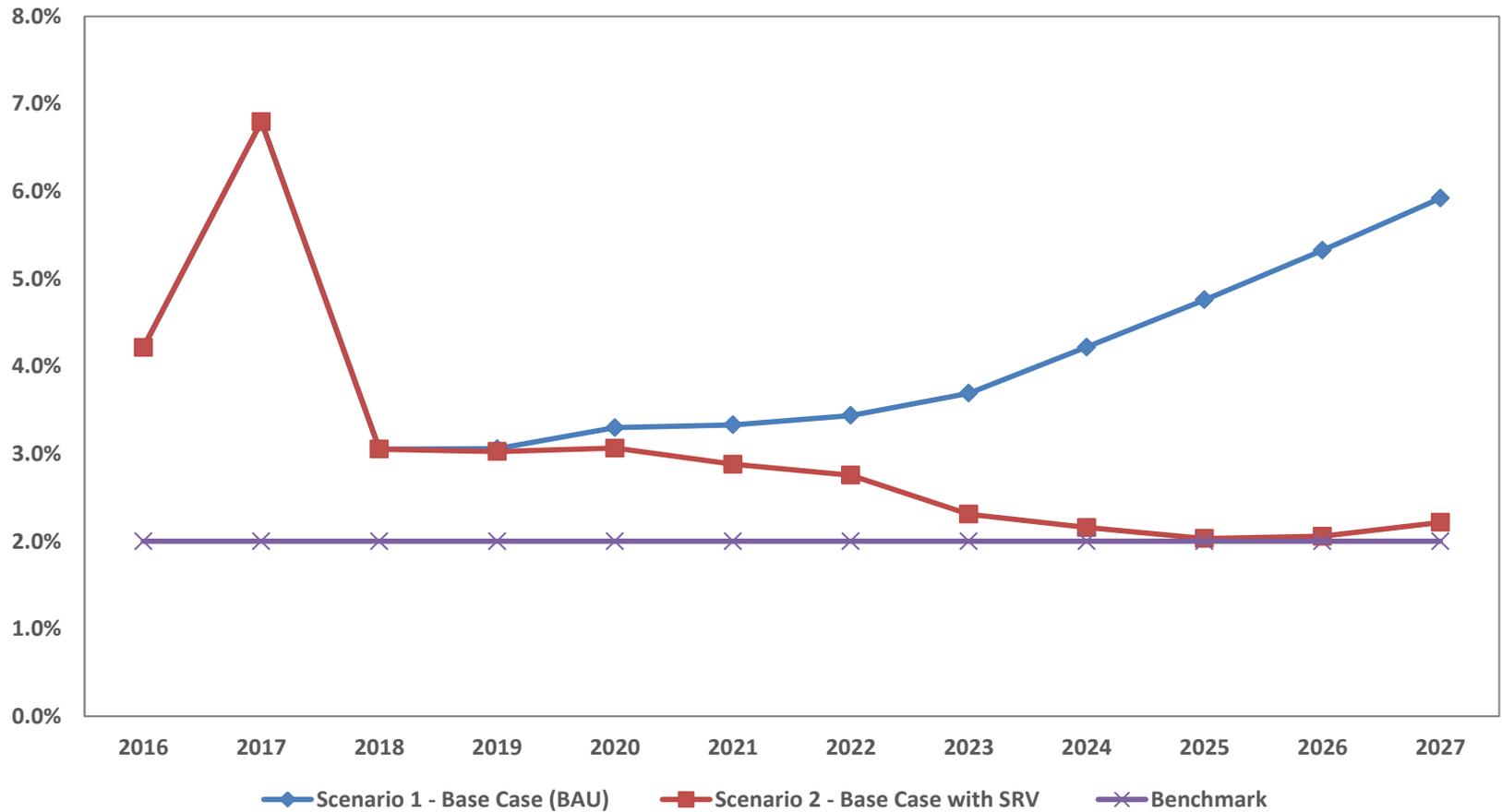
This takes the scenario 1 and adjusts the financial projections to include rating for solar farm activities and a proposed permanent SRV of 10% per year (including rate capping) each year for 7 years commencing in 2018/19. Productivity improvements from the service review program have also been considered along with the 39 actions to address the PIO. Based on the premise that the SRV is approved and the new solar farm activities commence in 2018/19 additional expenditure has been included for asset maintenance and renewal to address the FFTF asset ratios.

Proposed Option – Scenario 2



Proposed Option – Scenario 2

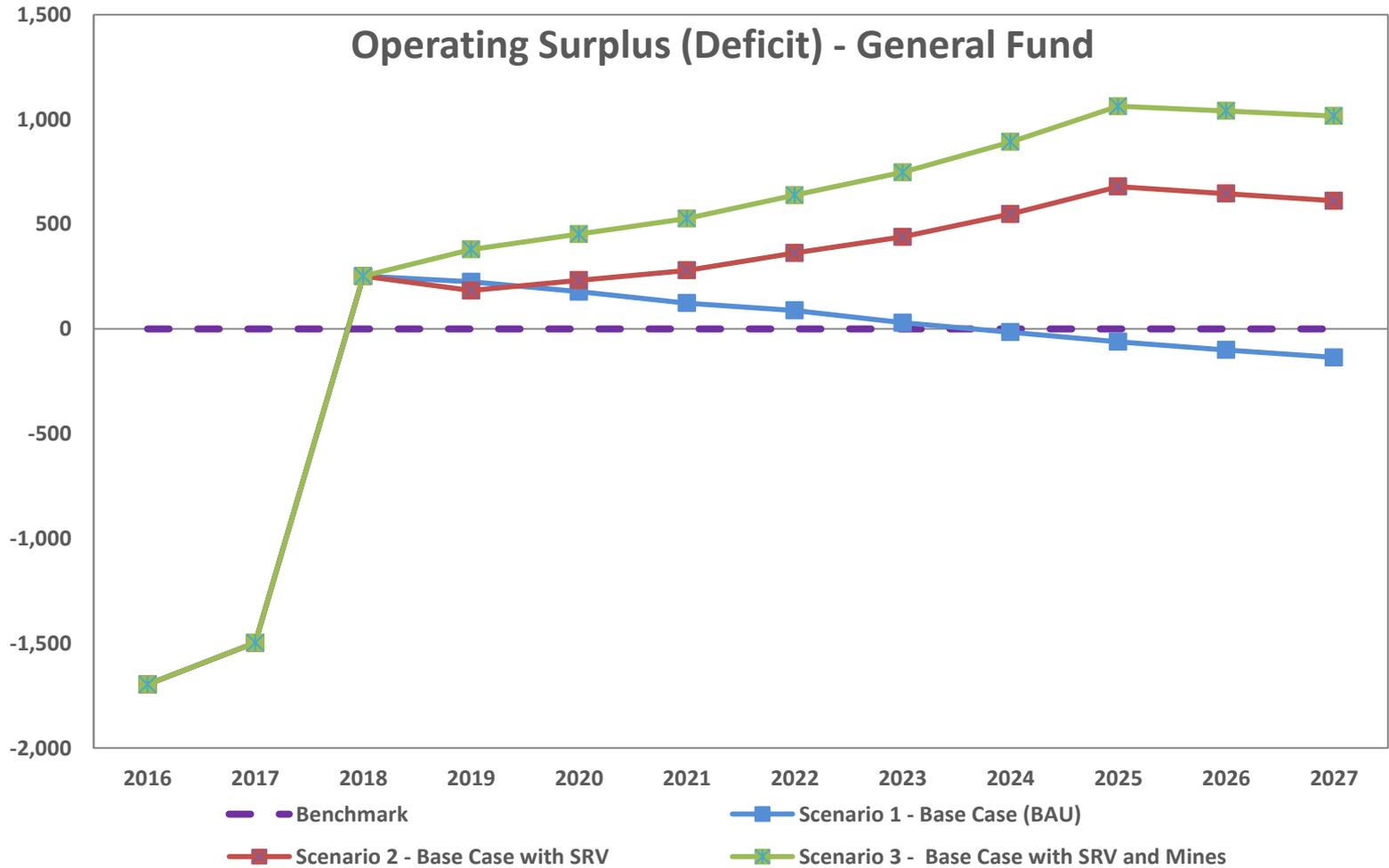
Infrastructure Backlog Ratio (General Fund) - Annual Measure



Proposed Option – Scenario 3

This option it takes scenario 2 and adjusts the financial projections to include rating for mineral sand mining activities from 2018/19. A proposed permanent SRV of 10% per year (including rate capping) each year for 6 years commencing in 2019/20. These are significant new activities where Council has to determine the impact on its operation and the level of rates these activities should contribute. As a result expenditure to meet the demand of extra service provision, infrastructure operation and maintenance has been included. In addition each of the mines have agreed to a road contribution which has been deducted from the gross rate amount.

Proposed Option – Scenario 3



What is an SRV ?

Councils can then have a conversation with the community as to whether the rate peg increase is sufficient to continue to deliver the existing range and standard of services available, whilst also ensuring there is sufficient funds to maintain and renew infrastructure. If they feel the increase is insufficient, Council can request an increase above the rate peg limit. These increases are known as a Special Rate Variation (SRV). Applications for increases above the rate peg limit are assessed by IPART. IPART has stringent criteria which a council must meet before approving any application.

Proposed Special Rate Variation

- The proposed SRV is 10% per year rate (compounded) for the next seven years **including** rate peg @2.5%
- Current total rates \$1.3m
- Total rates after 7 years \$2.6m
- 95% cumulative increase
- Number of SRV made by other Councils

Year	Number of Councils	Number years	Cumulative Increase %
2014/15	35	1-7 years	7.1% - 63.2%
2015/16	22	1-5 years	4.5% - 50.7%
2016/17	10	1-4 years	2.8% - 45.3%

Impact of SRV on Average Rates

Impact of Average Rates by Category					
Category	Ave Land Value	Average Rates per Property	Average Rates Year1 SRV	Average Rates Year 4 SRV	Average Rates Year 7 SRV
Farmland General	700,174	2,838	3,122	4155	5531
Farmland - Other Rural	72,489	363	399	531	707
Farmland - Intense	123,369	1,183	1301	1732	2305
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Business - Mining	41,473	470	517	688	916
Business - Rural	8,706	288	317	422	562
Business - Average	35,597	960	1056	1406	1871
Total Average	159,973	861	947	1260	1678

Total cumulative increase over 7 years in the average rate is 95% - \$861 to \$1678 pa.

How do my rates compare to other Councils ?

Average Rates for a range of Councils

Council>	Balranald	Hay Shire	Swan Hill	Wentworth	Balranald
	2017/18	2017/18	2017/18	2017/18	Year 7 SRV
Category					
Farmland	1,946	4,131	3355	1,581	3791
Residential	283	597	1366	747	551
Business	960	1,679	3566	1,137	1871

What will the SRV be spent on ?

The impact of the SRV on the Long Term Financial Plan of Balranald Shire Council will be an increase of \$950,000, excluding rate peg amount, after year 7, along with a \$14 million saving in depreciation that will be allocated to our assets backlog and maintenance issues and current service provision including:

- \$2.1 million on asset backlog;
- \$11.8 million to ensuring the General Fund remains in balance and all service levels across all Council's functions are maintained;
- \$1.05 million to additional maintenance of council infrastructure assets such as the road and drainage network

Comments/Questions

