



Borough of Queenscliffe

Queenscliff & Point Lonsdale, Victoria, Australia

Our Ref: QG227-08-04

LMS:LMS

14 June 2017

Emily Girvan
Regulatory Analyst, Local Government
Level 37
2 Lonsdale Street
MELBOURNE VIC 3000

E: Emily.Girvan@esc.vic.gov.au

Dear Emily

**RE: Borough of Queenscliffe application for higher rate cap – Supplementary
Community Engagement Information**

Further to Council's application for a one-off higher rate cap of 4.5% in 2017/18 lodged with your office by email on 31 May 2017, please find enclosed the supplementary community engagement Information relating to the outcomes of the following community engagement activities completed following lodgment of Council's application:

1. Community written feedback in response to Council's 'Why a higher rate cap' Community Bulletin (closed on 7 June 2017)
2. Public Information Sessions held in Queenscliff and Melbourne (held on 5-6 June 2017).

Please let me know if you require a copy of the detailed individual survey responses.

If you have any queries please contact me on (03) 5258 1377 or by email at lynne.stevenson@queenscliffe.vic.gov.au.

Yours sincerely

Lynne Stevenson
General Manager Corporate and Community Services



BOROUGH OF QUEENSCLIFFE

Essential Services Commission Higher Rate Cap Application 2017-18

Supplementary Community Engagement Information

Summary of Community Engagement Information

Introduction

The Borough of Queenscliffe Council (Council) applied for a higher rate cap of 4.5% for 2017-18 on 31 May 2017.

As stated in Council's application, the community consultation activities for the Council Plan, Implementation Plan, Budget and higher rate cap were staggered to provide a reasonable capacity for Council to implement a comprehensive engagement plan within available resources given Council's small size. The engagement plan would:

- Allow our community to have a major say in the development of the Council Plan for the next four years,
- Give Council a realistic opportunity to consider the options available to fund the priorities identified by our community,
- Enable Council to decide if a higher rate cap was necessary to provide the best value for the community, having considered the priorities identified by the community and the options available,
- Consult the community on the options and Council's decision, prior to making any application for a higher rate cap,
- Consult the community on the draft 2017-18 Implementation Plan and draft 2017-18 Budget (including the Strategic Resource Plan) based on Council's decision, and
- Enable Council to consider the community's feedback before finalising the 2017-18 Implementation Plan and 2017-18 Budget.

In order to achieve an efficient and cost effective engagement program, Council obtained approval from the Essential Services Commission (ESC) to finalise consideration of the community's feedback via the following specific community engagement activities:

- a community feedback bulletin and feedback form distributed to every ratepayer informing Council's decision to apply for a higher rate cap with the consultation closing on Wednesday, 7 June 2017, and
- Public meetings to present the draft Council Plan 2017-2021, draft 2017-18 Implementation Plan, draft 2017-18 Budget and options considered by Council regarding the higher rate cap in Queenscliff (Monday, 5 June) and Melbourne to provide additional opportunity for participation by our significant non-resident population (approximately 50%) (Tuesday, 6 June).

This supplementary community engagement information provides a summary of the outcomes of Council's community engagement activities that closed on 7 June 2017, including a summary of the community views.

Community bulletin feedback

Council determined to prepare a community engagement bulletin (Appendix N to the higher rate cap application) on the higher rate cap and invited community feedback via a Feedback Form (Appendix O to the application) by Wednesday, 7 June 2017. The Feedback Form asked the question: *“In considering the value to the Borough of a one-off higher rate cap of 4.5% in 2017–18, please provide your comments about Council’s decision.”*

The bulletin was distributed to every ratepayer informing them of Council’s decision to apply for a higher rate cap and explained:

- Council’s financial capacity to meet our community’s needs over the long term,
- What Council has done to improve it’s financial capacity and become more efficient,
- Why a higher cap aligns with the Council’s plans and strategies, and
- Council’s views about how an increase to the rate cap represents good value for the community.

275 written responses were received from a total ratepayer base of 3,072 (9%), with 66% received from the Borough’s permanent resident population, 30% from our non-resident population and the remaining 4% did not specify.

Council officers reviewed the 275 responses and assessed whether the respondent was supportive or opposed to an increased rate cap. A summary of the assessment of responses can be best understood by providing a breakdown as follows:

	Support higher rate cap	Opposed to higher rate cap	Neutral	TOTAL
Permanent	8%	88%	4%	100%
Non-Permanent	22%	77%	2%	100%
Did not specify	27%	73%	0%	100%
TOTAL	13%	84%	3%	100%

1. Support for a higher rate cap

13% of respondents provided commentary that supported a higher rate cap with a significantly higher proportion of non-permanent residents in support.

The common themes provided in support of the higher cap included:

- 7 respondents in support (20%) cited the additional revenue to be raised as good value to deliver the community aspirations and priorities based on:
 - a well thought through community engagement model that encouraged community engagement,

- maintaining ageing community infrastructure and improving the amenity of Crown land areas,
- increasing tourism as vital for Queenscliff and Point Lonsdale,
- alignment with the draft Council Plan 2017-2021,
- continuation of coastal management responsibilities, and
- a well argued and documented proposal at a reasonable cost to ratepayers.
- 7 respondents in support (20%) requested that the additional funding be spent on specific projects/capital works including:
 - improving/replacing community infrastructure, utilities and drainage
 - providing footpaths for our older demographic
 - enhancement of accessibility and use of beaches
 - undertaking a heritage study
 - preserving/protecting coastal land at lighthouse reserves
 - preserving and regenerating the Avenue of Honour
 - continuation of bicycle/walking trails
- Other respondents in support also provided the following comments:
 - Support implementation of environmentally sensitive improvement projects related to Fort Queenscliff and the lighthouse reserves while maintaining/preserving the "village" character to the townships,
 - Support higher cap if it delivers what the community has asked for, and
 - Recognising that City of Greater Geelong residents use our services/infrastructure but do not contribute.

2. Opposed to a higher rate cap

84% of respondents provided commentary that opposed a higher rate cap with a significantly higher proportion of permanent residents opposed.

It was disappointing that 61% of the respondents who indicated that they were opposed to the higher rate cap and representing 52% of the total respondents, had identified reasons that clearly showed a misunderstanding of the proposal as highlighted in the assessment below. Of the 9% of ratepayers who completed the survey, there is clear opposition to a higher rate cap. In acknowledging the results, it is Council's view that the reasons for the higher cap are complex and difficult for the community to fully understand. As a result, the completed survey results are significantly skewed against the proposal.

Some of the consistent themes provided for opposition to the higher cap included:

- 47 respondents opposed (20%) were concerned about capacity of families/senior citizens/retirees to pay – 50% of ratepayers are non-resident ratepayers where a significant proportion of ratepayers reside in areas with higher average disposable incomes, however non-resident ratepayers only comprised 30% of the respondents to the survey. There were also a number of respondents indicating reduced capacity to pay due to disposable incomes increasing below CPI and household expenses increasing above CPI, such as Council rates, energy, insurance and registrations. Council has previously acknowledged that rates generate a higher burden for senior citizens and retirees and offers an additional Council pensioner concession of \$40 per property on their principal place of residence over and above the State Government rebate.
- 60 respondents opposed (26%) had an expectation that Council should operate within the 2.0% rate cap and reprioritise expenditure accordingly. Common themes included:
 - Council should be able to operate within its means ie. the 2.0% cap,

- Remove activities that do not add value and reduce waste, although the only areas identified related to staffing and consultancies. With only 43.5 EFT, employee costs represent 37% of the operating budget, which is lower than the average for the small rural council group and the State average. Council has also achieved significant cost efficiencies by containing wage growth within the rate cap.
- Incorrect assumptions that Council could simply defer delivery of the community's aspirations and priorities to fund these in future years,
- Perceptions of insufficient evidence of increased efficiencies and cost control, although Council has provided information to the community regarding efficiencies achieved.
- 41 respondents opposed (18%) were concerned about consultation in terms of the level of expenditure, methodology of consultation and number consultants, noting that the need for expert consultants is generally not well understood.

In relation to the commonly misunderstood themes reflected in 142 responses, these are summarised below:

1. 92 respondents (40%) inaccurately believed that:
 - a. If a 4.5% higher cap was approved in 2017/18, Council would apply again for a higher rate cap in future years, or
 - b. Council was simply seeking to raise additional revenue.
2. 49 respondents (21%) incorrectly assumed that Council could simply defer delivery of the community's aspirations and priorities to fund these in future years.
3. 30 respondents (13%) perceived that Council spending on infrastructure to increase tourism visitation supports tourists with no benefits to residents, opposing investment in tourist infrastructure/accommodation in preference for spending on protection of the environment and open spaces. The economic benefits of increasing tourism visitation were not well understood. In addition, incorrect assumptions were made that ratepayers are subsidising the operation of the Council operated tourist parks.
4. Other misunderstandings of the proposal included:
 - a. Expectations that Council officers had sufficient capacity/expertise to deliver the work of external consultants and/or Council could cut staff to reduce costs, or cut essential/mandated services,
 - b. Incorrect perceptions that Council had previously separated waste management charges in 2016/17 to circumvent the 2016/17 rate cap.
 - c. Perceptions of an expanding Council administration.
 - d. Incorrect assumptions that future revaluations will increase rate revenue, as well as misunderstanding the effect of previous revaluations on individual rate notice bills in the past.
 - e. Incorrect assumptions that rates are comparatively higher than at our neighbouring council, City of Greater Geelong.
 - f. Identifying impact of activities within the 3225 (Point Lonsdale) area within the City of Greater Geelong that the Council does not manage.
 - g. Incorrect assumption that additional rate revenue will fund:
 - i. improvements to the Council-owned tourist parks,
 - ii. new tourist accommodation at Queenscliff Lighthouse Reserve,
 - iii. tourism development instead of supporting local businesses,
 - iv. An increase in the Mayoral allowance.
5. 24 respondents (10%) inaccurately assumed that amalgamating with City of Greater Geelong would allow Council to raise sufficient additional revenue.

Public Information Session feedback

Council held two public information sessions in June 2017 one in Queenscliff on 5 June 2017 attended by 20 people and one in Melbourne on 6 June 2017 attended by 6 people, recognising that approximately 50% of ratepayers are non-residents with the majority residing in Melbourne.

The structure of the presentations at each public information session was as follows:

1. A summary of Council's previous performance, including:
 - Major achievements delivered in 2016/17
 - Comparative financial performance benchmarking data
 - Community Satisfaction Survey results
2. Presentation of highlights in proposed plans/budget, including:
 - Draft Council Plan 2017-2021
 - Draft 2017/18 Implementation Plan (annual business plan)
 - Draft 2017/18 Budget (including Strategic Resource Plan)
3. Options for a higher rate cap, including:
 - A one-off 4.5% higher rate cap in 2017/18
 - A 2.% rate cap set by the Minister for Local Government
4. Opportunity for public questions
5. Next steps

The options for a higher rate cap were outlined at each public information session and included:

1. How a 4.5% higher cap will affect your rates and charges bill
2. How your rates and charges bill will compare
3. What the community have told us:
 - Community Satisfaction Survey results
 - Community aspirations and priorities identified in the draft Council Plan for next four year
4. The long term needs addressed by the 4.5% higher rate cap
5. The long term impact of a 2% rate cap
6. The impact of a 2% rate cap in 2017/18

The participants were provided with an opportunity to ask questions and provide feedback. The questions and feedback mainly focused on requests of clarification and to gain a better understanding of the proposal. A summary of the nature of the questions and answers is provided as follows:

1. Understanding what affects the level of rate income, including:
 - a. Containing rate increases to the forecast change in CPI does not mean that no ratepayer will face a bill increase above CPI due to the distribution of rates according to a range of factors such as the property valuation, waste charges and the State Government fire services property levy,
 - b. Revaluations of properties to not raise additional rate revenue, and
 - c. The ability of the Minister for Local Government to increase the rate cap having regard to a range of legislative factors, including taking in account the views of ratepayers.
2. Understanding the process to advise the ESC of the community's views on the higher rate cap.
3. Understanding the cost of preparing the application to the ESC for a higher rate cap.
4. Understanding how confident Council is that the higher rate cap will be sufficient to ensure the long term financial sustainability of the Borough of Queenscliffe.
5. Understanding Council's capacity to deliver an extensive capital works program in the short term.

6. Understanding Council's capacity to service new borrowings and the extent of proposed borrowings over the next four years.
7. Clarifying how Council proposes to fund the extensive capital works program, including
 - a. Carry forward funds from significant grant funding and Council contributions set aside in previous years, resulting in the planned delivery of a number of major projects converging in the current planning cycle, and
 - b. Existing commitments to capital works projects resulting from strong advocacy to leverage Federal and State grant funding over recent years.
8. Clarifying that Council is not seeking a higher cap to redevelop the tourist parks but responsibly transition the tourist parks through a proposed redevelopment in the short term to achieve a lower rate burden over the long term.
9. Clarifying that Council has already prioritised the list of priority projects in deciding to apply for a higher rate cap.
10. Clarifying what the implications of a 2.0% rate cap will be, including Council's review of the proposed priority projects.
11. Clarifying how Council has increased efficiencies and contained costs.
12. Clarifying that the proposed higher cap will be a one-off higher cap of 4.5% in 2017/18 that will result in a permanent increase in rate revenue with an increase of \$150,000 in the 2017/18 financial year.
13. Clarifying that Council does not intend to reapply for a higher cap in the next four years if the 4.5% higher cap in 2017/18 is approved.