



Notice of Extraordinary Meeting

An Extraordinary Meeting of Ballina Shire Council will be held in the Ballina Shire Council Chambers, 40 Cherry Street Ballina on **Friday 10 February 2017 commencing at 4.00 pm.**

Business

1. Acknowledgement of Country
2. Apologies
3. Declarations of Interest and Reportable Political Donations
4. Deputations
5. Proposed Special Rate Variation - Consultation

A handwritten signature in black ink, appearing to read 'Paul Hickey', with a long horizontal flourish underneath.

Paul Hickey
General Manager

Deputations to Council – Guidelines

Deputations by members of the public may be made at Council meetings on matters included in the business paper. Deputations are limited to one speaker in the affirmative and one speaker in opposition. Requests to speak must be lodged in writing or by phone with the General Manager by noon on the day preceding the meeting. Deputations are given five minutes to address Council.

Any documents tabled or given to Councillors during the meeting become Council documents and access may be given to members of the public in accordance with the requirements of the Government Information (Public Access) Act 2009.

The use of powerpoint presentations and overhead projectors is permitted as part of the deputation, provided that the speaker has made prior arrangements with the General Manager's Office at the time of booking their deputation. The setup time for equipment is to be included in the total time of five minutes allocated for the deputation.

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1. Acknowledgement of Country
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1. Acknowledgement of Country

In opening the meeting the Mayor provided an Acknowledgement of Country by reading the following statement on behalf of Council:

I would like to respectfully acknowledge past and present Bundjalung peoples who are the traditional custodians of the land on which this meeting takes place.

2. Apologies

3. Declarations of Interest and Reportable Political Donations

4. Deputations

5.1 Proposed Special Rate Variation - Consultation

5. General Manager's Group Reports

5.1 Proposed Special Rate Variation - Consultation

Delivery Program Governance and Finance

Objective To report on the outcomes from the consultation process for the proposed special rate variation to fund a healthy waterways program and increased asset renewal, and to determine whether Council wishes to make a formal application to the NSW State Government.

Background

At the December 2016 Ordinary meeting Council resolved as follows:

1. *That Council commence a consultation process with the community to seek an additional three year rating increase based on the following assumptions:*

Item	2017/18	2018/19	2019/20
Estimated Rate Pegging Limit	1.5%	2.5%	2.5%
Asset Renewal	1.9%	3.4%	3.4%
Healthy Waterways	1.5%	0.0%	0.0%
Total Rate Increase	4.9%	5.9%	5.9%

2. *The funds derived from this proposal are to be allocated approximately as follows based on a current estimate of the additional revenues to be generated:*

Item	2017/18	2018/19	2019/20	%
Additional Income	695,000	1,447,000	2,265,000	100
Road and Stormwater	395,000	713,000	1,163,000	51
Community Buildings	0	150,000	280,000	12
Open Spaces and Sports Fields	0	270,000	480,000	21
Healthy Waterways	300,000	314,000	342,000	15

3. *That Council endorses an update of the Integrated Planning and Reporting documents, such as the Long Term Financial Plan, to reflect the revised water, wastewater and waste annual charge assumptions as per the memorandum from the General Manager dated 15 December 2016 (trim reference #16/106703), along with the implementation of the community consultation program consistent with the last application.*
4. *That Council authorises the General Manager to advise IPART of this updated proposal.*

In response to this resolution Council has implemented a consultation program including letters sent to all ratepayers, public advertising, an on-line survey on the Council website, public meetings at Ballina, Lennox Head, Wardell and Alstonville and an independent survey undertaken by Micromex Pty. Ltd.

5.1 Proposed Special Rate Variation - Consultation

The report that follows provides an overview of the feedback from the consultation process.

Key Issues

- Review of feedback
- Council determination whether to proceed with an application to IPART

Information

The proposed special rate variation is a 4.9% increase for 2017/18 and 5.9% for 2018/19 and 2019/20. The IPART confirmed rate peg limit for 2017/18 is 1.5% and 2.5% is the estimate for 2018/19 and 2019/20. Therefore the proposal represents an extra 3.4% for the three years and the compounded total increase for the three years is 16.70%.

A summary of the consultation undertaken is as follows.

Public Meetings

Public meetings were held in Alstonville (50 people in attendance), Lennox Head (30 people), Ballina (39 people) and Wardell (29 people).

The purpose of these meetings was to provide information and to answer any questions. No votes were taken in support or against the proposal as this was not the purpose of the meetings.

The meetings were chaired by the General Manager with Mr Jon Larsson, from Ozfish Ltd, also assisting in providing an overview of the benefits of the Healthy Waterways Program.

A copy of the presentation provided to the meetings is included as the first attachment to this report. That attachment provides an overview of the proposal, the benefits to be achieved and the financial impact on ratepayers.

Written Submissions

Council has received a total of 118 written submissions and a copy of the submissions is included as the second attachment to this report. There are 14 letters that provide some level of support for both or one of the proposed rate variations and 96 against (the balance of letters received were requests for information only). This results in an overall response rate of approximately:

Item	Support No.	% Support Out Of Total	% Against
Asset Renewal	11	10%	90%
Healthy Waterways	14	13%	87%

In respect to the submissions with objections, the main reasons for the objection are as follows:

1. *Council's rates and charges are becoming increasingly unaffordable*

It is agreed that core utility costs such as electricity, water, sewerage, rates etc have all risen substantially in recent years, for a wide range of reasons.

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The average Council total rates and charges account for Ballina Shire is approximately \$2,854 based on an assumed water consumption of 150 kilolitres. This is a significant financial burden for any resident.

All councils are faced with similar challenges to keep rates and charges affordable and the following table is taken from the presentation used in the public meetings for the exhibition of the draft 2016/17 Delivery Program and Operational Plan.

Table One - Total Residential Rates and Charges – 2016/17

Residential Property	Ballina	Byron	Clarence Valley	Coffs Harbour	Lismore	Richmond Valley	Tweed
Ordinary Rate	943	1,137	999	1,173	1,207	888	1,358
Stormwater	25	25	0	25	25	25	25
Water Access	200	179	116	143	248	139	166
Water 150kl	321	371	356	407	512	318	428
Waste Water	925	1,097	1,092	806	855	934	805
Waste Collection (incl waste levies)	440	386	360	636	460	425	325
Total	2,854	3,195	2,923	3,190	3,307	2,729	3,107
% to Ballina	100%	112%	102%	112%	116%	96%	109%

As per these figures, the average total rates and charges account payable for a residential property in Ballina Shire compares favourably to similar councils, however it is still a major financial burden for any property owner.

The impact of the proposed special rate variation on the average rates payable in Ballina Shire for the three categories of rateable properties is outlined in the following table.

Table Two - Estimated Increase in Rates (Average)

Item	2016/17	2017/18	2018/9	2019/20	Total Change (\$)
Standard Rate Pegging Increase		1.50%	2.50%	2.50%	
Average Residential Rate	943	957	981	1,006	63
Average Business Rate	3,160	3,207	3,288	3,370	210
Average Farmland Rate	1,448	1,470	1,506	1,544	96
With Additional Percentage		4.90%	5.90 %	5.90%	
Average Residential Rate	943	989	1,048	1,109	166
Average Business Rate	3,160	3,315	3,510	3,718	558
Average Farmland Rate	1,448	1,519	1,609	1,703	255
Average Extra Rates Each Year					
Residential Extra		32	67	103	103
Business Extra		107	222	348	348
Farmland Extra		49	103	159	159

The average extra rates each year figures provide the difference paid for each year, due to the proposed special rate variation. This is an average only and some people will pay more and some less.

A key item that assists in the implementation of this increase is the removal of the existing waste operations charge of \$73.

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This has the benefit of substantially reducing the overall increase in the total bill for all residential and farmland properties, as the existing \$73 is paid by all of those properties.

For example, this means that once the \$73 is removed from the average residential extra rates amount of \$103 in Table Two, the net difference for the combination of the average residential rate and the waste operations charge is \$30 (\$103 less \$73), when compared to 2016/17.

Table Three, which was included in the presentation to the public meetings, helps to highlight the benefit that the removal of the waste operations charge brings to the total average residential rates and charges bill.

Table Three – Change in Average Residential Bill for Ballina Shire

Item	2016/17	2017/18	2018/9	2019/20
Ordinary Rate	943	989	1,048	1,109
% Change		4.90	5.90	5.90
Stormwater	25	25	25	25
% Change		0.00	0.00	0.00
Water Access	200	204	210	215
% Change		2.00	2.50	2.50
Water Consumption (172 kls)	368	375	385	394
% Change		2.00	2.50	2.50
Wastewater Charge	925	953	977	1,001
% Change		3.00	2.50	2.50
Domestic Waste Collection	367	374	383	393
% Change		2.00	2.50	2.50
Waste Operations Charge	73	0	0	0
Total	2,901	2,920	3,028	3,137
% Change		0.65	3.70	3.60

Key points in this table are:

- a) Water consumption is based on 172 kilolitres per household, which is a more recent average consumption figure
- b) Changes to stormwater, water, wastewater and waste are limited to largely CPI or less for the three year period, as per the latest revision of Council's Long Term Financial Plan
- c) The waste operations charge is removed from 2017/18 onwards
- d) The compounded total increase is 7.95% (0.65%, 3.70% and 3.60%), which is far less than the 16.7% mentioned earlier when the rate increase is considered in isolation. The 7.95% figure represents an average increase of 2.65% per annum for the total rates and charges account.

2. Council should spend within its means

A number of objections state that Council should implement further "efficiency measures" and "spend within its means" i.e. Council should not look to increase rate revenue above the IPART set pegged limit.

Council constantly endeavours to minimise costs and limit discretionary services.

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From an operational perspective recent examples of efficiency gains include:

- increased use of GPS to ensure that operational service routes are the most efficient. For example the street sweeper data is being used to analyse the allocation of work for this plant item to reduce non sweeping travel time. Estimated gains from some of these changes are in the tens of thousands of dollars.
- replaced several multi-function devices with more efficient machines, and introduced additional scanning capacity for Records and Information Management (RIM) staff. These actions reduced printing costs by \$18,000 per annum while boosting productivity
- improved management of the wastewater treatment plants has seen electricity costs for Ballina and Lennox Head reduce from a high of approximately \$68,000 per month to current figures of around \$41,000
- increased allocation of smart devices to our engineering works staff has reduced the need for printing documents and improved connectivity with our corporate systems. For storm event responses, staff now spend around one quarter of the time they previously did in regards to the task of recording and documenting the impacts of a storm.
- Recent rationalisation of our mobile phones and the contract with the service provider has resulted in a decrease in annual operating costs of \$24,000
- Introduction of new software in the Development and Environmental Health Group now provides for the electronic stamping of plans and drawings, which has generated significant efficiencies valued in excess of \$10,000 per annum.

These are but a few small examples with the key point being that efficiencies are being sought across the organisation every day.

It is not an easy task to benchmark the efficiency of a council, or for that matter any government organisation, typically due to the lack of competition in the services provided.

The Office of Local Government (OLG) provides a comparative data report each year, which is located on the OLG website, and that report provides a range of figures that help to assist with some benchmarking, although it is not always easy to compare “apples with apples”.

One of the key figures in that report, the latest report being for 2014/15, is that Ballina Shire continues to have a comparatively low staff per capita. Ballina Shire Council has one employee per 152 residents in comparison to Byron Shire 130, Lismore City 107, Richmond Valley Shire 94 and Tweed Shire 135.

This figure gives a basic indicator that Ballina Shire is operating with a relatively lean workforce.

Another useful indicator has always been the total rate income collected by Ballina Shire as compared to our neighbours.

5.1 Proposed Special Rate Variation - Consultation

Table Four, which is taken from the presentation to the public meetings, outlines the difference in revenues from the ordinary rate based on the average rate yields.

This table highlights the significant difference in rate income Ballina receives as compared to the councils listed.

Table Four - Benchmarking – Total Rate Yield

Property Type	Ballina (\$)	Byron (\$)	Coffs (\$)	Lismore (\$)	Richmond Valley (\$)	Tweed (\$)
Residential Average Rate	943	1,136	1,172	1,207	889	1,348
Business Average Rate	3,160	2,644	4,090	4,740	2,514	2,976
Farmland Average Rate	1,448	1,606	2,152	2,300	1,450	2,006
Number of assessments for Ballina Shire						
Residential	15,642 (87%)					
Business	1,287 (7%)					
Farmland	1,046 (6%)					
Total Rate Yield (\$'000)	20,332	22,852	25,847	27,386	18,658	27,014
Difference to Ballina (\$'000)	0	2,520	5,515	7,054	(1,674)	6,682

This table multiplies the average rates for the three types of rateable properties by the number of Ballina Shire assessments. This then determines the comparative total rate yield that would be received if Ballina Shire had the same average rates as the councils listed.

As per these figures there are substantial differences in the rate income received each and every year. The one Council comparable to Ballina is Richmond Valley however they are in the middle of an approved special rate variation, with 5.5% increases already approved for the 2017/18 and 2018/19 years.

Their Fit for the Future Plan also has above rate peg increases recommended for a number of years beyond 2018/19.

Byron Shire Council also resolved last week to apply for special rate variations of 7.5% each year for the four years from 2017/18 to 2020/21.

These figures alone may not be an indicator of efficiency, but they demonstrate that Ballina Shire is delivering similar services to other councils in this region, based on a much lower rate base, excluding Richmond Valley.

If Byron Shire's four year increase is approved, the Byron, Lismore and Tweed Councils will be operating on a rate base of at least \$5m extra than Ballina Shire each year, and those councils are still struggling to deliver the various services needed by their communities.

Our current financial modelling estimates that we are underfunding our existing asset renewal by at least \$3m per annum. There is no possibility that Council can generate this additional level of increased expenditure from efficiency gains, based on our existing revenue base.

On-Line Survey on Council Website

5.1 Proposed Special Rate Variation - Consultation

A total of 501 responses were provided to the on-line survey. The third attachment to this report is a summary of the responses received from the survey provided in A3 format. The individual responses to the majority of the questions included in the survey are listed in tabular form as per that attachment.

Brief comments on the questions asked in the survey and the responses are as follows.

Question 1 - *Do you feel you have a reasonable understanding of this proposal based on the information provided by Council, such as the letter to all ratepayers and the information included on Council's website ballina.nsw.gov.au?*

Yes – 471 responses – 94%

No – 30 responses – 6%

This is an excellent response.

Question 2 – *Usual Place of Residence*

There were 501 respondents to this question with the dissection as follows.

Locality	Number	Percentage
Ballina	241	48%
Alstonville	60	12%
Wollongbar	29	6%
Lennox Head / Skennars Head	115	23%
Wardell	6	1%
Other (eg. rural)	50	10%

This represents a reasonable cross section of the shire.

Question 3 - *If Council was to spend more on improving our waterways, where do you think the priority should be?*

This question asked respondents to consider how high their priority was for the items listed. There were 465 responses with the overall ranking for the items listed as follows:

Item	Response Average
Shaws Bay	3.2
Lake Ainsworth	3.2
Richmond River	3.2
Richmond River Tributaries	3.2
Ballina Shire Coastline	2.9
Other	2.0

The survey software provides a response average based on the priority rankings provided by the respondents.

What these figures demonstrate is that the feedback is very evenly spread across the areas listed (i.e. all the areas identified are a high priority).

5.1 Proposed Special Rate Variation - Consultation

Question 4 - *In respect to the Healthy Waterways Program how supportive are you of an extra 1.5% rate increase on top of the 1.5% standard rate peg increase in 2017/18, to fund increased expenditure to improve the health and amenity of our waterways?*

There were 501 responses with the results as follows:

Preference	Number	Percentage
Strongly supportive	65	13
Supportive	48	10
Somewhat supportive	35	7
Not very supportive	67	13
Not at all supportive	286	57

In summary 70% of the respondents do not support this proposal.

Question 5 - *If you wish to provide additional feedback on the Healthy Waterways Program please provide your comments in the following text box.*

This question provided an opportunity for respondents to provide further comments, along with expanding on the "Other" option listed in question three. A total of 260 responses were received.

There is a mixture of comments for this question with some supporting the proposal, a large number expressing concerns that the Richmond River is not the responsibility of Council, comments regarding inefficiencies in Council and affordability concerns.

A complete copy of the comments for this question is included in the A3 attachment.

Question 6 - *If Council was to spend more on asset renewal related works, where do you think the priority should be??*

This question asked respondents to consider how high their priority was for the items listed. There were 469 responses with the overall ranking for the items listed as follows:

Item	Response Average
Road reconstruction	3.4
Stormwater drainage	3.2
Community buildings	2.6
Open spaces and playground equipment	3.0
Sports fields facilities	2.8
Footpath and cycleway network	3.2
Other	2.6

There is more of a spread in these results, with roads the number one priority. This is consistent with the bi-annual community satisfaction survey that Micromex Pty. Ltd. undertakes on behalf of Council.

Question 7 - *In respect to the Asset Renewal Program, how supportive are you of an extra 1.9% rate increase on top of the 1.5% standard rate increase in 2017/18, and extra 3.4% increases on top of the estimated 2.5% standard rate peg increases in 2018/19 and 2019/20, to fund increased asset renewal*

5.1 Proposed Special Rate Variation - Consultation

works and to assist Council in complying with the State Government's Fit for the Future Program??

Preference	Number	Percentage
Strongly supportive	45	9
Supportive	59	12
Somewhat supportive	49	10
Not very supportive	72	14
Not at all supportive	276	55

Similar to the Healthy Waterways result, 69% of the respondents do not support this proposal.

Question 8 – *If you wish to provide additional feedback on the asset renewal program please provide your comments in the following text box.*

This question provided an opportunity for respondents to provide further comments with 228 responses received, along with expanding on the “Other” option in question six.

Many of the comments question Council's efficiency and object to paying extra rates for these services.

A complete copy of the comments for this question is included in the A3 attachment.

Question 9 – *How supportive are you of Council applying for both the Healthy Waterways and Asset Renewal Programs?*

There were 501 respondents to this question with the results as follows.

Preference	Number	Percentage
Strongly supportive	56	11
Supportive	44	9
Somewhat supportive	37	7
Not very supportive	69	14
Not at all supportive	295	59

A total of 73% of the respondents do not support the proposal for both programs.

Question 10 - *Do you have any other comments in respect to the proposed special rate variation?*

There were 221 responses to this question and the attachment provides the various comments. Some of the comments are constructive and a number are also negative towards the proposal and to Council in general.

Question 11 - *Can you please confirm whether you are a property or business owner who would be required to pay any increase in the Council rates?*

There were 501 responses to this question as follows.

Type	Number	Percentage
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5.1 Proposed Special Rate Variation - Consultation

Yes - Property owner	436	87
No – Resident only	65	13

This highlights the majority of the respondents were property owners, which is important as ultimately the property owner is responsible for payment of rates, albeit that some tenants may at times also be responsible. It is also important to recognise that non-ratepayers should also have the opportunity to provide feedback on the type of community in which they want to live.

Question 12 - *If you answered yes to question 11 please clarify the type of property rates you are required to pay.*

There were 458 responses to this question.

Type	Number	Percentage
Residential	411	89
Business	7	2
Farmland	14	3
Multiple	26	6

The majority of the respondents are paying residential rates. The 89% is similar to the percentage of total rateable properties classified as residential, which is 87%.

Question 13 - *Do you have any other feedback in respect to this consultation process? For example, you may have ideas as to how the consultation process could be improved, or additional information that could be made available to assist in understanding the proposal?*

Again there is a real mixture of comments in this question, both positive and negative. The A3 attachment provides a listing of all these comments.

Question 14 - *Your name and address (email or post) (this information is optional)*

A total of 181 contact details were provided.

It was decided not to make this question mandatory, as by even making it mandatory people who did not wish to provide their name could quite easily have provided limited information.

People who provided their contact details will receive a response following the Council decision. Names and addresses have not been included in the A3 attachment, primarily for space reasons. The majority of respondents did not provide contact details.

Question 15 - *If you provided your contact details in question 14, would you like to have your details added to a database to allow Council to forward you information on future consultation processes? The contact details will only be retained by Council and the information remains confidential.*

Type	Number	Percentage
Yes	129	66
No	62	32

5.1 Proposed Special Rate Variation - Consultation

This information will help with future Council consultation processes.

As mentioned the third attachment to this report, being the A3 sheets, is a listing of the various responses received to this survey.

Overall there has been a reasonable response to this on-line survey with 501 responses.

A comparison to similar surveys undertaken for special rate variations is swimming pools (2014 – 1,750 online responses) and asset renewal and other works (2010 – 323 on-line responses).

It is interesting to compare the results for those other two surveys as per the following table.

Table Five - On-line Survey Results for Recent Special Rate Variations

Item	2010	2014	2017
Support or conditional Support	21	30	27
Opposed	79	70	73

The results are reasonably similar for the three different consultations.

Overall the on-line survey responses are similar to the written responses in that there is clear majority opposition to the proposed special rate variation and generally speaking the objections are based on the same principles (i.e. affordability, Council inefficiency etc).

It is important to acknowledge that on-line surveys, as is often stated, do not provide statistically valid results, but rather they provide an easy and efficient opportunity for people to provide feedback.

As with many Council consultation processes often it is the most passionate / interested / impacted people who provide submissions, either for or against, and the challenge for any council is engaging with the entire community, as many people do not take the time, or have the time, to make a submission to Council.

To try and gauge the broader community sentiment, one method that has been used for the last ten years is an independent survey to obtain a more statistically accurate reflection of community sentiment.

The firm who has been doing this work is Micromex Pty. Ltd, as they have extensive experience in survey work for special rate variations, along with other measures such as community satisfaction, for a large number of councils.

Micromex was engaged as part of this consultation process.

Micromex Survey Results

The Micromex survey was based on four options:

- Option One – No special rate variation – rate peg only of 1.5% in 2017/18 and an estimated 2.5% in 2018/19 and 2019/20

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- Option Two – Healthy Waterways variation only - 1.5% extra increase in 2017/18 for a total increase of 3% in 2017/18 and then 2.5% in 2018/19 and 2019/20
- Option Three – Asset Renewal variation only - 2.9% extra for the three years – this is consistent with Council's Fit for the Future submission – represents increases of 4.4% in 2017/18 and 5.4% in 2018/19 and 2019/20
- Option Four – Both the Healthy Waterways and Asset Renewal special variations - 3.4% extra for the three years – represents increases of 4.9% in 2017/18 and 5.9% in 2018/19 and 2019/20.

The survey was based on a sample of 403 residents. This provides a sampling error of plus or minus 4.9%, which means that if the survey was replicated, you would expect to get the same results 19 out of 20 times (i.e. only once in 20 times (or 5%) would the results vary).

A copy of the completed survey report is included as the fourth attachment to this report. A summary of the results from the Micromex survey are as follows.

Option One – No special rate variation

Preference	Percentage
Very supportive	12
Supportive	18
Somewhat supportive	18
Not very supportive	29
Not at all supportive	23

Option Two – Healthy Waterways only

Preference	Percentage
Very supportive	10
Supportive	21
Somewhat supportive	30
Not very supportive	23
Not at all supportive	19

Option Three – Asset Renewal only

Preference	Percentage
Very supportive	9
Supportive	31
Somewhat supportive	26
Not very supportive	20
Not at all supportive	14

Option Four – Both

Preference	Percentage
Very supportive	28
Supportive	24
Somewhat supportive	22
Not very supportive	11
Not at all supportive	15

Based on this survey, option four had the highest level of support at 74% (71% support for ratepayers only).

The actual percentage support figures in the report are not dissected between ratepayers and non-ratepayers, however mean ratings are provided for ratepayers and non-ratepayers with the following results:

Table Six – Mean Ratings

Item	Ratepayer	Non-Ratepayer
Option One	2.71	2.48
Option Two	2.84	3.02
Option Three	2.97	3.31
Option Four	3.31	3.98

Option four remains the preferred priority based on these scores.

Micromex advise that 14% of the sample size included non-ratepayers. This is similar to the on-line survey where 13% of respondents were residents and not ratepayers.

The difference between the Micromex results and the online survey / written submissions is substantial. This regularly occurs in this type of process as the Micromex survey engages with many people in the community who may be somewhat indifferent to what is being proposed by Council and therefore do not take the time to make a submission in writing or on-line. The people who feel more strongly about what is proposed, both for and against, do take the time to make a submission.

As an aside, page 29 of the Micromex survey also includes the latest feedback on overall satisfaction with the performance of Council.

The levels of **dissatisfaction** with Council have substantially increased from the most recent 2016 survey (increase from 6% to 15%), with Micromex advising as follows:

This is likely due to awareness of Council seeking an SRV, with residents who are driving the downward shift in satisfaction being significantly more likely to have a preference for option 1-no rate rise (as shown in questions later in the report). Satisfaction however is still significantly higher than our LGA brand scores for NSW (page 29).

These comments highlight the community discontent that is created by a special rate variation.

Sustainability Considerations

- **Environment**
Contemporary works often incorporate environmentally sustainable initiatives.
- **Social**
Council needs to be mindful of any social impacts that may arise from the imposition of extra Council charges.
- **Economic**
Improved waterways can assist in promoting Ballina as a visitor or tourist destination. Modern and well maintained infrastructure is also seen as a positive benefit.

Legal / Resource / Financial Implications

If Council resolves to proceed with the application there will be limited resource implications in completing the application.

If Council resolves not to proceed with the application it will be necessary to make savings in other recurrent programs to achieve the outcomes sought by the proposed special variation.

Consultation

A comprehensive consultation process has been undertaken including letters being sent to all ratepayers in the Shire, an on-line survey, advertising, media releases, promotion on Council's website and four public meetings.

Councillors now have a large amount of consultation material available to make an informed decision.

Options

The options available are not to proceed with an application to IPART, proceed, or proceed with an amended proposal.

The completed application has to be submitted to IPART by Monday 20 February 2017. This means Council needs to make a decision at this meeting as to whether or not the application is proceeding.

Not Proceed

In respect to the option not to proceed, based on the written submissions and the on-line survey there is a large number of objections to the proposal.

Even though the Micromex survey demonstrated support and is statistically representative of the entire community, Councillors may wish to support the residents who have taken the time to write or complete the on-line survey.

The advantage of this option is that it will reduce the cost of future increases in rates paid by property owners and lessen the burden on existing ratepayers.

One disadvantage of this option is that Council will continue to be under-funding its asset renewal program, which will, overtime, result in the long term deterioration of our infrastructure, increase the infrastructure backlog and increase our asset maintenance expenses. This then impacts on the overall financial sustainability of Council.

Council has a significant recurrent deficit in respect to its asset renewal program.

The presentation to the public meetings included a slide that demonstrated the annual depreciation expense for our core classes of infrastructure such as roads, stormwater, footpaths, buildings, open spaces etc is approximately \$9.7m per annum, and the Council recurrent budget, with regular grants is approximately \$6.6m, leaving a deficit of \$3.1m.

Other feedback from our engineering works staff, who manage our road assets every day, is that our resealing and heavy patching budget, which is currently \$1.1m per annum, needs to be around \$1.7m per annum.

Also the various roads maintenance budgets are largely expended for this financial year, which means service levels will be reduced for the remainder of the year.

One of the major benefits of more-timely asset renewal is that it will steadily reduce the level of maintenance expenditure needed each year.

Staff remain of the opinion that it is not feasible to save the \$3m shortfall to eliminate this deficit through savings in existing operating expenses.

Therefore Councillors, as custodians of the infrastructure assets for the community, need to determine what strategy they wish to follow to ensure that our existing assets do not deteriorate over time.

The other disadvantage of this option is that Council will most likely not be in a position to take a lead role in making a significant change to the health of our waterways, particularly the Richmond River.

Proceed

Council has conducted a comprehensive consultation process and there is support and opposition for the proposal.

Councillors have the difficult task of making decisions in the best interests of the community and are quite entitled to make a decision that may not be popular, but may be considered to be the “right” decision taking into account the information available.

Some of the facts that support such a decision are:

- a) Council has a responsibility to adequately maintain its infrastructure assets
- b) Deferring this type of decision only increases the future liability for Council

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- c) Additional funds help to improve Council's overall financial position in respect to our operating result
- d) Additional funds in respect to the Healthy Waterways program will allow investigation and progress to help turnaround the deterioration of the Shire's waterways
- e) Even if with this increase the overall average residential rates and charges bill remains comparatively lower to similar councils in this region
- f) The overall vision that the elected Councillors may have for the Ballina Shire in respect to the services and infrastructure provided and the state of the environment over the next 10 years. The Micromex Survey results are interesting in that they state that the majority of residents and ratepayers want Council to proactively manage our infrastructure for the benefit of future generations.

Proceed with an amended application

Council could resolve to proceed with a lower increase based on the feedback received. For example the Healthy Waterways Program could be deleted from the proposal, decreasing the overall increase by 1.5%.

From a staff perspective, if Council was to proceed with an amended application, the recommendation would be to proceed with the asset renewal program only, as this assists Council's long term financial sustainability by generating additional funds for asset renewal. The Healthy Waterways Program does not improve our financial sustainability as additional revenue is totally offset by additional operating expenses.

In respect to the recommendation, Councillors need to determine the level of service provided to the community, along with the level of rate income that is considered reasonable.

If Councillors wish to risk the long term deterioration of our infrastructure, along with only taking limited action on our waterways, then the preferred option is not to proceed with an application for a special variation.

Conversely if Council wants to further strengthen our asset renewal program, along with committing significant resources to improving the overall health of our waterways, particularly the Richmond River, the preferred option is to proceed with the application for a special variation as per the consultation process.

Both these options are listed in the recommendation for Council determination. The other option is an amended application based on an alternative proposal as determined by Council.

RECOMMENDATIONS

Option One

That based on the community consultation process completed, Council accepts there is a high level of objection to the proposed special rate variation to finance the Healthy Waterways Program and increased asset renewal and resolves not to proceed with the special rate variation application.

OR

Option Two

1. That Council acknowledges the feedback from the community consultation process undertaken for the proposed special rate variation to finance the Healthy Waterways Program and increased asset renewal.
2. In acknowledging this consultation Council remains of the opinion that it is reasonable to proceed with the proposed special variation application for a number of reasons, including but not limited to:
 - a) It is essential that Council increases its level of rate income to finance an adequate level of asset renewal to reduce the risk of Council's infrastructure assets deteriorating over time
 - b) The funding of the Healthy Waterways Program will help Council improve the overall condition of the Shire's waterways
 - c) The additional rate income generated will improve Council's overall financial position and long term financial sustainability
 - d) The removal of the waste operations charge in 2017/18 results in the financial impact of the additional increase in ordinary rates being substantially reduced for all residential and farmland ratepayers; and
 - e) Council is committed to minimising increases in the water, wastewater, waste and stormwater charges for the period 2017/18 to 2019/20 to assist in lessening the financial impact on ratepayers.
3. That Council authorises the General Manager to submit an application to IPART for a special rate variation based on 4.9% in 2017/18, 5.9% in 2018/19 and 5.9% in 2019/20.

Attachment(s)

1. Public Meetings Presentation (Under separate cover)
2. Submissions (Under separate cover)
3. Results of Online Survey (Under separate cover)
4. Micromex - Survey Results Report (Under separate cover)