

# Special Rate Variation consultation



## Community Engagement Strategy

November 2024



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## Introduction

This community engagement action plan outlines the approach, key messages and timeline for community consultation on the potential SRV. This plan has been developed to ensure that it meets the SRV assessment criteria set out by the NSW Office of Local Government, who sets policy and oversees the local government industry, and the Independent Pricing and Regulatory Tribunal (IPART), who will assess any SRV application submitted. It has also been developed in compliance with North Sydney Council ('Council') Community Engagement Policy and Protocol as well as the International Association for Public Participation (IAP2) Australasia Quality Assurance Standard.

Under Council's Community Engagement Policy, all engagements are guided by the following principles:

- **Focus and commitment:** Council will ensure that the rationale behind the engagement is clearly stated and will consult with affected parties before making decisions.
- **Resourcing:** Council will ensure that any proposed project is adequately resourced, and the level of community consultation relates to the level of community involvement required.
- **Timing:** Council will undertake community engagement at the earliest appropriate stage of the project.
- **Inclusiveness, accessibility and diversity:** Council will ensure that the groups or individuals invited to participate in the consultative process are representative of the overall target group, and that communication strategies are designed to reach the broadest appropriate sections of the community and attract the broadest range of community interests.
- **Provision of information:** Council will provide sufficient information to participants that is accurate and unbiased, and that will provide opportunities for them to form sound opinions and decisions. Council will undertake to provide information in plain English and, where appropriate, provide information in languages other than English and in alternative formats.
- **Responsiveness and feedback:** Council will provide regular updates to participants during the consultation process and at the project's conclusion detailing the outcomes of the consultative process.
- **Evaluation and continuous improvement:** All consultation conducted by and on behalf of Council will include an evaluation component. The outcomes of all consultations will be used to better inform future Council decisions. A summary of all evaluations will be available to the public on request.

This plan addresses each of these principles in the sections below.

# Engagement Intent

## Rationale for engagement

Council is considering the need to increase rates by more than the rate peg, by IPART. This need to consider this increase results from work undertaken over the last two years across a number of areas and is critical to ensuring Council applies sound financial management practices in exercising its functions. This work includes:

- A structural review to ensure the right resources are in place to effectively and efficiently deliver services.
- An assessment of what is required to improve and maintain existing assets and infrastructure to meet the community's expected standards.
- A series of community engagement activities to gather input on priorities for North Sydney's next ten years, which shaped the development of Council's Informing Strategies, and will in turn inform Council's 2025-2035 Community Strategic Plan.

Before Council resolves to make an application to IPART to increase rates above the rate peg, it must first engage with the community so that the community is informed of the proposal and can provide its feedback on what is being considered.

Council will engage with the community on four SRV options, as outlined in Table 1 below. Options 1, 2 and 3 will provide different levels of revenue and be able to deliver different benefits, which are outlined in Table 2 below. Option 2a and 2b provide similar benefits, the difference between them is the implementation period of the SRV, with Option 2a over two years and Option 2b over one year.

**Table 1 Proposed SRV options for community consultation**

All options include the rate peg	2025-26	2026-27	2027-28	Cumulative
Option 1: Financial repair	50%	5%	5%	<b>65.38%</b>
Option 2a: Strength and sustainability (SRV over 2 years)	50%	25%	Rate peg	<b>87.50%</b> <sup>1</sup>
Option 2b: Strength and sustainability (one year SRV)	75%	Rate peg	Rate peg	<b>75%</b>
Option 3: Future growth	60%	20%	10%	<b>111.20%</b>
Rate peg (base case)	4%	3%	3%	

<sup>1</sup> The Office of Local Government SRV Guidelines and IPART Guidance requires that SRVs are stated at the cumulative impact of the proposed rate increase over the number of years that the SRV is proposed to be implemented. Option 2a is proposed to be implemented over two years and 2b is proposed to be implemented over one year, therefore its cumulative rates in the table about are compounded over two and one years respectively. However, this doesn't provide an accurate comparison for these options against the other proposed options (option 1 and option3) that are over three years, as the rate peg increases will then apply after the SRV is implemented. If the assumed 3% rate peg is applied for years two and three, the comparison rate for option 2a is 93.31% and for option 2b is 85.66%.

**Table 2 Benefits of each SRV Option**

	Option 1	Option 2 (a and b)	Option 3
Deliver current services and address core deficits	●	●	●
Deliver the committed North Sydney Olympic Pool project	●	●	●
Deliver required systems replacement in Governance Strategy	●	●	●
Maintain infrastructure renewals	● 80% renewal rate in 2025-26 and 2026-27, with 100% thereafter.	● 80% renewal rate in 2025-26 and 2026-27, with 100% thereafter.	● 80% renewal rate in 2025-26 and 2026-27, with 100% thereafter.
Repay borrowings	● Borrowings reduced by 70%	● Borrowings reduced by 70%	● Borrowings reduced by 70%
Reduce infrastructure backlog	● Critical infrastructure in 2025-26 and 2026-27, Level 3 reduced by \$15M per year (indexed) from 2027-28	● Critical infrastructure in 2025-26 and 2026-27, Level 3 reduced by \$15M per year (indexed) from 2027-28	● Critical infrastructure in 2025-26 and 2026-27, Level 3 reduced by \$15.0M per year (indexed) from 2027-28, with a further \$15.5M per year (indexed) from 2028-29
Deliver initiatives outlined in the informing strategies, including expanded services and new and upgraded infrastructure.	●	●	●

### Engagement purpose and goals

The purpose of this community engagement is to ensure that the community is adequately informed and consulted about the impact of the proposed special rate variation and the impact of not applying for a special rate variation.

The objectives of this community engagement process include:

- To present the proposed SRV options.
- To identify the impact of the SRV options on the average rates across each rating category.
- To gauge the community's willingness to pay for the new initiatives proposed in the Informing Strategies.
- To exhibit the draft Informing Strategies, an updated 2022-2026 Delivery Program and a 2024-35 Long Term Financial Plan (LTFP) demonstrating the impact of the proposed SRV on Council's operating results from 2025-26 for feedback and final endorsement by Council.
- To communicate to the community the timeline and process for any potential SRV application.
- To gather and consider the community's feedback to inform Council's final decision on whether and how to move forward with an SRV application.

### Stakeholder analysis

The key impacted stakeholders are those that pay rates in the Council's Local Government Area (LGA) or are renting property in the LGA, where there may be rent increases passed to cover the proposed rate increases fully or partly.

Stakeholder groups have been identified below to ensure that the specific considerations of these groups can be integrated into the community engagement plan. These groupings are not mutually exclusive, that is, individuals may fall into a number of different stakeholder groups. For example, individuals who own multiple properties in the LGA may be both resident ratepayers and landlord ratepayers.

Table 3 Stakeholder groupings

Stakeholder group	Who is in the group	Specific considerations
Resident ratepayers	Homeowners who are residents of the LGA	Proposed rate increases will be directly incurred by these stakeholders, although these costs may be passed on if the property is rented.
Residential renters	Renters who are residents of the LGA	It will be a decision of the landlord on whether and when any rate increases are passed on to renters.
Business ratepayers	Business property owners within LGA	Proposed rate increases will be directly incurred by these stakeholders, although these costs may be passed on if the property is rented.  Rates are generally a business expense to this category of ratepayer.
Business renters	Business who rent property in the LGA	Similar to residential renters, it will be the decision for the landlords to pass the increase cost of the rate increase on to these businesses. Rent can be a business expense.
Culturally and Linguistically Diverse (CALD) members	Residents and business operators with CALD backgrounds	Culturally and linguistically diverse community members will require the option to have information presented in their preferred language.
Community stakeholder groups	Members of community groups that engage with Council	These community-led groups have a direct interest in their members/ residents and therefore, they need to understand why Council is proposing an SRV.

Within each stakeholder group, there will be a range of socio-economic factors that will be considered through a capacity to pay analysis and report; this will further inform not only the affordability of any SRV, but also may provide further insight to improve the consultation plan and key messages.

## Engagement Approach

### Impact and complexity of engagement

This engagement is defined as ‘high impact’, which means that the issues will have a real or perceived impact across the whole LGA. The issue has the potential to create controversy and has a high level of potential community interest.

It is also considered to have ‘high complexity’, as the information presented to the community will be based on relatively complex financial analysis and needs to be expressed in terms that are easily understood.

### Levels of engagement

The level of engagement is defined from the IAP2 Spectrum of Public Participation in the figure below. This spectrum outlines the level of engagement required depending on the purpose and desired outcome of the project.

Figure 1 IAP2 Spectrum of Public Participation

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making 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 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 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 extent possible.	We will implement what you decide.

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To meet the assessment criteria for an SRV application, Council must:

1. Demonstrate that the **need and purpose** of a different rate path for Council’s General Fund is clearly articulated and identified in Council’s Integrated Planning and Reporting (IP&R) documents.
2. Show evidence that the **community is aware** of the need for and the extent of a rate rise.
3. Show that the **impact on affected ratepayers** is reasonable.
4. Exhibit, approve and adopt the relevant **IP&R documents**.
5. Explain and quantify the **productivity improvements and cost containment** strategies in its IP&R documents and/or application.
6. Address any other matter that IPART considers relevant.

To meet criterion two, Council would only need to undertake engagement at the “inform” level, but a “consult” level would ensure it more fully meets criteria one and four.

Additionally, where the proposed SRV funds additional projects, services or service level increases, Council must consider the community's willingness to pay for these increases with increased rates, as required for criteria 3.<sup>2</sup>

As a result, this community engagement action plan is drafted to meet both the inform and consult levels of engagement. This means that Council will provide the public with balanced and objective information to assist them in understanding the problem, alternatives, and preferred solution and to obtain the public's feedback on analysis and alternatives. Council will keep the public informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision made by Council.

Council is currently preparing a 2024-35 Long Term Financial Plan (LTFP), updated 2022-25 Delivery Program and informing strategies. These documents, which include the proposed SRV, will be exhibited, approved and adopted by Council in parallel to this community engagement process.

### Engagement timing and resources

The proposed community engagement is expected to run over a six-week period commencing on 27 November 2024 and concluding on 10 January 2025.

This community engagement will build from inform to consult:

1. Inform: to raise awareness and inform all stakeholder groups of the options being considered.
2. Consult: to seek considered community feedback on these options to inform Council in their final deliberations on a potential SRV application.

At the conclusion of the engagement a detailed outcomes report will be prepared outlining the results of the engagement and summarising the feedback received.

This engagement will be conducted with a team consisting of both Council and consultant resources. This enables best value with the combination of Council Community Engagement professionals with a deep understanding of the North Sydney community and consultant resources (from Morrison Low) with extensive experience in communication and engagement around Special Rate Variations.

### Engagement method

The proposed mechanisms to be used for this engagement are outlined in the table below.

Table 4 Engagement mechanisms

Mechanism	Level of consultation	Recommended under Engagement Protocol	Reach (stakeholder groups)
Web page (Your Say North Sydney)	Inform	Essential	Engagement platform that can provide a wide range of information and house the on-line engagement survey.
Newspaper advertisements	Inform	Essential	Key local publications: <ul style="list-style-type: none"> <li>• Mosman Daily</li> <li>• Northshore Times</li> </ul>
Fact Sheet	Inform	Essential	To include translation versions to cater for CALD communities.
Media Release	Inform	Essential	In line with a media plan

<sup>2</sup> International Association for Public Participation (IAP2) Australasia, 2018. IAP2 Spectrum of Public Participation. Retrieved from: [https://iap2.org.au/wp-content/uploads/2020/01/2018\\_IAP2\\_Spectrum.pdf](https://iap2.org.au/wp-content/uploads/2020/01/2018_IAP2_Spectrum.pdf).

Mechanism	Level of consultation	Recommended under Engagement Protocol	Reach (stakeholder groups)
Information Displays	Inform	Essential	Unmanned displays in key locations (e.g. libraries) that provide information on SRV and details of where to go if they have questions.
e-Newsletter	Inform	Essential	Subscribers of the newsletter
Social media channels	Inform	Essential	Followers of Council's Facebook, Instagram and LinkedIn. Council's YouTube can be utilised for live streaming, as required.
Reference Groups – Citizen Jury	Inform and Consult	Essential	Small group of more informed residents to gain deeper feedback on proposal.
Combined Precinct Committee	Inform and Consult	Essential	A session with the combined Precinct Committee.
Online forum	Inform and Consult	Essential	An online forum to optimise reach.
Face-to-face forum	Inform and Consult	Essential	A face-to-face forum for those unable to attend online.
Email to engagement survey respondents	Inform	Desirable	Link from the Informing Strategies engagement to inform people who provided feedback on previous engagement of how it is now being considered and proposed resources allocated.
Signage	Inform	Desirable	Digital Billboards- one in Crows Nest and one at the Orpheum.
'On Hold' Music	Inform	Desirable	
Video	Inform	As appropriate	
Public Exhibition	Consult	Essential	For updated Delivery Program, LTFP and Informing Strategies
Survey	Consult	Desirable	Enable broader feedback from community and essential to meet the SRV assessment criteria for community engagement.

These external community engagement mechanisms will be coupled with internal communications to inform all staff about the proposed SRV and process and provide them with information to direct questions from members of the public that may arise in their day-to-day interactions. This will include:

- A managers' briefing
- Staff briefings by executive / managers
- Information and scripting for customer service and frontline teams
- Updates in staff e-news

### Roles and responsibilities

The roles of Councillors, Council officers and Morrison Low in the engagement process are defined in the table below.

**Table 5 Roles and responsibilities**

Role	Responsibility
Morrison Low (consultant)	<ul style="list-style-type: none"> <li>• Develop the community engagement plan</li> <li>• Draft background paper / information on the SRV and advise on translation into key engagement collateral</li> <li>• Assist Council in preparation for forums</li> <li>• Prepare report on community engagement outcomes</li> </ul>
Council's communications and engagement team	<ul style="list-style-type: none"> <li>• Develop collateral for the various written mechanisms, based on information provided</li> <li>• Publish and release materials in line with this community engagement action plan, including internal communications</li> <li>• Gather community feedback and provide to Morrison Low for analysis</li> </ul>
Council CFO and finance team	<ul style="list-style-type: none"> <li>• Update the LTFP model and document for exhibition</li> <li>• Support the development of background papers and other collateral with financial analysis and modelling</li> <li>• Manage the exhibition process and finalisation of the updated 2024-35 LTFP (which includes the SRV)</li> </ul>
Council executive and management team (including CEO)	<ul style="list-style-type: none"> <li>• Brief staff on SRV, process and community engagement activities</li> <li>• Attend community face-to-face sessions</li> <li>• Answer questions raised by the community in the engagement process</li> </ul>
Mayor / Councillors	<ul style="list-style-type: none"> <li>• Approve community engagement plan</li> <li>• Attend face-to-face community sessions (optional, but recommended)</li> <li>• Mayor to participate in media interviews as appropriate</li> </ul>
Chief Executive Officer	<ul style="list-style-type: none"> <li>• Approve / any adjustments to community engagement process as required during engagement</li> <li>• Participate in media interviews as appropriate</li> </ul>

## Key messages

The key messages for the community should clearly communicate what is not negotiable and what aspects are open for community feedback to inform the decision-making process.

Non-negotiables include:

- the legislative requirement for Council to employ sound financial management principals.
- the current core deficits in the General Fund need to be addressed, targeting sufficient surpluses over time to ensure the ongoing financial sustainability of Council.

Community feedback is sought to:

- assess the level of community understanding of the proposed SRV and its impacts and why it is needed.
- gauge the community's willingness to pay increased rates for the increased services/service levels or new projects/strategies that the SRV is proposing to fund.
- seek submissions on the proposed SRV and the updated Delivery Plan, Long Term Financial Plan and draft Informing Strategies.

To support these key messages and the development of collateral for the community engagement activities, a background paper will be developed to articulate the need for, and level of SRV being sought.

In addition, Council will also have the following reports:

1. A capacity to pay report which will investigate, analyse and report on the community's capacity to pay against Council's rating categories and proposed SRV. This includes research of specific areas across the LGA and will undertake a range of comparisons and assessments of information for areas/locations within the LGA, and associated land use.

Any community communications and collateral will also include:

- how community members can seek further information or have their questions answered.
- how community members can provide their feedback on the proposed SRV.
- what to expect after the community engagement activity is completed, including IPART's public submission and assessment process.

## Frequently asked questions

A set of frequently asked questions (FAQs) and their responses will be developed for this engagement process. While every effort is made to ensure that this is a complete list of FAQs at the commencement, these questions will be regularly reviewed and updated throughout the engagement process.

The below is a starting list of the questions we expect to develop for the FAQs:

- How will the proposed special rate variation impact my rates?
- Why do we need an increase to our rates?
- What is the alternative to the proposed rates increase?
- What action has Council taken to address its financial situation?
- How does Council work out what rates to charge each resident?
- What is Council doing to keep rates low?
- Can't you get more funding from other levels of government to help pay for things?
- What if I can't afford to pay my increased rates? (Hardship Policy)
- When would a rate increase be applied from?
- How has Council identified the priority initiatives?
- Who is IPART and what do they do?

## Detailed action plan

**Table 6 Action plan**

Ref	Action	Responsible	By when	Dependency
1	Draft Background Paper / information for SRV	Morrison Low (consultant), with input provided by Council team	14 Nov	
2	Finalise LTFP for exhibition	Finance team	14 Nov	
3	Finalise updated Delivery Program for Exhibition		14 Nov	
4	Finalise Informing Strategies for Exhibition		14 Nov	
5	Develop FAQs	Communications & Engagement team and Morrison Low (consultant)	26 Nov	1
6	Draft engagement collateral, including: <ul style="list-style-type: none"> <li>• Website copy</li> <li>• Newspaper ad</li> <li>• Factsheet</li> <li>• Media Releases</li> <li>• Newsletters</li> <li>• Social media posts</li> <li>• Forum presentations</li> <li>• Email to survey participant from previous engagement</li> </ul>	Communications & Engagement team, with advice and review from Morrison Low (consultant)	26 Nov	1
7	Develop video on SRV	Communications & Engagement team	26 Nov	1
8	Develop Survey	Communications & Engagement team and Morrison Low (consultant)	26 Nov	1
9	Build 'Have Your Say' page	Communications & Engagement team	26 Nov	1-8
10	Schedule face-to-face community sessions	Communications & Engagement team	26 Nov	
11	Develop media plan, draft release and social media content for commencement of engagement (including pre-engagement release leading up to Council meeting)	Communications & Engagement team	26 Nov	1-8
12	Develop and distribute information and scripting for customer service and frontline staff	Communications & Engagement team	26 Nov	1
13	Council resolves to proceed to community consultation on an SRV	Council	25 Nov	
14	Brief managers on Council decision and next steps	General Manager / Directors	26 Nov	13

Ref	Action	Responsible	By when	Dependency
15	Publish first newspaper advertisement on SRV	Communications & Engagement team	27 Nov	
16	Open the 'Have Your Say' page and Survey to the community	Communications & Engagement team	27 Nov	13
17	Engagement period commences		27 Nov	13
18	Publish e-newsletters and media releases	Communications & Engagement team		13
19	Manage social media	Communications & Engagement team		13
20	Manage media enquires	Communications & Engagement team		13
21	Conduct face-to-face and online community sessions and group meetings	Communications & Engagement team Morrison Low (consultant) to facilitate public forums Council executive and Councillors to attend		13
22	Conduct Citizen Jury	Communications & Engagement team		
23	Close engagement, exhibition of updated LTFP and survey, and gather all community feedback	Communications & Engagement team	10 Jan	17
24	Analyse submissions and survey results and draft community engagement report	Morrison Low (consultant)	21 Jan	25
25	Finalise Delivery Program, LTFP and Informing Strategies based on feedback over exhibition period	Council	27 Jan	25
26	Council resolves on whether to proceed with SRV application	Council	10 Feb	28

### Measures of success

During the consultation process, the level of engagement will be monitored by Morrison Low and Council's Communications and Engagement team.

Any proposed adjustments to the plan will be approved by the General Manager before implementation.

### Monitoring and risk assessment

The table below documents the key risks associated with this community engagement. The risk ratings are assessments of the residual risk after the documented risk responses are implemented.

**Table 7 Risk assessment**

Risk	Risk response	Residual likelihood	Residual consequence	Residual risk rating
Engagement doesn't meet IPART assessment criteria.	Engagement plan and activities to analyse and integrate requirement to meet criteria.	Low	Medium	Low
Impact on ratepayers of raising rates at a time of increasing inflation and cost of living pressures.	Capacity to pay analysis to understand the impacts of rate increase on community. Key messages to impact on Council of not seeking the SRV.	Medium	Medium	Medium