Independent Pricing and Regulatory Tribunal

Rate Peg Survey Integrated Report

April 2023

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Quality and Compliance Statement

This project was conducted in accordance with the international quality standard ISO 20252, the international information security standard ISO 27001, as well as the Australian Privacy Principles contained in the Privacy Act 1988 (Cth). ORIMA Research also adheres to the Privacy (Market and Social Research) Code 2021 administered by the Australian Data and Insights Association (ADIA).

Acknowledgments

ORIMA pays respect to Aboriginal and Torres Strait Islander Peoples past and present, their cultures and traditions and acknowledges their continuing connection to land, sea and community.

We would also like to acknowledge and thank all the participants who were involved in our research for their valuable contribution.

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Background and technical information

The rate peg is the maximum amount in percentage terms by which a council may increase its rates income in a year. IPART sets this percentage every year, on behalf of the Minister for Local Government, and has done so since first delegated by the then Minister in 2010.

The purpose of the rate peg is twofold:

1. It allows all councils to automatically increase their rates each year to keep pace with the estimated change in the costs of providing their current services and service levels to households, businesses, and the broader community - that is, their base costs. This helps ensure that they can maintain the scope, quantity and quality of these services over time without undermining their financial sustainability.
2. It also limits the impact of these automatic increases on ratepayers, by ensuring that councils cannot increase their rates by more than the estimated change in their base costs, and that they engage with their communities if they propose a step change in their rates revenue to fund improvements in the scope, quantity or quality of their services.

In 2022/23 IPART is conducting a review of the methodology used for setting the rate peg. The purpose of the Rate Peg Survey is to obtain reliable information from NSW residents and businesses about what is important to them with respect to the setting of council rates. The survey was designed to establish a baseline for potential future tracking of opinions over time, or to allow targeted exploration of the opinions of geographic or demographic segments of the NSW community. Two surveys were conducted, one of 2,881 community members, and one of 515 micro (0-4 employees) and SME (5-199 employees) businesses.

The key eligibility criteria for the **community survey** was that respondents were an owner occupier (and therefore paying residential council rates) or renting from a landlord (where council rates are of direct impact on rental costs). Respondents did not need to be the person in the household directly responsible for organising payment of rates, a mortgage or rent to be eligible to complete the survey. Three demographic variables were used to structure the sample design: age, gender, and five geographic zones by LGA (metro, metro fringe, regional towns/cities, large rural, and rural).

Data collection for the community survey was conducted using a hybrid method combining online panel sources where practical, and Computer Assisted Telephone Interviewing (CATI) where online panel coverage was not sufficient to achieve targets – being the Large Rural and Rural zones. The two datafiles were then merged for analysis and treated as a single integrated sample. To keep the CATI survey within range of its target 10-minute length, several questions included in the online survey were excluded from the CATI version. This data collection was conducted in November 2022. The final community survey sample was:

Location	**NSW**	Metro	Metro fringe	Regional	Large rural	Rural
Sample size ***Source***	**2,881** *Online + CATI*	858 *Online*	872 *Online*	634 *Online*	320 *Online + CATI*	197 *Mostly CATI*

Results were weighted by age and gender within zones, and the overall NSW total results are also weighted by geographic zone to their estimated population proportions.

The **business survey** was conducted entirely online with members of a business research panel. Businesses were represented by owners or key decision makers. The business sample was not weighted, and its results should be interpreted with reference to the sample characteristics shown in the methodology section of the report. 28% of respondents were sole traders, 23% had 2-5 employees, while 16% had 6-20 employees, 21-100 employees and 101+ employees respectively. This survey was conducted in March-April 2023.

Key results

Community Survey

Overview

Respondents have a **moderate view of the current level and quality of services** delivered by councils, but are **less positive about how well they feel councils communicate** with them about rates, and **only a minority are comfortable** with how fair rate changes are from year-to-year, or being able to trust their council to keep increases reasonable. In general, Metropolitan and Rural respondents were the most positive, and those in Large Rural areas the least positive.

Affordability of rates is the biggest consideration for respondents, with predictability and rates not changing much from year to year being less important for most. A clear majority of respondents would prefer approved base rate changes each year to be quite small, and for councils to need to consult their communities about larger changes quite often. Two thirds preferred each council to change its rates by a different amount to suit their needs. Beyond these two though, when asked about other trade-offs about rates, only slim majorities were observed at the overall community level, and in two of eight trade-offs an almost 50-50 split was observed – suggesting **there is no dominant view about how rate changes should be managed**.

While some minor variations were observed, these **patterns were consistent across geographic zones, and across major demographic variables**. However, statistical analysis of response patterns identified **five attitudinal segments within the community who hold quite distinct combinations of preferences** – with the overall results reflecting the balance of these segments. The segments do not appear to be strongly correlated with location or with demographics. They exhibit similar views on what are the most important considerations, but seem to have different views on how these considerations should ideally be delivered on.

There is only **limited support for rates being used to fund climate change measures**, and this is lowest in rural areas.

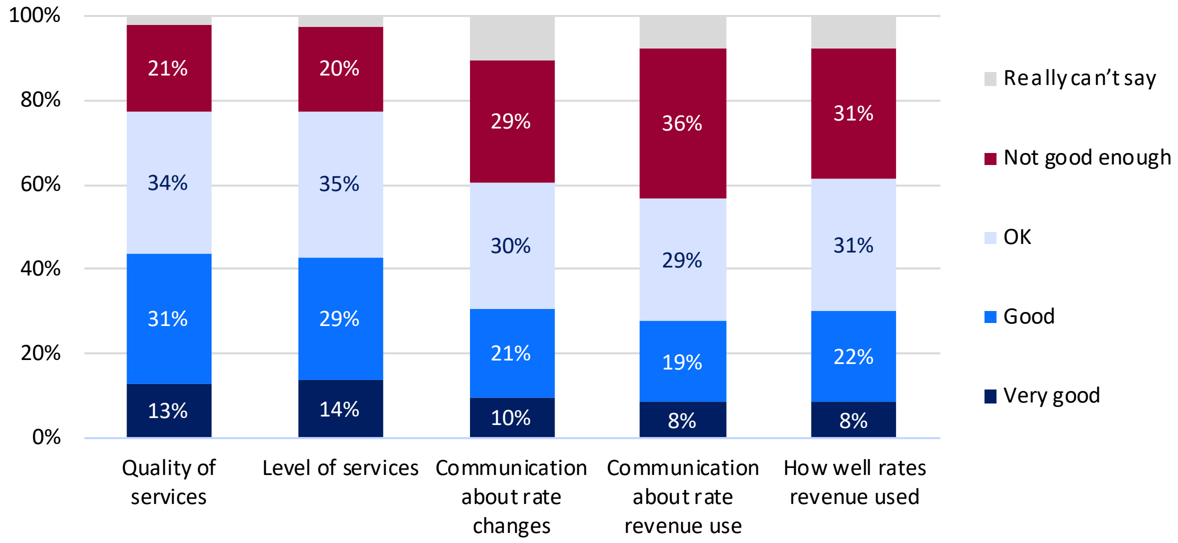
Respondents thought that ratepayers and the community should have a high level of influence in deciding council rate increases, along with IPART as the NSW independent regulator.

Detailed results

Community views of **council performance** were moderate. Respondents generally have positive views about the quality and level of services provided by their local council, but are less positive about how well councils communicate about rates and make use of the revenue they raise through rates.

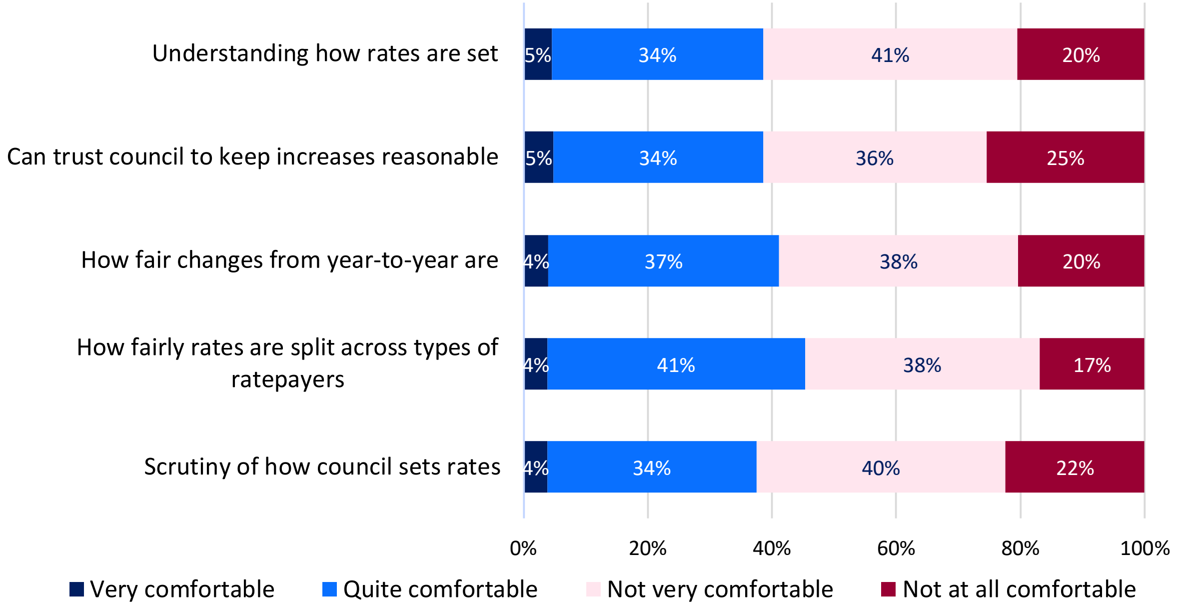
There were only minor variations across geographic zones or demographic groups, with a similar broad pattern observed. By geography, respondents from Large Rural areas were generally the least positive, and those in Metropolitan and Rural areas the most positive.

With respect to your local council, how would you rate each of the following things? QC1
Base: All NSW Residents (n=2,881)



Respondents generally do not have a high level of **comfort with important aspects related to rates**. Only between 38% and 45% of respondents were *at least quite comfortable* at present with their own understanding of how rates are set, being able to trust councils to keep rate increases reasonable, how fair rate changes are and the way rates are split across different types of ratepayers, and how much scrutiny there is of how their council sets rates.

At present, how comfortable are you with each of the following things? QC2
Base: All NSW Residents (n=2,881)



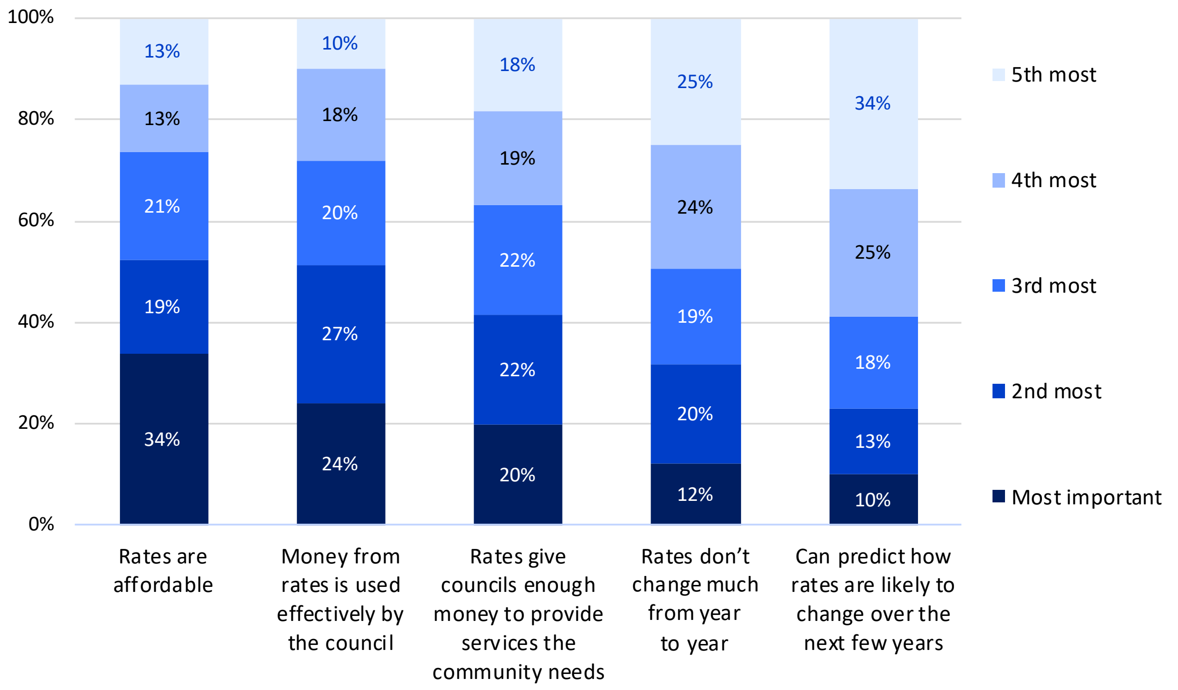
As with perceptions of council performance, there were only minor nuances in comfort levels around rates seen in the views of different demographic groups. Across geographic zones respondents from Metropolitan and Large Rural areas tend to be the most comfortable, with those from Regional Towns and Cities generally a little more comfortable than those from Metropolitan Fringe and Large Rural areas. However, for all questions in all zones, no more than half the respondents described themselves as *at least quite comfortable*, and between 14% and 37% said they were *not at all comfortable*.

Respondents were asked to **prioritise their most important considerations with respect to rates**. Overall, *being affordable* was the number one priority for 34% of respondents, ahead of *money from rates being used effectively* (24%). These two were ranked first or second most important by 53% and 51% respectively, and in the top three by around three-quarters. *Rates not changing much from year-to-year*, and *being able to predict how rates will change over coming years* were seem as the less important considerations.

This basic pattern was seen across all geographic zones (noting that this question was only asked online, and so Large Rural and Rural are combined for this question).

Of the following considerations, please rank them from most important (1) to least important (5) to you at the moment. QD1

Base: All NSW Residents, only online respondents (n=2,593)



	Rates are affordable	Money from rates is used effectively by the council	Rates give councils enough money to provide services the community needs	Rates don't change much from year to year	Can predict how rates are likely to change over the next few years
5th most	13%	10%	18%	25%	34%
4th most	13%	18%	19%	24%	25%
3rd most	21%	20%	22%	19%	18%
2nd most	19%	27%	22%	20%	13%
Most important	34%	24%	20%	12%	10%

Individual respondents generally held specific views on the **guiding principles that should be applied to setting council rates** – but there was far from a consensus in these preferences across the community. One way to reveal preferences on a subject is to ask people to respond to a forced-choice alternative. Rather than a scale, where respondents can readily 'sit on the fence' for difficult issues, the forced-choice approach requires them to select their preferred (or least disliked) option.

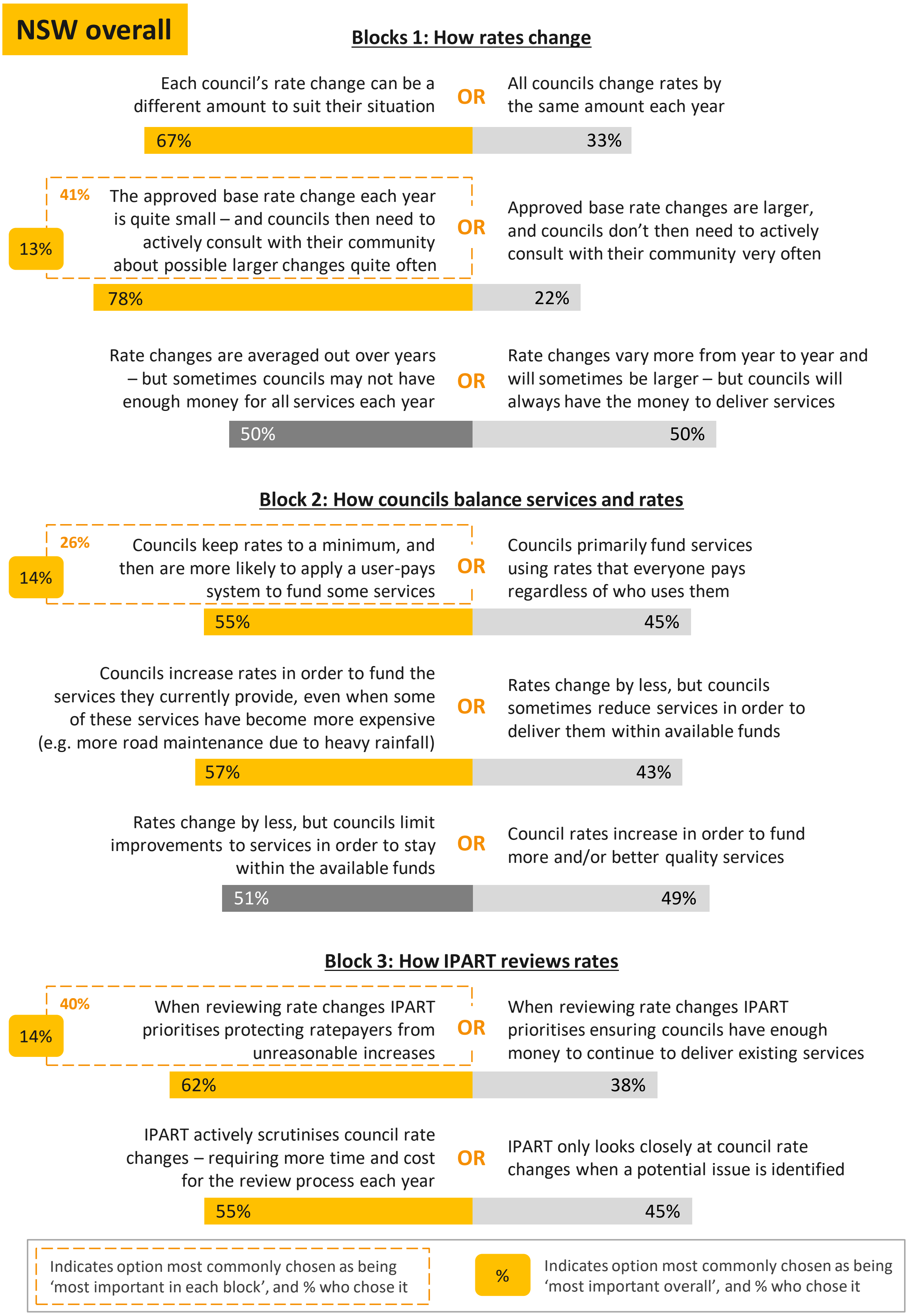
Respondents in the Rate Peg survey were presented with eight such choices in three blocks (though respondents did not see the block headings, just the choices – in a random order within each block).

The graphic on the following page shows the overall proportion of preferences for each of the eight trade-offs. Overall, for only three of the eight trade-offs was there a clear majority preference, and for two of the eight the overall preferences were almost exactly even.

NOTE: This graphic shows the proportion of people who preferred each of the two options presented. The most preferred option is shown on the left. Where less than a 55:45 majority preferred either option, the result is shown in shades of grey. Where this chart format is used throughout the report to show preferences for sub-groups of respondents, the same ordering as this overall chart is used, so that charts can be directly compared and any differences are more visually apparent.

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? [QD2]

Base: All NSW Residents (n=2881)



NSW overall

Blocks 1: How rates change

	Each council's rate change can be a different amount to suit their situation	67%	OR	All councils change rates by the same amount each year	33%
13%	41% The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often	78%	OR	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	22%
	Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	50%	OR	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	50%

Block 2: How councils balance services and rates

14%	26% Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	55%	OR	Councils primarily fund services using rates that everyone pays regardless of who uses them	45%
	Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall)	57%	OR	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	43%
	Rates change by less, but councils limit improvements to services in order to stay within the available funds	51%	OR	Council rates increase in order to fund more and/or better quality services	49%

Block 3: How IPART reviews rates

14%	40% When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	62%	OR	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	38%
	IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	55%	OR	IPART only looks closely at council rate changes when a potential issue is identified	45%

Indicates option most commonly chosen as being 'most important in each block', and % who chose it

% Indicates option most commonly chosen as being 'most important overall', and % who chose it

Within each of the blocks, the **single most important preferences** were:

- **How rates change**: The approved base rate change each year is quite small - and councils then need to actively consult with their community about possible larger changes quite often (41%)

- **How councils balance services and rates**: Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services (26%)

- **How IPART reviews rates**: When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases (40%)

The pattern of **preferences for these trade-offs do not greatly change across geographic zones**. The closest to an example of a preference reversing geographically was in the Rural zone, where 66% of respondents preferred that councils increase rates to fund more or better services rather than councils limiting services to stay within available funds (whereas preferences were split in all other zones).

However, further analysis looking at patterns of preferences across these trade-offs revealed **there are segments in the community who have very different and quite strong preferences**. The segmentation was conducted using cluster analysis – a statistical technique that works by identifying groups of respondents who gave similar patterns of responses across multiple trade-offs. Several solutions were considered, but the most meaningful identified five segments of between 15% and 26% of the total. The segments are characterised based on their distinctive characteristics.

	Segment description ***(based on distinctive preferences)***	**Segment size**
🟧	#1. Prioritise council funding, increase rates as required	16%
🟧	#2. Actively protect ratepayers, but ensure services	15%
🟧	#3. Deliver services, but capped to protect ratepayers	26%
🟫	#4. Active regulation to balance rates and services	20%
🟫	#5. Minimise rates, reduce services if required	23%

Whereas the split of preferences at the overall level was quite even for a number of the trade-offs, *within* the segments there were generally very strong leanings towards particular preferences. In a number of cases (especially for segments #1 and #5, which have the most distinct patterns), the segment preferences were counter to the overall preferred trade-off.

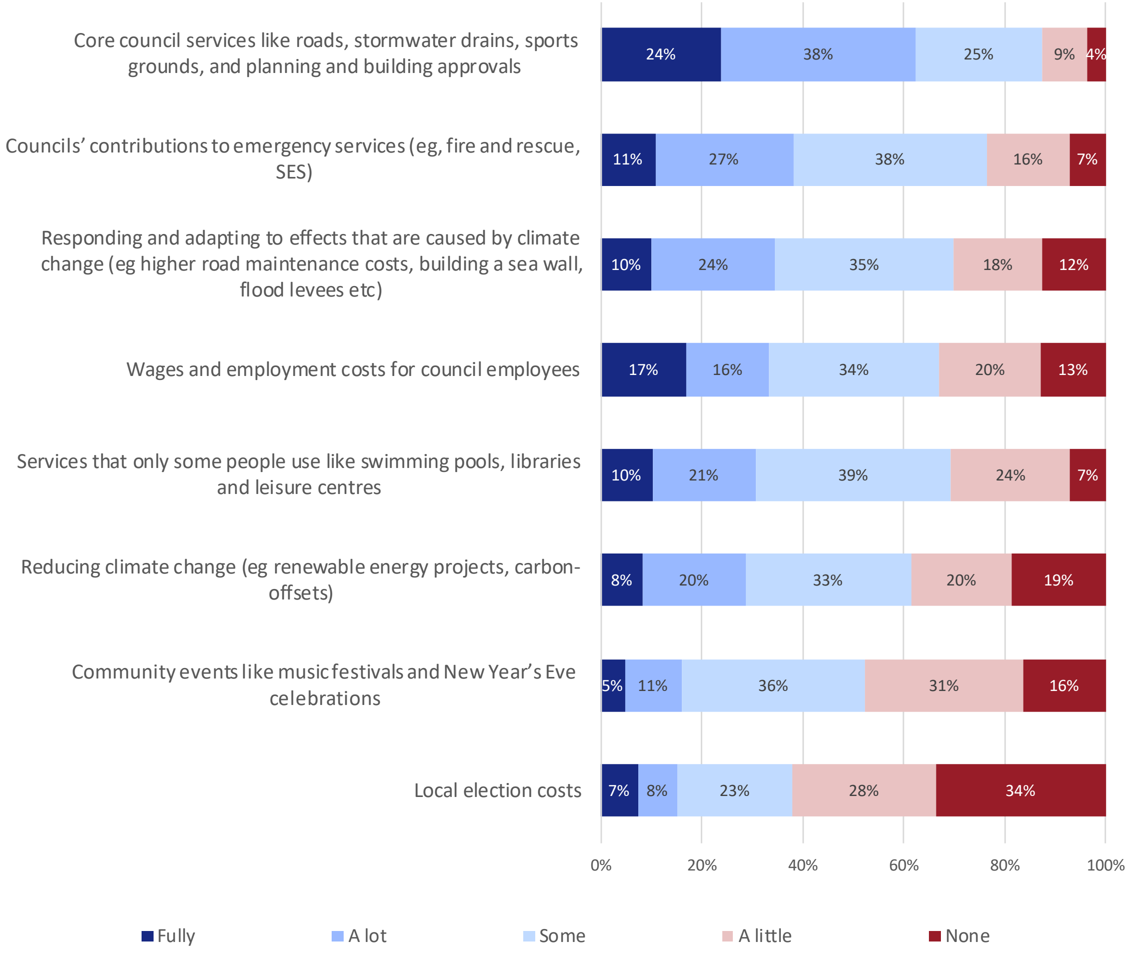
Each segment showed quite distinct combinations and/or strong points of difference from each other, and the overall (and geographic zone) preferences are in fact more reflective of the 'average' of all these segments. As the graphic below shows, for the two trade-offs where there was a virtually equal overall preference, within the segments there were generally quite clearly preferred options.

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? Segment preferences shown for trade-offs where there was no clear overall preference. QD2 Base: All NSW Residents (n=2,881)

	Total	Segment #1	Segment #2	Segment #3	Segment #4	Segment #5
Segment preferred trade-off option is shaded	100%	16%	15%	26%	20%	23%
How rates change						
Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	50%				51%	86%
Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	50%	68%	71%	58%	49%	
How councils balance services and rates						
Rates change by less, but councils limit improvements to services in order to stay within the available funds	51%			59%		91%
Council rates increase in order to fund more and/or better quality services	49%	58%	71%		79%	

These segments seem to be primarily attitudinal in nature, with no strong demographic or geographic skews seen in their relative profiles. From the survey alone it cannot be known how strongly each segment may hold its distinctive views, nor what the origins of them may be. Additional contextual or qualitative research (such as focus groups) may be useful to better understand the relative strength or flexibility in the opinions of these segments, especially as the underlying drivers of what is most important to them appear to be quite similar. Such qualitative research may also be useful to explore ways in which the segment views may converge with additional information or deliberation.

Overall, 62% of respondents believe that **rates should be used** to fund core council services *fully or a lot*. Less than 40% felt that rates should fund any other uses to this extent, with council's contributions to emergency services (38%) and responding and adapting to effects that are caused by climate change (34%) the next highest. More than half of respondents did feel that *at least some* of most functions and services should be funded by rates, with the exception being local election costs



When calculating how much each council should increase rates each year, the regulator needs to consider a range of services and costs. *Please note that rates in NSW do not pay for household waste services (e.g. rubbish collection).*

How much of the following services do you think should be funded by rates? QD5

Base: All NSW Residents (n=2,881)

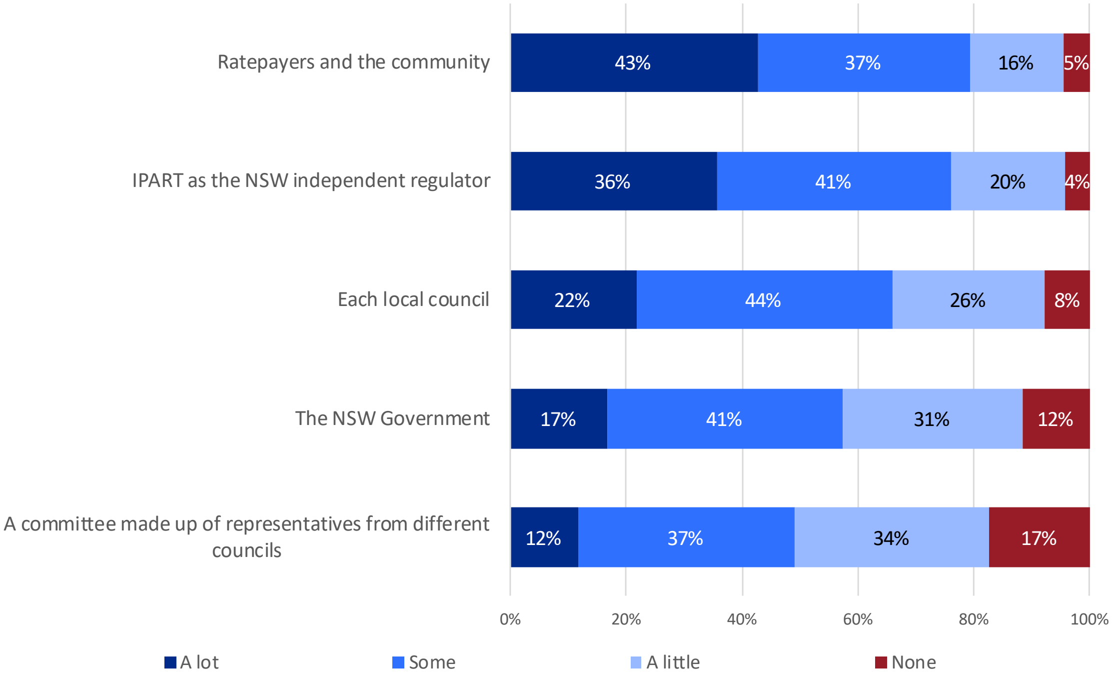
There are only minor variations in how respondents in different geographic zones feel that rates should be used, with the most apparent being a lower level of support for using rates to fund climate change initiatives in Rural (and to a lesser extent Large Rural) areas.

Respondents to the survey were asked **the extent to which different groups should influence how council rates are set**. They most commonly felt that ratepayers and the community should have input into council rate increases, along with IPART as the independent NSW regulator.

These views were largely consistent across geographic zones – with the only variations of note being that Large Rural and Rural respondents were slightly less likely to feel that the NSW Government should have influence in setting rate increases, and those in the Rural zone were more likely to feel that IPART should have *some* influence rather than *a lot*. There was no difference between male and female respondents, but older respondents were more likely to feel that the local council, ratepayers and the community, and (especially) IPART should have somewhat higher levels of influence.

How much influence do you think each of these <u>should</u> have in deciding council rate increases each year? QD6

Base: All NSW Residents (n=2,881)



Business Survey

Overview

The **views of business respondents to the survey were very similar to those of expressed in the wider community survey**. All of the general observations and conclusions from the community survey apply to the business survey, with most results being within plus or minus five percentage points and all major patterns repeated.

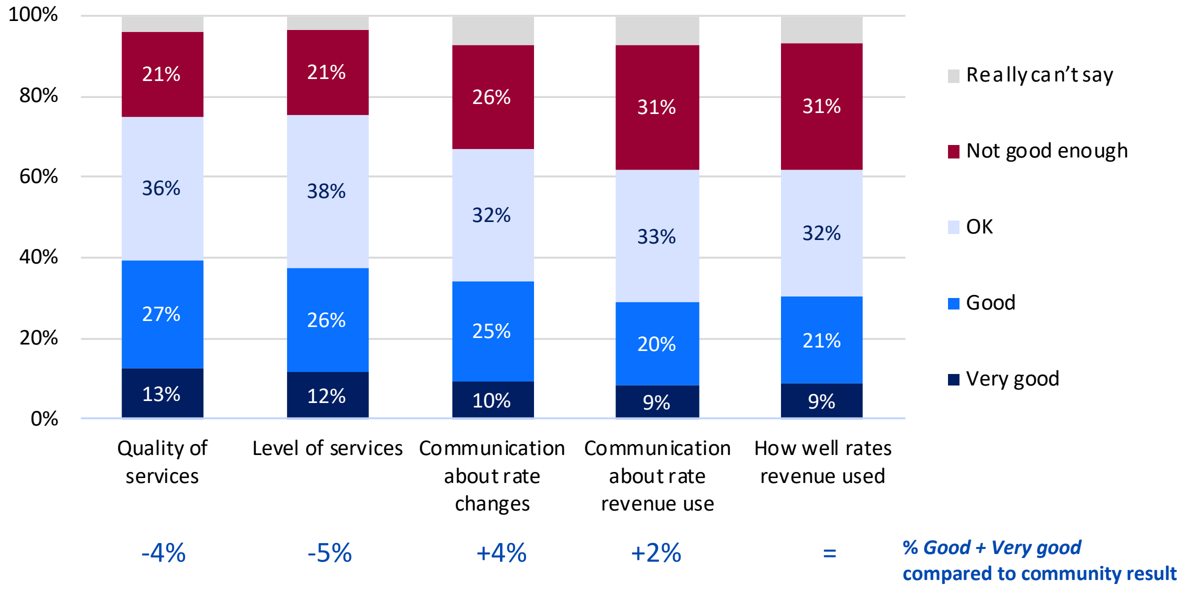
Very few statistically significant differences were observed between business respondents from different geographic zones, or based on the size of businesses. A **segmentation** of the business respondents revealed three segments rather than five, which most closely resemble the two end-points of the range of community segments[1].

	Segment description ***(based on distinctive preferences)***	**Segment size**
🟩	#1. Prioritise services	35%
🟩	#2. Prioritise minimising rates (minimal regulation)	35%
🟩	#3. Prioritise minimising rates (utilise regulation)	30%

Detailed results

Business respondents' **perceptions of current council performance** were very similar to the general community respondents'. Generally, larger businesses (based on employee numbers) were more likely to rate each aspect as *good* or *very good* – though this trend was generally not statistically significant. The small group of 16 respondents from the rural zones were the least positive, but with the small sample of these respondents this was also not a statistically significant trend.

With respect to your local council, how would you rate each of the following things? QC1
Base: All NSW Businesses (n=515)



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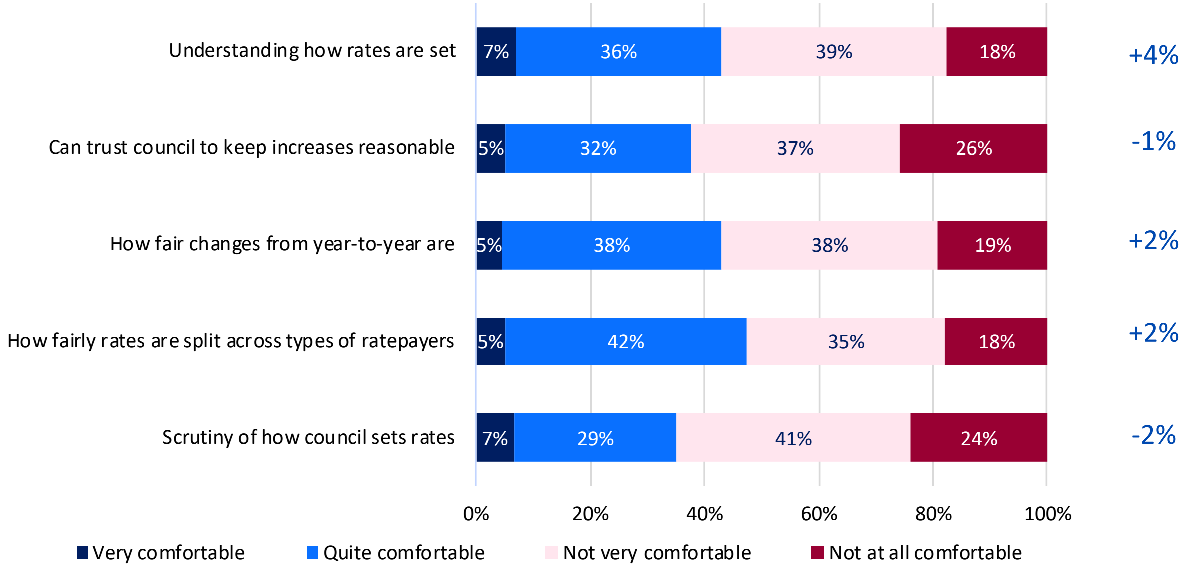
[1] Note that if an equivalently large business sample was available for analysis, it is possible the segmentation would have derived a greater number of segments as emerged from the community survey data.

Similarly, business respondents' level of **comfort with a number of facets relating to rates** were very closely aligned with the community survey. Comfort did not vary substantially by location, but there was a trend for larger businesses to be somewhat more comfortable. Micro businesses with 2-5 employees were the least likely to be comfortable with trusting councils and with scrutiny of how councils set rates.

At present, how comfortable are you with each of the following things? QC2
Base: All NSW Businesses (n=515)

% Quite Comfortable + Very Comfortable compared to community result:



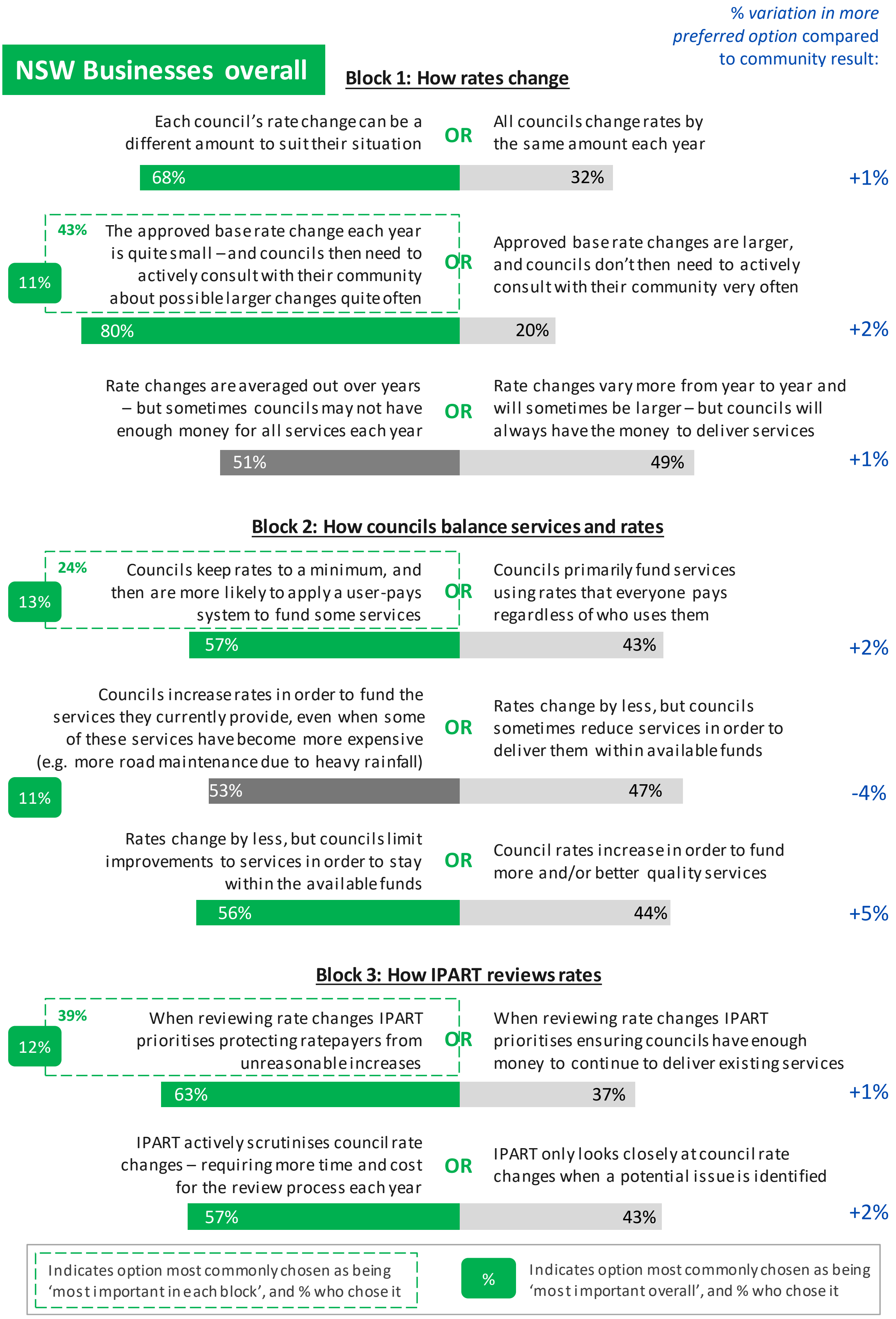
Businesses ranked five potential drivers of **what is most important to them about rates** in the same order and proportions as community members. Affordability and revenue from rates being used effectively were the two most important considerations, with predictability and stability from year-to-year the least important. This pattern did not meaningfully vary by location or business size.

Given the similarity in current experiences, comfort levels and drivers, it is not surprising then that the **trade-off preferences** expressed by businesses are also nearly identical to those seen in the wider community survey. All preferences were within plus or minus five percentage points of the community survey, and all but one within plus or minus two points. As with the community survey, just three of the eight trade-offs had more than a 60% preference at the overall level.

Where five segments were identified in the community survey, just three were identified in the smaller business survey sample. These segments were most similar to the end points of the range of community segments (though there was a suggestion that more complex intermediate segments may have been found with an equivalently larger sample size to analyse).

Around one-third of respondents (35%) were similar to the "prioritise services" segment (community segment #1), but that the remainder looked more similar to community segment #5. This majority group had a focus on "prioritising minimising rates", even if this meant reducing services; and then split roughly in half based mostly on the degree of regulation they would prefer to oversee the setting of rates. Segment #1 (comprising 35% of business respondents) is quite different from the other two segments on a number of trade-offs, but especially on all three trade-offs in the block about how councils balance services and rates, and these differing views result in the inconclusive preferences at the overall combined level in that block of trade-offs.

NOTE: This graphic shows the proportion of business respondents who preferred each of the two options presented. The chart follows the same order as the overall chart from the community survey, with the most preferred option in the community survey shown on the left. Where less than a 55:45 majority preferred either option, the result is shown in shades of



NSW Businesses overall

% variation in more preferred option compared to community result:

Block 1: How rates change

Each council's rate change can be a different amount to suit their situation	68%	OR	All councils change rates by the same amount each year	32%	+1%
The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often (most important in block: 43%; most important overall: 11%)	80%	OR	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	20%	+2%
Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	51%	OR	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	49%	+1%

Block 2: How councils balance services and rates

Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services (most important in block: 24%; most important overall: 13%)	57%	OR	Councils primarily fund services using rates that everyone pays regardless of who uses them	43%	+2%
Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall) (most important overall: 11%)	53%	OR	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	47%	-4%
Rates change by less, but councils limit improvements to services in order to stay within the available funds	56%	OR	Council rates increase in order to fund more and/or better quality services	44%	+5%

Block 3: How IPART reviews rates

When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases (most important in block: 39%; most important overall: 12%)	63%	OR	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	37%	+1%
IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	57%	OR	IPART only looks closely at council rate changes when a potential issue is identified	43%	+2%

Indicates option most commonly chosen as being 'most important in each block', and % who chose it

% Indicates option most commonly chosen as being 'most important overall', and % who chose it

Background and Technical Details

Background

The role of the NSW Independent Pricing and Regulatory Tribunal (IPART) is to help NSW residents get safe and reliable services at a fair price. It has a number of roles:

- the independent pricing regulator for water, energy, public transport and local government
- the licence administrator of water, electricity and gas
- the scheme administrator and regulator of the Energy Savings Scheme

The rate peg is the maximum amount in percentage terms by which a council may increase its rates income in a year. IPART sets this percentage every year, on behalf of the Minister for Local Government, and has done so since first delegated by the then Minister in 2010.

The purpose of the rate peg is twofold:

1. It allows all councils to automatically increase their rates each year to keep pace with the estimated change in the costs of providing their current services and service levels to households, businesses, and the broader community - that is, their base costs. This helps ensure that they can maintain the scope, quantity and quality of these services over time without undermining their financial sustainability.
2. It also limits the impact of these automatic increases on ratepayers, by ensuring that councils cannot increase their rates by more than the estimated change in their base costs, and that they engage with their communities if they propose a step change in their rates revenue to fund improvements in the scope, quantity or quality of their services.

In 2022/23 IPART is conducting a review of the methodology used for setting the rate peg. The purpose of the Rate Peg Survey is to obtain reliable information from NSW residents and businesses about what is important to them with respect to the setting of council rates.

Technical details of survey

Content and structure

The Rate Peg Survey was designed in such a way to establish a baseline for potential future tracking of community opinions over time, or to allow targeted exploration of the opinions of geographic or demographic segments of the NSW community.

The survey is set up in a series of modules (including modules that were not included in the 2022 survey, but which may be of use in future surveys). The questionnaire structure is:

1. Introduction and privacy requirements
2. Module A: Basic (essential) demographics
3. Module B: Awareness / Understanding of current process [INACTIVE in 2022]
4. Module C: Practical recent experiences / Engagement and communication
5. Module D: Guiding principles / preferences
6. Module E: Reactions to proposed concepts [INACTIVE in 2022]
7. Module F: Final demographics and analytical variables
8. Module G: Close

The business survey was adapted from the community survey to suit the audience. Copies of the 2022 surveys can be seen in Appendix A to this report.

Sample design

Community Survey

The Rate Peg community survey sample is designed around one key eligibility criteria, and three demographic variables.

The key eligibility criteria is that respondents must with be an owner occupier (and therefore paying residential council rates) or renting from a landlord (where council rates are of direct impact on rental costs). Respondents do not need to be the person in the household directly responsible for organising payment of rates, a mortgage or rent to be eligible to complete the survey.

The three demographic variables used to structure the sample design are:

1. **Age**. As no definitive benchmarks are available for the age breakdown of eligible respondents, a simplified proportional age structure is used for establishing sampling targets and final weighting, with 20% to be aged 18-34, 40% to be aged 35-54, and 40% to be aged 55+.
2. **Gender**. As with age, as no definitive benchmarks are available for the gender breakdown of eligible respondents, simple 50-50 male-female proportions are applied to the sample targets and weighting.
3. **Location**. The NSW population was split into five geographic zones at the council (local government area, LGA) level. In establishing targets for the survey, a stratified proportional approach was adopted, ensuring sufficiently large sample sizes in the smaller geographic zones to enable robust analysis at that level. [See weighting section below for information on how the stratified sample is reported at the overall level.]

In creating targets for the 2022 Rate Peg Survey, age and gender quotas were applied *within* each zone, with gender caps of 60% applied to each cell (to be corrected by post hoc weighting).

Zone *Defined at LGA level*	**Overall** *Target*	**18-34** *20%*	**35-54** *40%*	**55+** *40%*
Metropolitan	**800**	160	320	320
Metropolitan fringe	**800**	160	320	320
Regional town/city	**600**	120	240	240
Large rural*	**300**	60	120	120
Rural*	**200**	40	80	80
NSW Total	**2700**	540	1080	1080

* *See data collection section*

Business Survey

A simpler design was used for the business survey. Respondents were all members of a business research panel (the same online panel used for the community survey), and natural fallouts of business size, location and industry were allowed. Respondents are business owners or key decision makers.

A target of at least 500 business respondents was set.

Data collection

Community Survey

Data collection for the community was conducted using a hybrid method combining online panel sources where practical, and Computer Assisted Telephone Interviewing (CATI) where online panel coverage was not sufficient to achieve targets – being the Large Rural and Rural zones.

Overall combined quotas and targets were monitored on a daily basis during fieldwork. The two datafiles were then merged for analysis and treated as a single integrated sample. To keep the CATI survey within range of its target 10-minute length, several questions included in the online survey were excluded from the CATI version.

Data collection for the community survey was conducted in November 2022.

Business Survey

The business survey was conducted using the online method only. The community survey was adapted to suit the business audience, and conducted using the same online platform to maximise consistency in the respondent experience of the survey across the two audiences.

Data collection for the business survey was conducted in March and April 2023.

Sample size and weighting

Community Survey

The final community survey sample achieved or exceeded the targets in all zones. The only demographic cell that was substantially under-target was 18-34 year old males in rural areas, where only 8 of a desired 20 interviews were able to be completed.

Of the 2,881 completed surveys, 2,593 were completed online, and 288 were completed by CATI (169 of 197 in the Rural zone, and 119 of 320 in the Large Rural zone).

Zone	Total NSW	Male 18-34	Male 35-54	Male 55+	Female 18-34	Female 35-54	Female 55+	TOTAL 18-34	TOTAL 35-54	TOTAL 55+
Metro	**858**	88	160	171	88	175	176	**176**	**335**	**347**
Metro fringe	**872**	86	160	186	80	170	188	**168**	**330**	**374**
Regional	**634**	59	132	132	60	119	132	**119**	**251**	**264**
Large rural*	**320**	22	40	58	44	84	72	**66**	**124**	**130**
Rural*	**197**	8	40	30	26	47	46	**34**	**87**	**76**
Total	**2,881**	**263**	**532**	**577**	**298**	**595**	**614**	**563**	**1127**	**1,191**

Results are reported at two geographic levels:

1. Overall NSW
2. Five individual zones*

Two post hoc weights were calculated and used in the analysis for questions which were asked in both the online and the CATI versions of the survey. The weights correct the raw sample proportions to reflect actual population proportions. Analogous weights were also calculated for the small number of questions that were only asked in the online version of the survey.

* *Because there is only a very small sample of online surveys in the Rural zone, Rural and Large Rural are collapsed for weight 4. All geographic results shown in the report are weighted by the relevant weight.*

Weight	Results level	Sample source	Allows for
1	**Overall NSW**	**Online + CATI**	Age, gender, zone
2	**Zone (all five zones)**	**Online + CATI**	Age, gender
3	**Overall NSW**	**Online**	Age, gender, zone
4	**Zone (four zones, collapsing Rural + Large Rural)**	**Online**	Age, gender

Business Survey

A total of 515 business surveys were completed.

Employee numbers	Total	Metropolitan	Metropolitan fringe	Regional town/city	Large rural
One [sole trader]	**149**	80	23	41	5
2-5	**119**	66	19	26	8
6-20	**82**	48	11	22	1
21-100	**85**	65	11	7	2
101+	**80**	61	6	13	0
Total	**515**	**320**	**70**	**109**	**16^**

^ *One rural business respondent was grouped with the Large Rural respondents for analysis*

Other demographic characteristics of the business sample were:

- 65% of business respondents operated from a single premises, and another 20% operated from 2-3 premises.
- 52% own or co-own at least one premises that it operates from, 38% pay rent to a landlord, and 11% operate in some other arrangement.
- 41% turn over less than $500,000 per annum, 13% turn over between $500,000 and $1 million, 20% turn over $1 million to $5 million, and 25% turn over more than $5 million per year.

Due to the absence of relevant population benchmarks for the business sample, no weighting of this sample was applied. Readers should consider the nature and characteristics of the business survey sample when interpreting the results from this sample.

Detailed Survey Results

Notes for readers

Community Survey

Throughout this report, community survey results are shown first for each question. They are presented at the overall level, then split out by geographic zones and demographics. To assist readers interpret the level of results they are looking at, consistent colours are used to show results from different groups throughout.

NSW	Metro	Metro Fringe	Regional towns & cities	Large Rural	Rural
🟨	🟪	🟪	🟩	🟩	🟩

Results are from combined online and CATI survey unless otherwise noted.

All data is weighted based on the group being reported.

Base sizes are as shown throughout the report.

Some tables and charts may not appear to sum to exactly 100% due to rounding.

Note that the majority of survey responses in the rural zone were obtained by telephone surveys, whereas responses in all other zones were fully or mostly obtained via online completion. Telephone surveys may have a higher level of 'social desirability' associated with the person-to-person format. Readers should consider this possibility when interpreting differences between rural respondents and other zones.

Business Survey

The business survey results are shown following the community survey results in each section. As the business sample is much smaller and showed a high level of internal consistency, generally only overall results are shown other than where substantive and statistically significant differences are observed between subgroups.

Where results in charts and tables are ordered, the results for the business survey are shown in the same order as the community survey in order to maximise comparability.

Current Experiences of Council Rates and Services

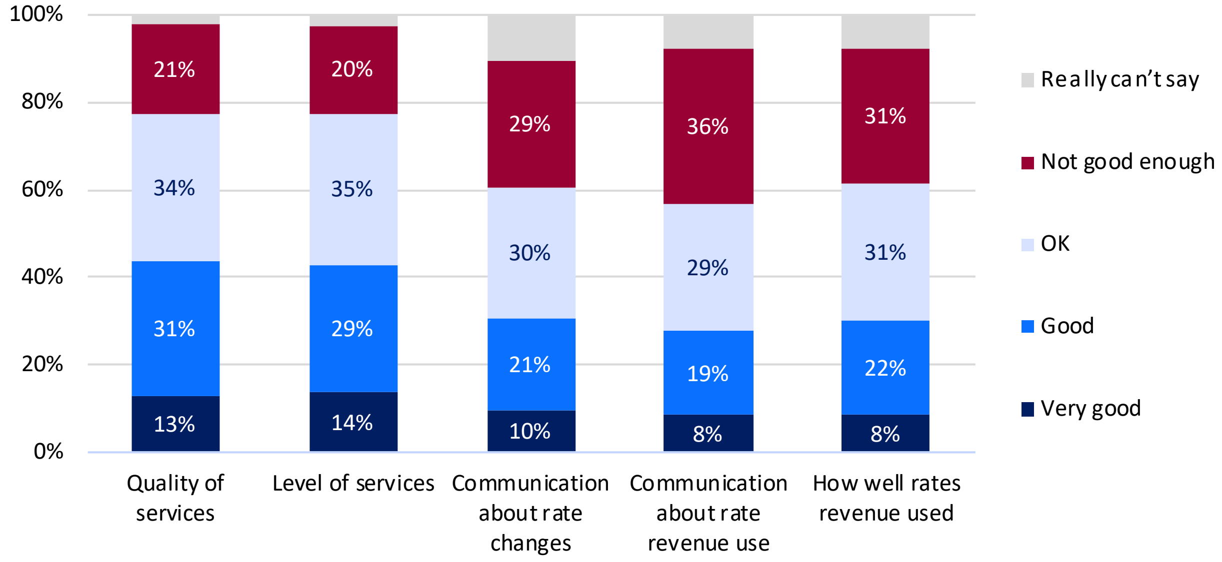
Perceptions of council performance

NSW residents generally have positive views about the quality and level of services provided by their local council, but are less positive about how well councils communicate about rates and make use of the revenue they raise through rates.

78% rated both the quality and the level of services provided by councils as *at least ok*. However, only around 3-in-5 considered that communications about rates and the use of rates revenue were *at least ok*.

With respect to your local council, how would you rate each of the following things? QC1

Base: All NSW Residents (n=2,881)

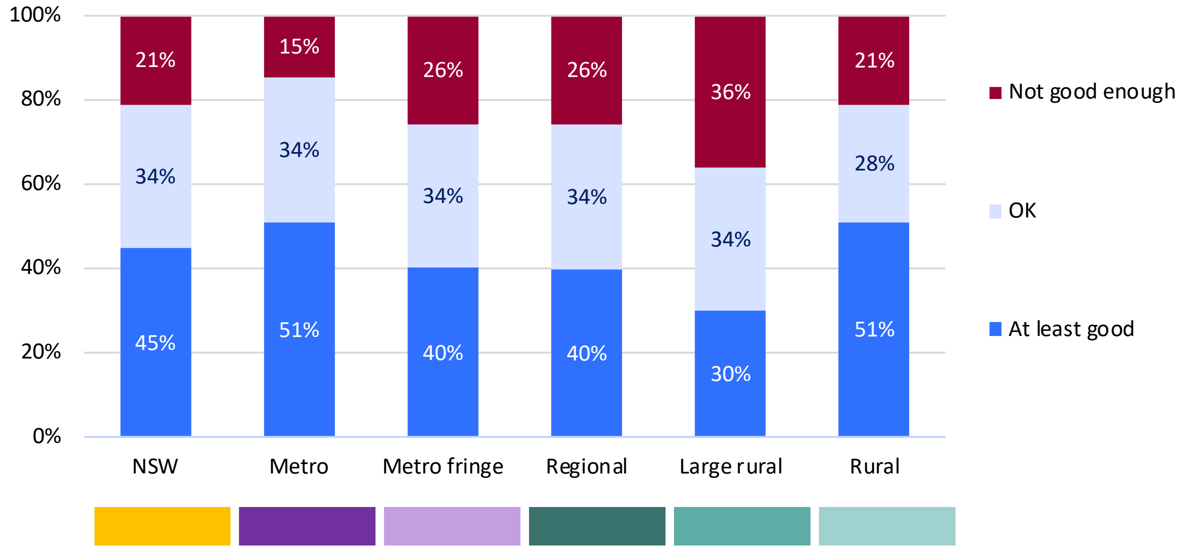


While there were minor variations within demographic groups, these broad patterns were reflected throughout the community. If anything, younger respondents and those who had lived in their current council area for less than two years were a little less likely to rate the quality and level of services as *not good enough*, but this pattern was only to a relatively small extent.

As the charts on the following pages show, there were some variations across geographic zones, but again a similar broad pattern was observed. By geography, respondents from Large Rural areas were generally the least positive, and those in Metropolitan and Rural areas the most positive.

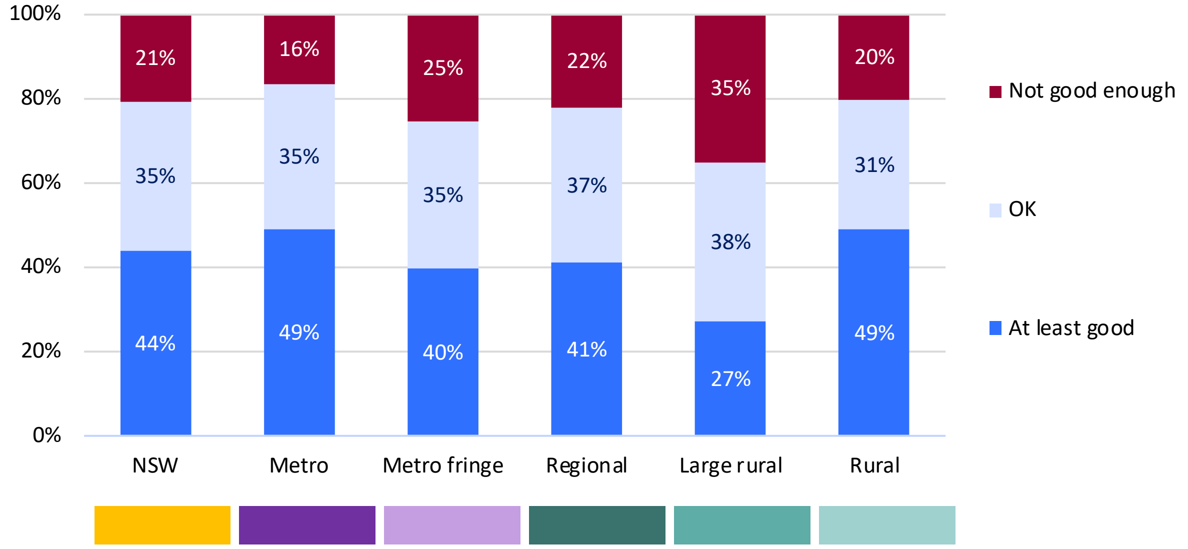
With respect to your local council, how would you rate: The current quality of services provided? [QC1]

Base: All NSW Residents, split by zone, excludes 'can't say' responses (n=197-857)

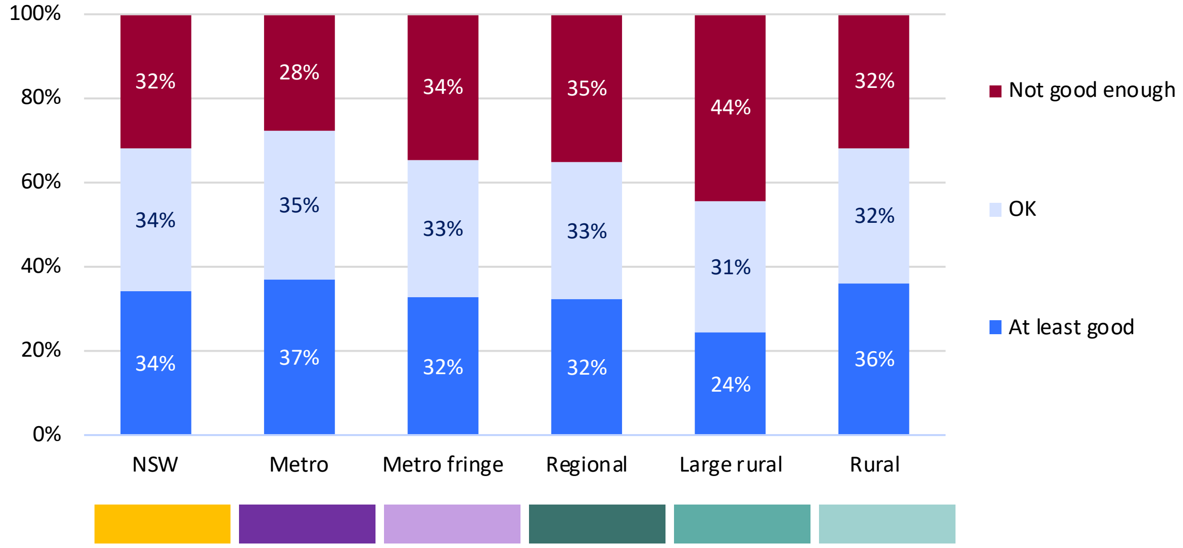


With respect to your local council, how would you rate: The current level of services provided? [QC1]

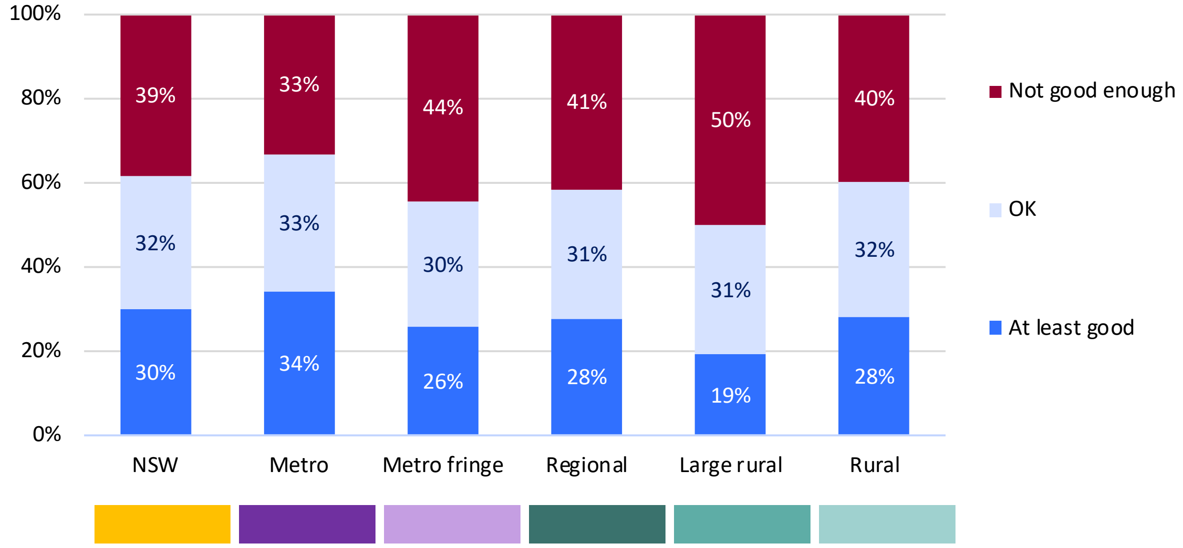
Base: All NSW Residents, split by zone, excludes 'can't say' responses (n=197-859)



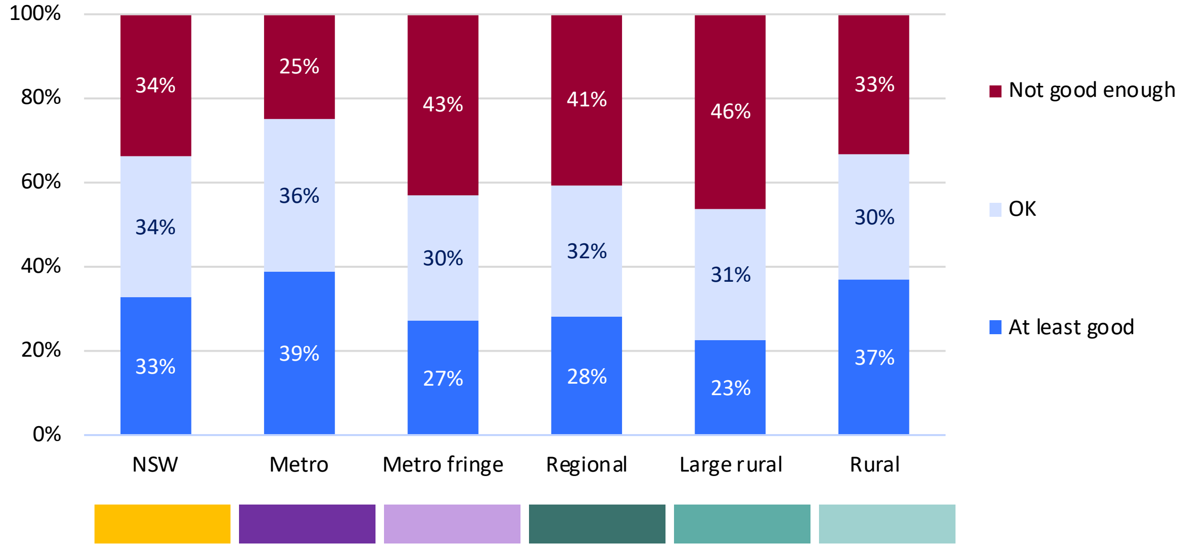
With respect to your local council, how would you rate:
How well your council communicates with you about changes in rates? QC1
Base: All NSW Residents, split by zone, excludes 'can't say' responses (n=194-787)



With respect to your local council, how would you rate:
How well your council communicates with you about how money from rates is used? QC1
Base: All NSW Residents, split by zone, excludes 'can't say' responses (n=194-805)



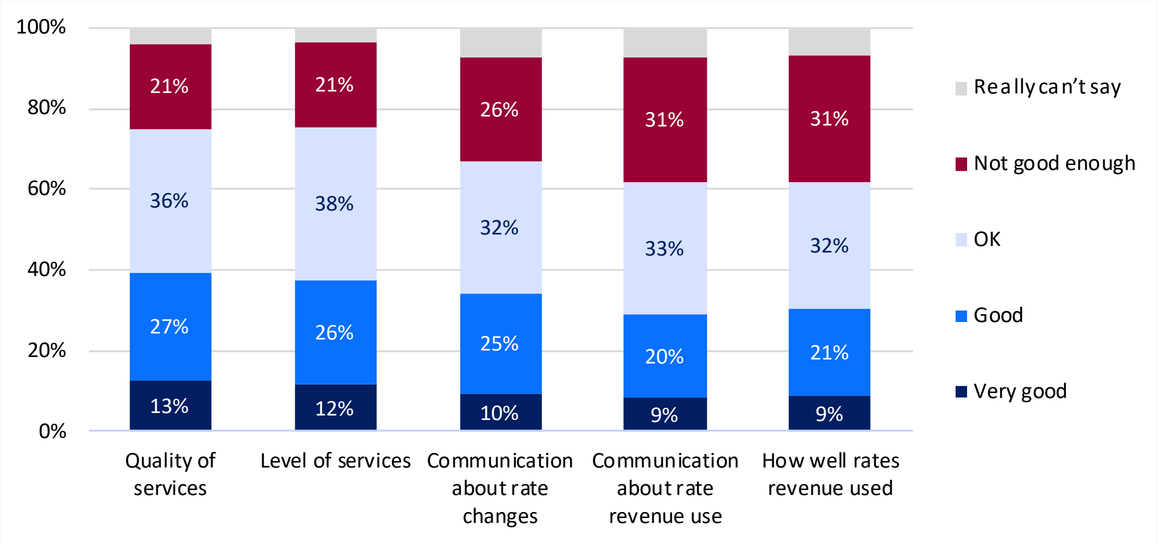
With respect to your local council, how would you rate:
How well you believe your local council uses the money it raises from rates? QC1
Base: All NSW Residents, split by zone, excludes 'can't say' responses (n=195-823)



Business Survey Results

The business survey results were very similar to the general community results.

With respect to your local council, how would you rate each of the following things? QC1
Base: All NSW Businesses (n=515)



-4%	-5%	+4%	+2%	=	*% Good + Very good compared to community result*

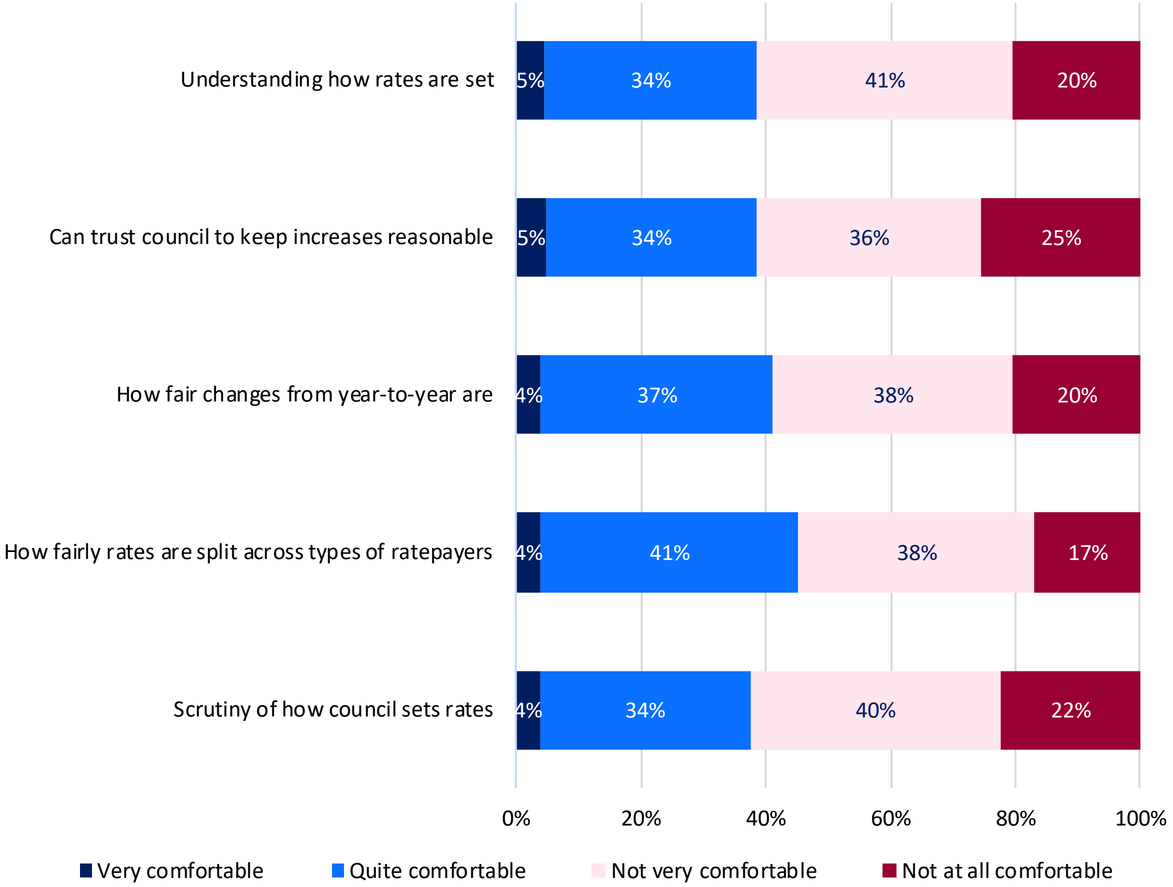
Generally, larger businesses (based on employee numbers) were more likely to rate each aspect as *good* or *very good* – though this trend was generally not statistically significant. Similarly, the small group of 16 respondents from the rural zones were the least positive, but with the small sample of these respondents this was also not a statistically significant trend.

Comfort with rates and rate changes

Only a minority of respondents were *at least quite comfortable* with a rage of aspects relating to their council rates. Only between 38% and 45% of respondents were *at least quite comfortable* at present with their own understanding of how rates are set, being able to trust councils to keep rate increases reasonable, how fair rate changes are and the way rates are split across different types of ratepayers, and how much scrutiny there is of how their council sets rates.

At present, how comfortable are you with each of the following things? QC2

Base: All NSW Residents (n=2,881)



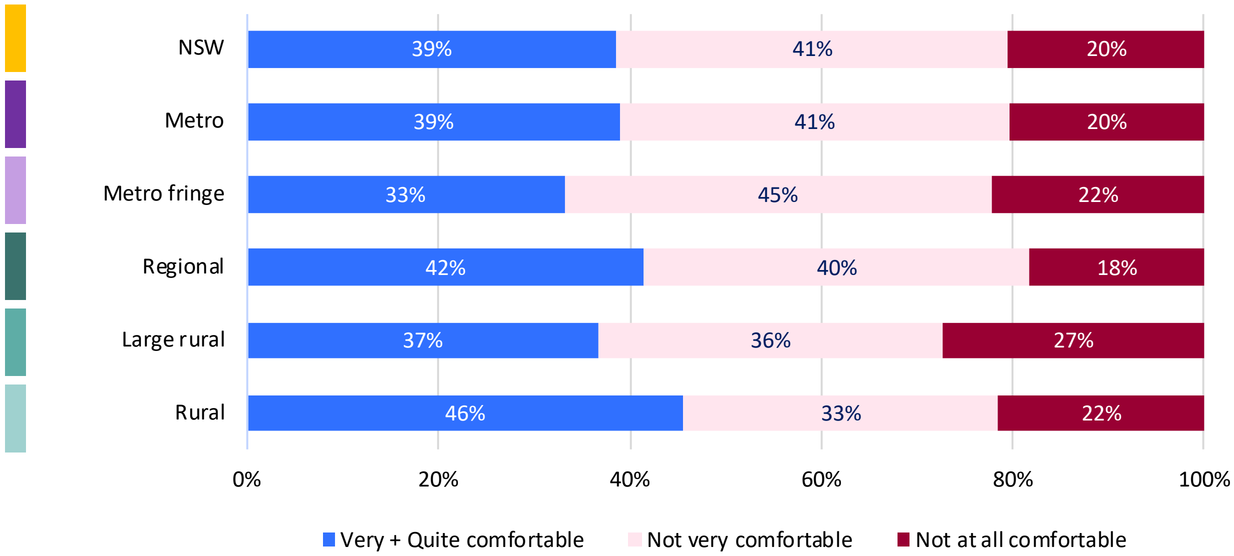
As with perceptions of council performance, there were only minor nuances in comfort levels around rates seen in the views of different demographic groups.

Younger respondents and those who had lived in their current council area for less time tended to be a little more comfortable with trusting their council and the level of scrutiny applied to rate changes, and how rates are split across different types of ratepayers. However, they were slightly less comfortable with their own understanding of how rates are set.

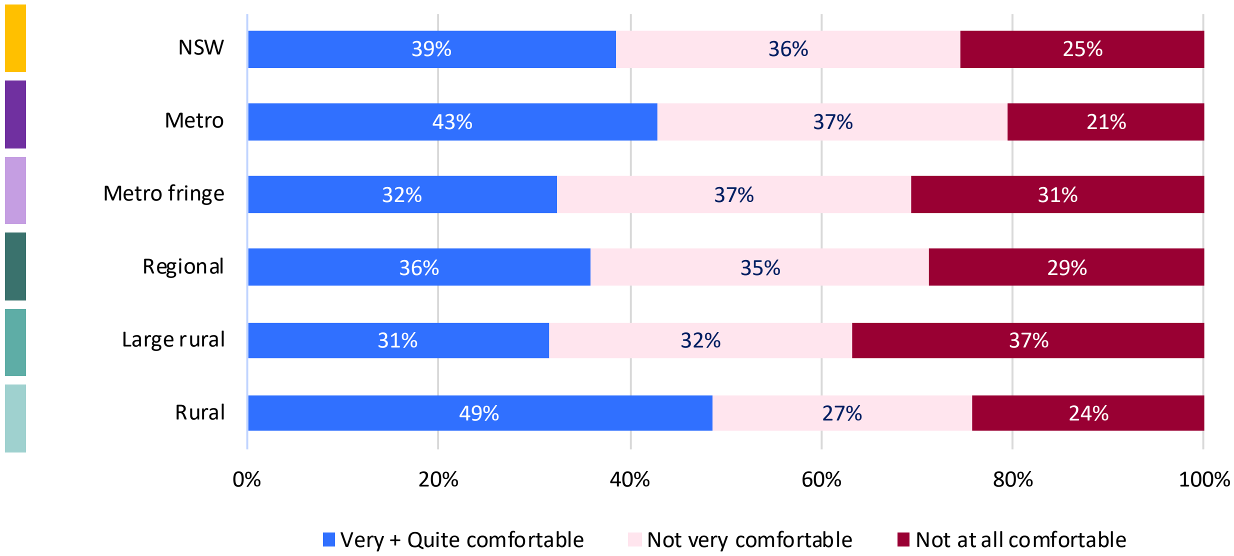
Those who were owner occupiers were marginally more comfortable with their understanding of how rates are set compared to renters, but slightly less comfortable with how fair rate changes are from year-to-year, being able to trust their council to keep increases reasonable, and how much scrutiny there is of how councils set rates.

Across geographic zones, a consistent pattern can be seen. Respondents from Metropolitan and Large Rural areas tend to be the most comfortable, with those from Regional Towns and Cities generally a little more comfortable than those from Metropolitan Fringe and Large Rural areas. However, for all questions in all zones, no more than half of the respondents described themselves as *at least quite comfortable*, and between 14% and 37% said they were *not at all comfortable*.

At present, how comfortable are you with each of the following things:
How well you understand how your council rates are set? QC2
Base: All NSW Residents, split by zone (n=197-872)



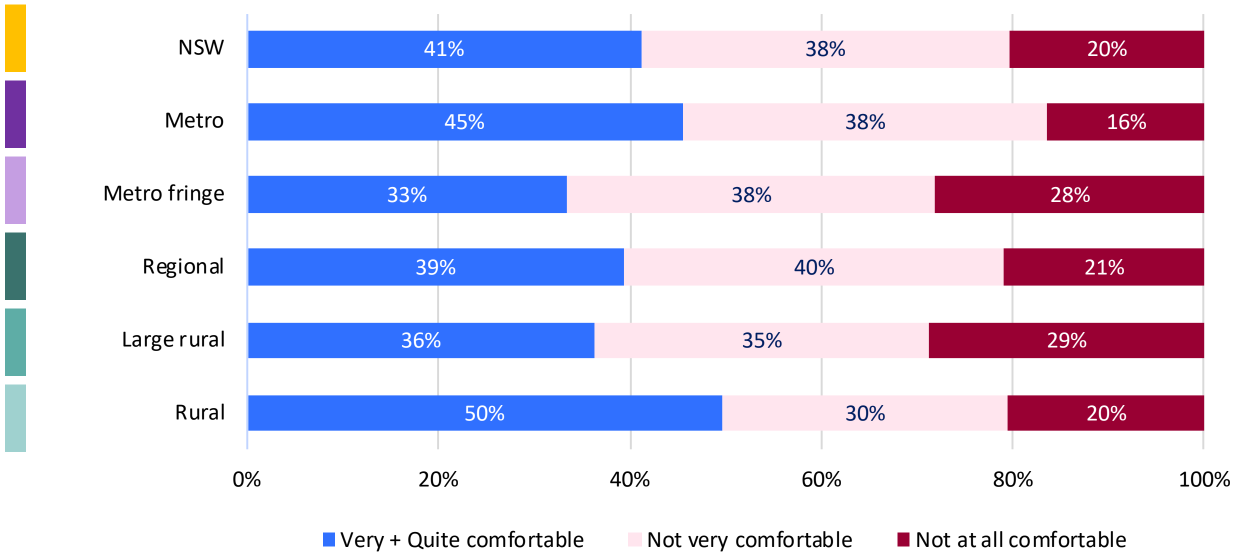
At present, how comfortable are you with each of the following things:
How much you can trust your local council to keep rate increases to an appropriate level? QC2
Base: All NSW Residents, split by zone (n=197-872)



At present, how comfortable are you with each of the following things:

How fair changes in your council rates are from year to year? QC2

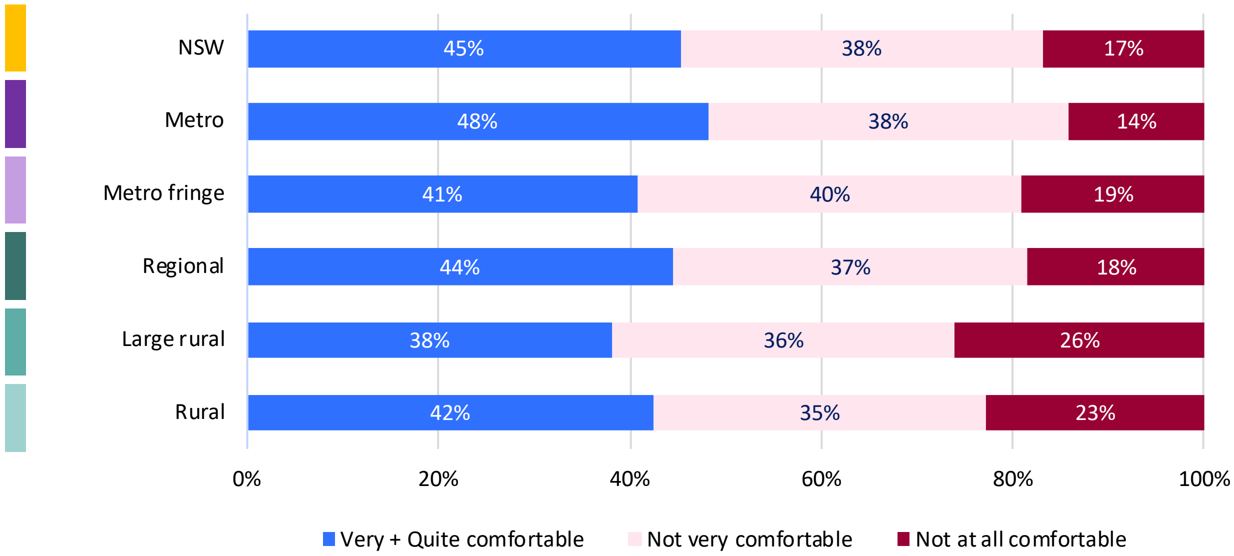
Base: All NSW Residents who have lived in their current LGA for more than 2 years, split by zone (n=197-872)



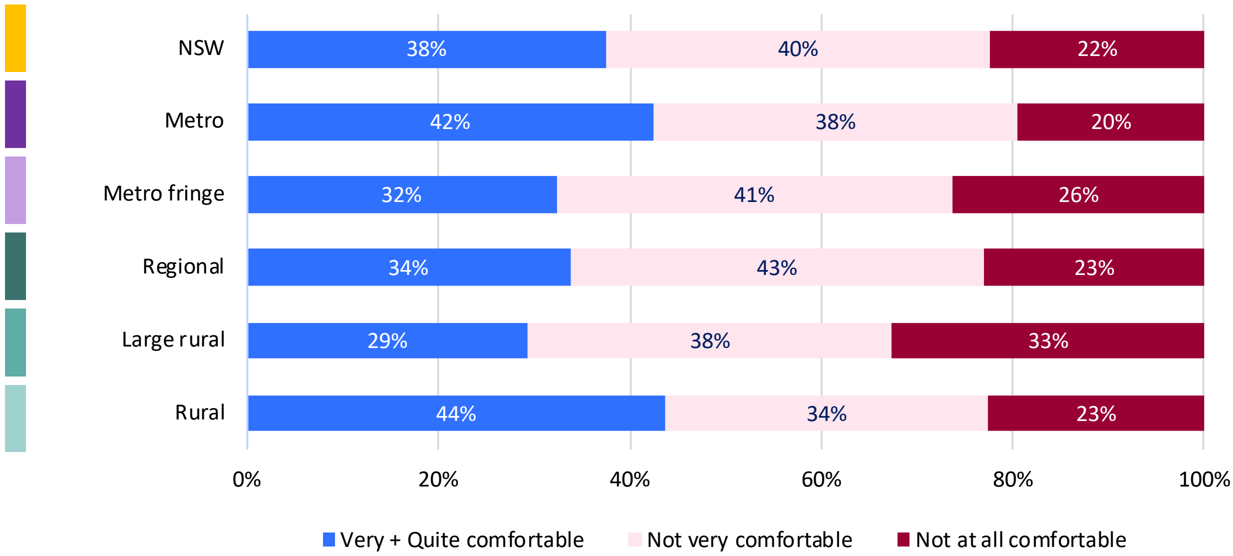
At present, how comfortable are you with each of the following things:

How fair is the way rates are split across different types of ratepayers (eg: between residents, business and other types of ratepayers)? QC2

Base: All NSW Residents, split by zone (n=197-872)



At present, how comfortable are you with each of the following things:
How much scrutiny there is of how your council sets rates each year? [QC2]
Base: All NSW Residents, split by zone (n=197-872)

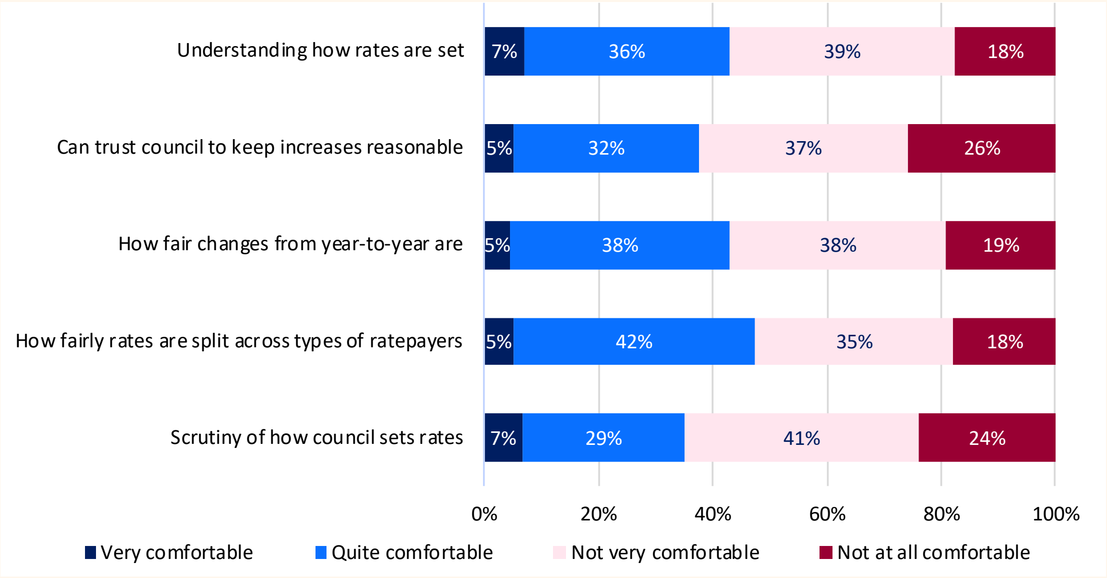


Business Survey Results

The business survey results were very closely aligned with the community survey, within plus or minus four percentage points in terms of those who were *comfortable* or *very comfortable*.

At present, how comfortable are you with each of the following things? [QC2]
Base: All NSW Businesses (n=515)

% Quite Comfortable + Very Comfortable compared to community result:



+4%
-1%
+2%
+2%
-2%

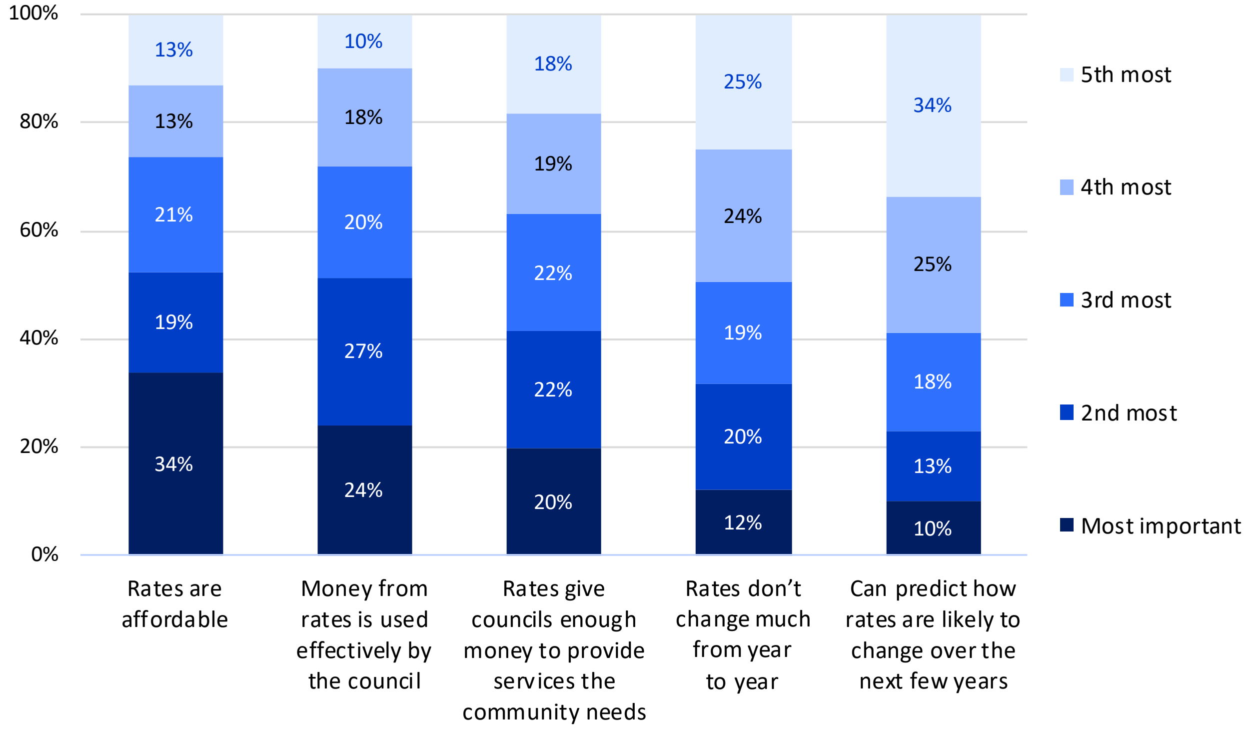
Comfort did not vary substantially by location, but there was a trend for larger businesses to be somewhat more comfortable. Micro businesses with 2-5 employees were the least likely to be comfortable with trusting councils and with scrutiny of how councils set rates.

Preferences for Guiding Principles in Setting Rates

Priorities

Respondents were asked to prioritise their most important considerations with respect to rates. Overall, *being affordable* was the number one priority for 34% of respondents, ahead of *money from rates being used effectively* (24%). These two were ranked first or second most important by 53% and 51% respectively, and in the top three by around three-quarters.

Rates not changing much from year-to-year, and *being able to predict how rates will change over coming years* were seem as the less important considerations.



Of the following considerations, please rank them from most important (1) to least important (5) to <u>you</u> at the moment. QD1
Base: All NSW Residents, only online respondents (n=2,593)

This basic pattern was seen across all geographic zones (noting that this question was only asked online, and so Large Rural and Rural are combined for this question).

By age, younger respondents (18-34) placed the highest emphasis on *affordability* (41% ranked this number one), whereas those aged 55+ ranked *affordability*, *money being used effectively* and *rates giving councils enough money to provide services* almost identically (26%-28% ranked each of these number one, and 45%-54% ranked each of these in their top two).

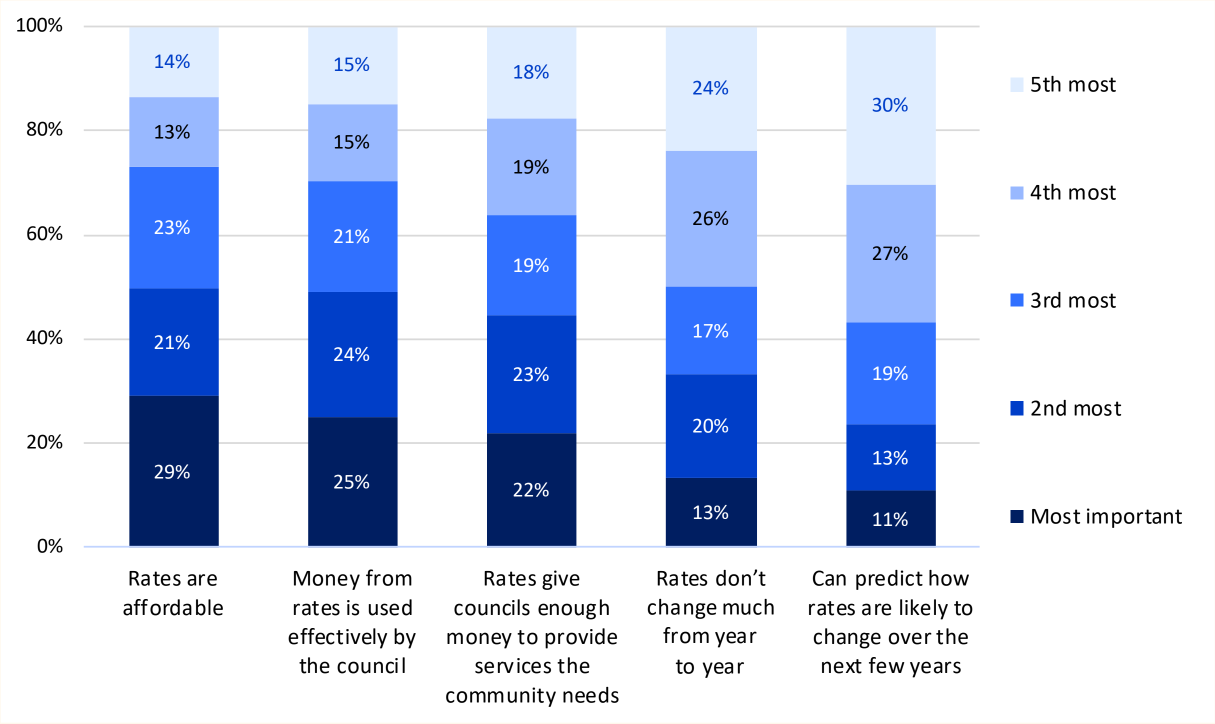
There were no meaningful variations in these overall patterns of relative importance by gender, nor between owner occupiers and renters, nor based on household income.

Business Survey Results

The pattern of priorities seen from businesses was virtually identical to the community survey results, with the percent choosing each priority in their top 2 rankings being within plus or minus three percentage points, and the same overall order seen.

Of the following considerations, please rank them from most important (1) to least important (5) to <u>you</u> at the moment. QD1

Base: All NSW businesses (n=515)



-3%	-2%	+3%	+1%	+1%	***% Top 2* compared to community result**

There were no statistically significant variations in the importance of these drivers by location or by business size.

Trade-off preferences

One way to reveal respondent's preferences on a subject is to ask them to respond to a forced-choice alternative. Rather than a scale, where respondents can readily 'sit on the fence' for difficult issues, the forced-choice approach requires them to select their preferred (or least disliked) option.

Respondents in the Rate Peg survey were presented with eight such choices, in three blocks (though respondents did not see the block headings, just the choices – in a random order within each block).

IPART is the NSW regulator that sets limits on how much councils can increase their total income from rates each year. When they are deciding how much each council can increase total income from rates, IPART may consider a range of trade-offs.

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? *You may like both options – in which case you should choose the one you would prefer most. You may also not like either option – in which case you should choose the one you dislike the least.*

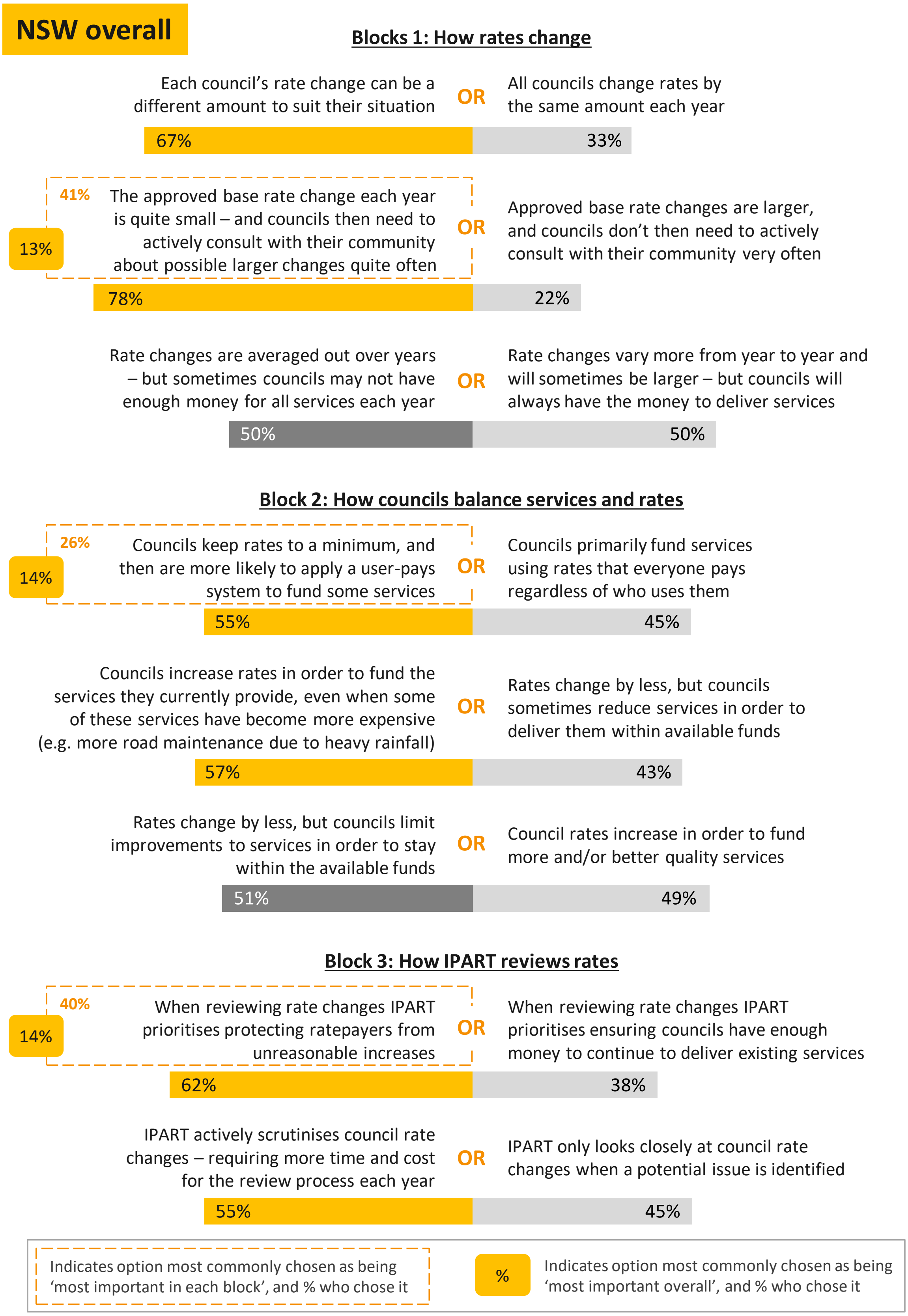
	How rates change		
A	All councils change rates by the same amount each year	**OR**	Each council's rate change can be a different amount to suit their situation
B	The approved base rate change each year is quite small - and councils then need to actively consult with their community about possible larger changes quite often	**OR**	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often
C	Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	**OR**	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services
	How council's balance services and rates		
D	Councils primarily fund services using rates that everyone pays regardless of who uses them	**OR**	Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services
E	Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (eg more road maintenance due to heavy rainfall)	**OR**	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds
F	Council rates increase in order to fund more and/or better quality services	**OR**	Rates change by less, but councils limit improvements to services in order to stay within the available funds
	How IPART reviews rates		
G	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	**OR**	When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases
H	IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	**OR**	IPART only looks closely at council rate changes when a potential issue is identified

Following the eight choices, those doing the survey online were then asked which of their preferences was most important from within each of the three blocks, and then which of these three was the most important overall. Their preferences are shown on the following pages. In these graphics, where there is more than a 55% majority preference it is highlighted using coloured bars. The most important preferences overall and in each block are also highlighted.

NOTE: This graphic shows the proportion of people who preferred each of the two options presented. The most preferred option is shown on the left. Where less than a 55:45 majority preferred either option, the result is shown in shades of grey. Where this chart format is used throughout the report to show preferences for sub-groups of respondents, the same ordering as this overall chart is used, so that charts can be directly compared and any differences are more visually apparent.

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

Base: All NSW Residents (n=2881)



NSW overall

Blocks 1: How rates change

Most important overall	Most important in block	Option	%		Option	%
		Each council's rate change can be a different amount to suit their situation	67%	OR	All councils change rates by the same amount each year	33%
13%	41%	The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often	78%	OR	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	22%
		Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	50%	OR	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	50%

Block 2: How councils balance services and rates

Most important overall	Most important in block	Option	%		Option	%
14%	26%	Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	55%	OR	Councils primarily fund services using rates that everyone pays regardless of who uses them	45%
		Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall)	57%	OR	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	43%
		Rates change by less, but councils limit improvements to services in order to stay within the available funds	51%	OR	Council rates increase in order to fund more and/or better quality services	49%

Block 3: How IPART reviews rates

Most important overall	Most important in block	Option	%		Option	%
14%	40%	When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	62%	OR	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	38%
		IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	55%	OR	IPART only looks closely at council rate changes when a potential issue is identified	45%

┆ Indicates option most commonly chosen as being 'most important in each block', and % who chose it

% Indicates option most commonly chosen as being 'most important overall', and % who chose it

Overall, for only three of the eight trade-offs was there a clear majority preference (ie: above 60%), and for two of the eight the overall preferences were almost exactly even.

When considering trade-offs related to how rates change, 78% of respondents preferred base rate changes each year to be quite small, with councils needing to actively consult their community about larger changes more often; and 67% preferred that each council's rate change can vary to suit their situation. However, they were split 50-50 between councils averaging out rate changes but running the risk in some years of not having enough revenue, and varying rates more each year but ensuring they have money to deliver services.

There was also little consensus on how respondents would like councils to balance services and rates. 57% preferred councils increase rates in order to fund the services they currently provide (even when some of these services have become more expensive), as opposed to changing rates by less but sometimes having to reduce services in order to deliver them within available funds. Similarly, a slight majority of 55% preferred councils keep rates to a minimum and then are more likely to apply a user-pays system to fund some services, while 45% preferred councils primarily fund services using rates that everyone pays regardless of who uses them. Preferences were evenly split between councils increasing rates in order to fund more and/or better quality services, and rates changing by less while councils limit improvements to services in order to stay within the available funds.

In terms of IPART's role as regulator, there was at least some level of majority opinion, though only to a moderate extent. 62% preferred IPART to prioritise protecting ratepayers from unreasonable increases ahead of ensuring councils have enough money to continue to deliver existing services; and 55% preferred IPART to actively scrutinise council rate changes, even if it requires more time and cost for the review process each year.

Within each of the blocks, the **single most important preferences** were:

- How rates change: The approved base rate change each year is quite small - and councils then need to actively consult with their community about possible larger changes quite often (41%)
- How councils balance services and rates: Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services (26%)
- How IPART reviews rates: When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases (40%)

Each of these three was then also selected by 13%-14% of all respondents as their single most important trade-off from the full range of 16 potential options.

As the following pages show, **the pattern of preferences for these trade-offs do not greatly change across geographic zone**s. The closest to a preference reversing was in the Rural zone, where 66% of respondents preferred that councils increase rates to fund more or better services rather than limiting services to stay within available funds (when overall there was no clear preference).

However, analysis conducted by looking at patterns of combined preferences across these trade-offs revealed the presence of **segments in the community who have very different and quite strong preferences**[2]. The balance of preferences seen in these overall and geographic zone results are in fact more reflective of the 'average' of all these segments. Results by segments are shown following the detailed results by geographic zones (see page 30).

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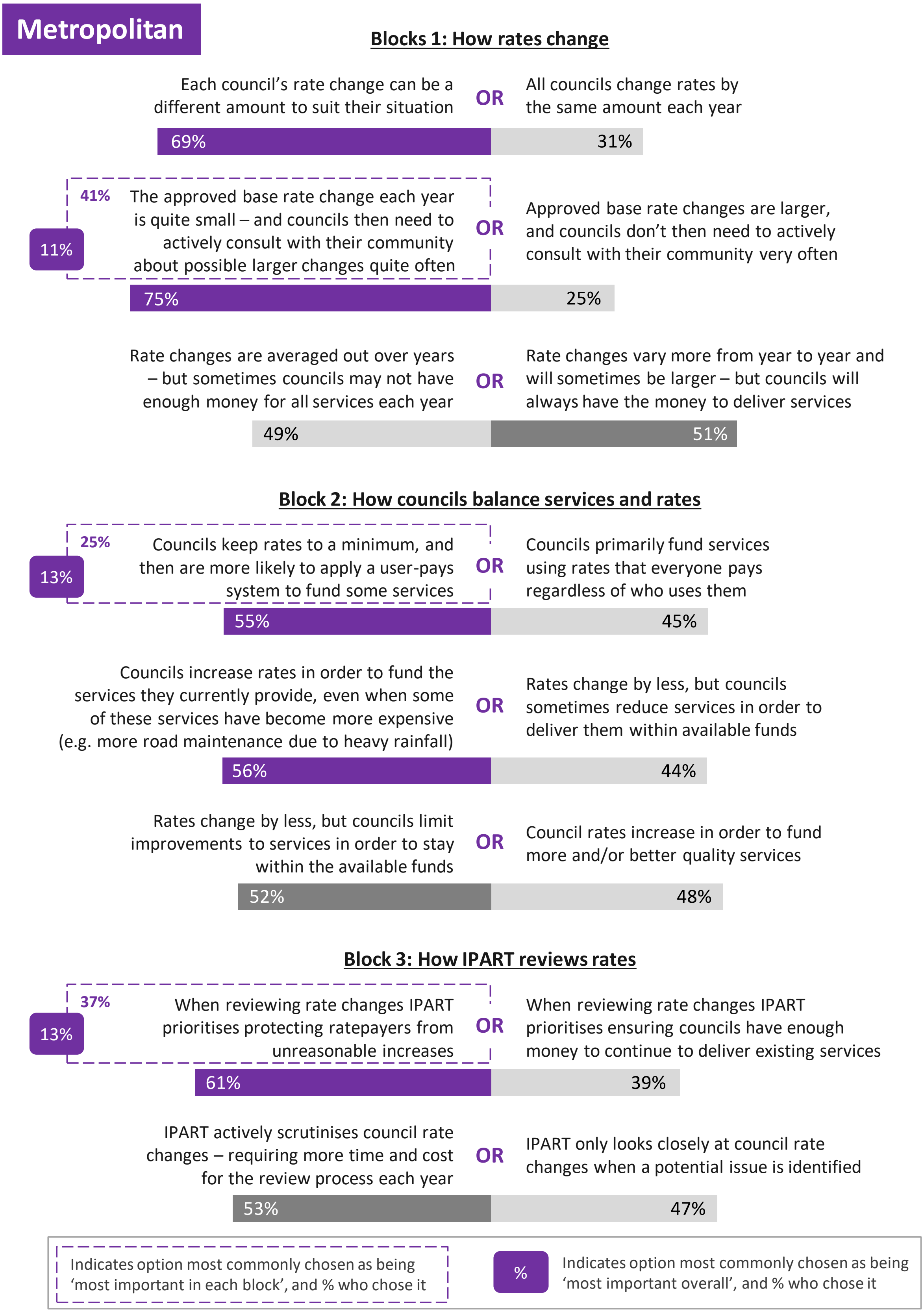
[2] Cluster analysis combining respondents across all geographic zones and demographics

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

Base: Metropolitan Residents (n=858)



Metropolitan

Blocks 1: How rates change

	Each council's rate change can be a different amount to suit their situation	OR	All councils change rates by the same amount each year	
	69%		31%	
11%	41% The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often	OR	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	
	75%		25%	
	Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	OR	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	
	49%		51%	

Block 2: How councils balance services and rates

13%	25% Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	OR	Councils primarily fund services using rates that everyone pays regardless of who uses them
	55%		45%
	Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall)	OR	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds
	56%		44%
	Rates change by less, but councils limit improvements to services in order to stay within the available funds	OR	Council rates increase in order to fund more and/or better quality services
	52%		48%

Block 3: How IPART reviews rates

13%	37% When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	OR	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services
	61%		39%
	IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	OR	IPART only looks closely at council rate changes when a potential issue is identified
	53%		47%

Indicates option most commonly chosen as being 'most important in each block', and % who chose it

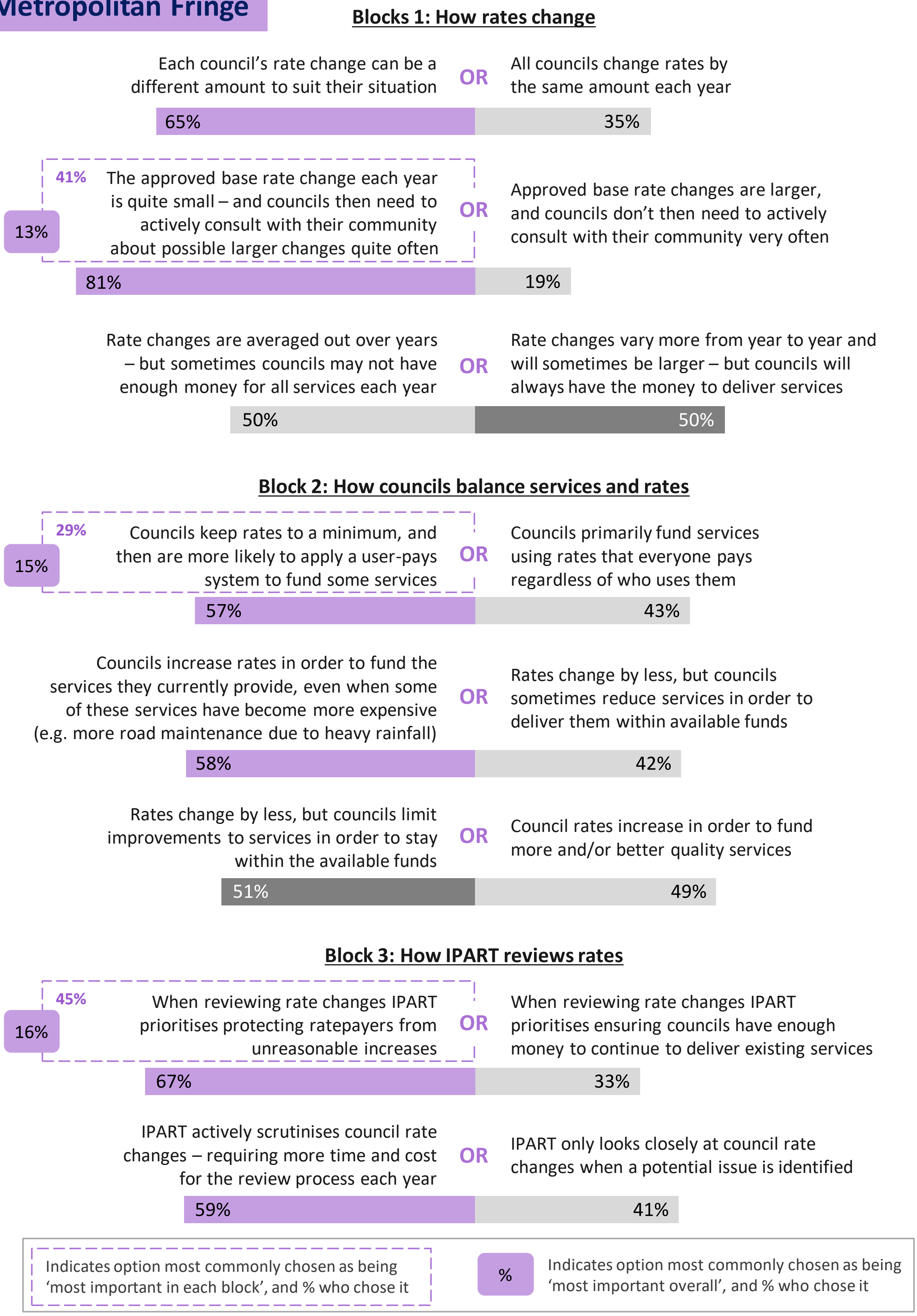
% Indicates option most commonly chosen as being 'most important overall', and % who chose it

See note on page 29 about interpreting this chart

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

Base: Metropolitan Fringe Residents (n=872)

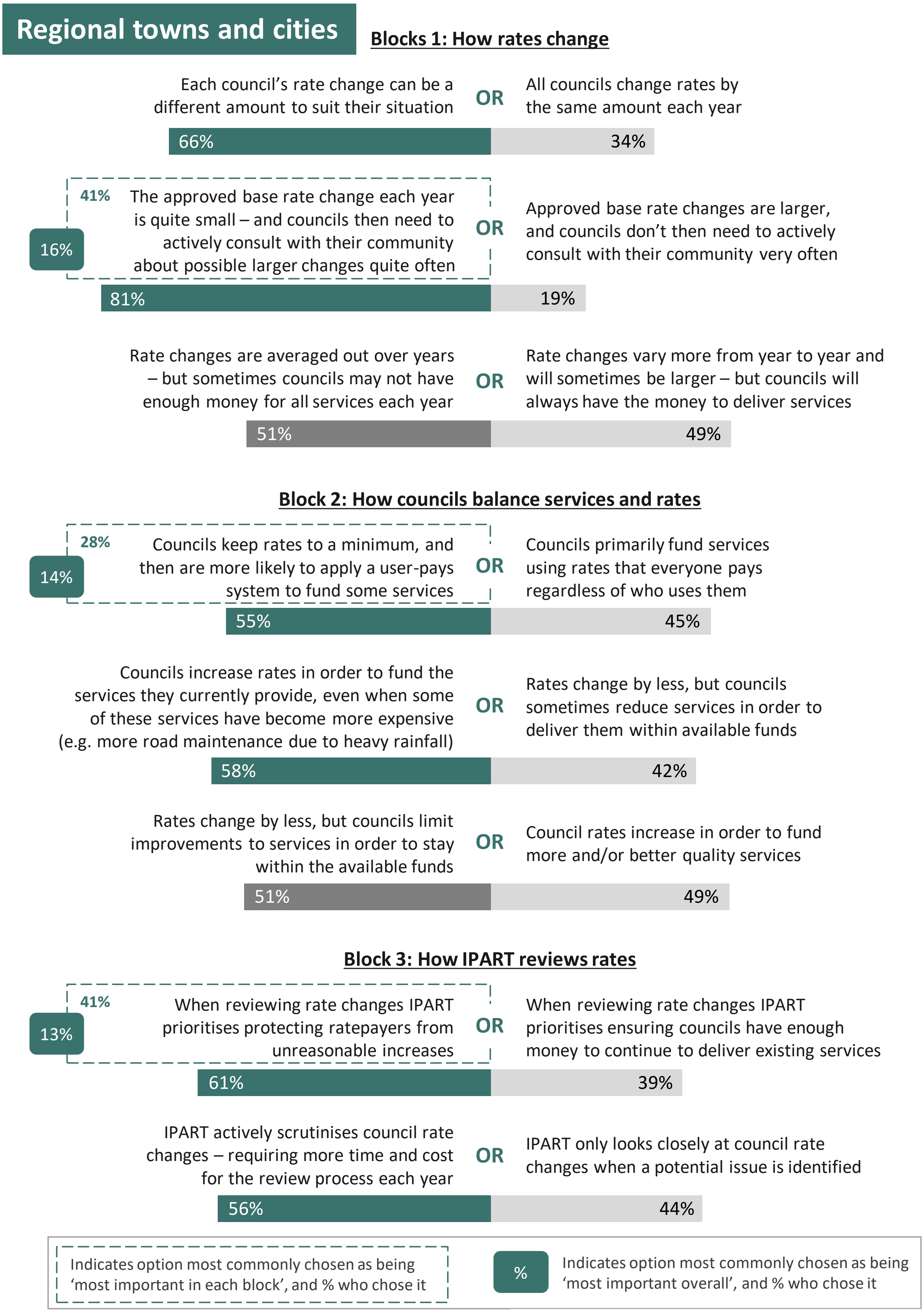
Metropolitan Fringe



See note on page 29 about interpreting this chart

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

Base: Regional Towns and Cities Residents (n=634)



Regional towns and cities

Blocks 1: How rates change

		Each council's rate change can be a different amount to suit their situation	66%	All councils change rates by the same amount each year	34%
16%	41%	The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often	81%	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	19%
		Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	51%	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	49%

Block 2: How councils balance services and rates

14%	28%	Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	55%	Councils primarily fund services using rates that everyone pays regardless of who uses them	45%
		Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall)	58%	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	42%
		Rates change by less, but councils limit improvements to services in order to stay within the available funds	51%	Council rates increase in order to fund more and/or better quality services	49%

Block 3: How IPART reviews rates

13%	41%	When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	61%	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	39%
		IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	56%	IPART only looks closely at council rate changes when a potential issue is identified	44%

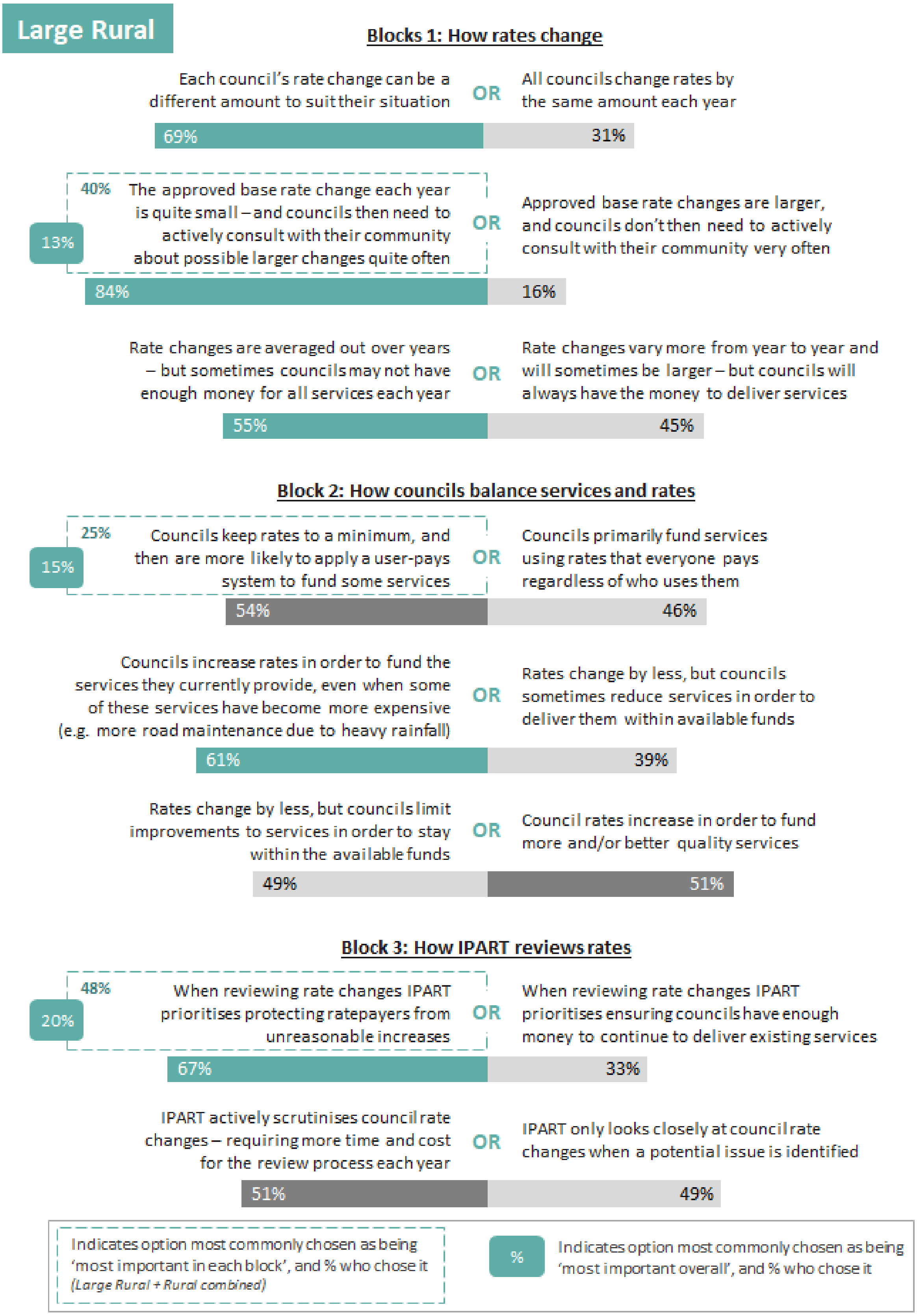
Indicates option most commonly chosen as being 'most important in each block', and % who chose it

% Indicates option most commonly chosen as being 'most important overall', and % who chose it

See note on page 29 about interpreting this chart

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

Base: Large Rural Residents (n=320)



Large Rural

Blocks 1: How rates change

Each council's rate change can be a different amount to suit their situation **OR** All councils change rates by the same amount each year

69% | 31%

40% — 13% — The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often **OR** Approved base rate changes are larger, and councils don't then need to actively consult with their community very often

84% | 16%

Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year **OR** Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services

55% | 45%

Block 2: How councils balance services and rates

25% — 15% — Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services **OR** Councils primarily fund services using rates that everyone pays regardless of who uses them

54% | 46%

Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall) **OR** Rates change by less, but councils sometimes reduce services in order to deliver them within available funds

61% | 39%

Rates change by less, but councils limit improvements to services in order to stay within the available funds **OR** Council rates increase in order to fund more and/or better quality services

49% | 51%

Block 3: How IPART reviews rates

48% — 20% — When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases **OR** When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services

67% | 33%

IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year **OR** IPART only looks closely at council rate changes when a potential issue is identified

51% | 49%

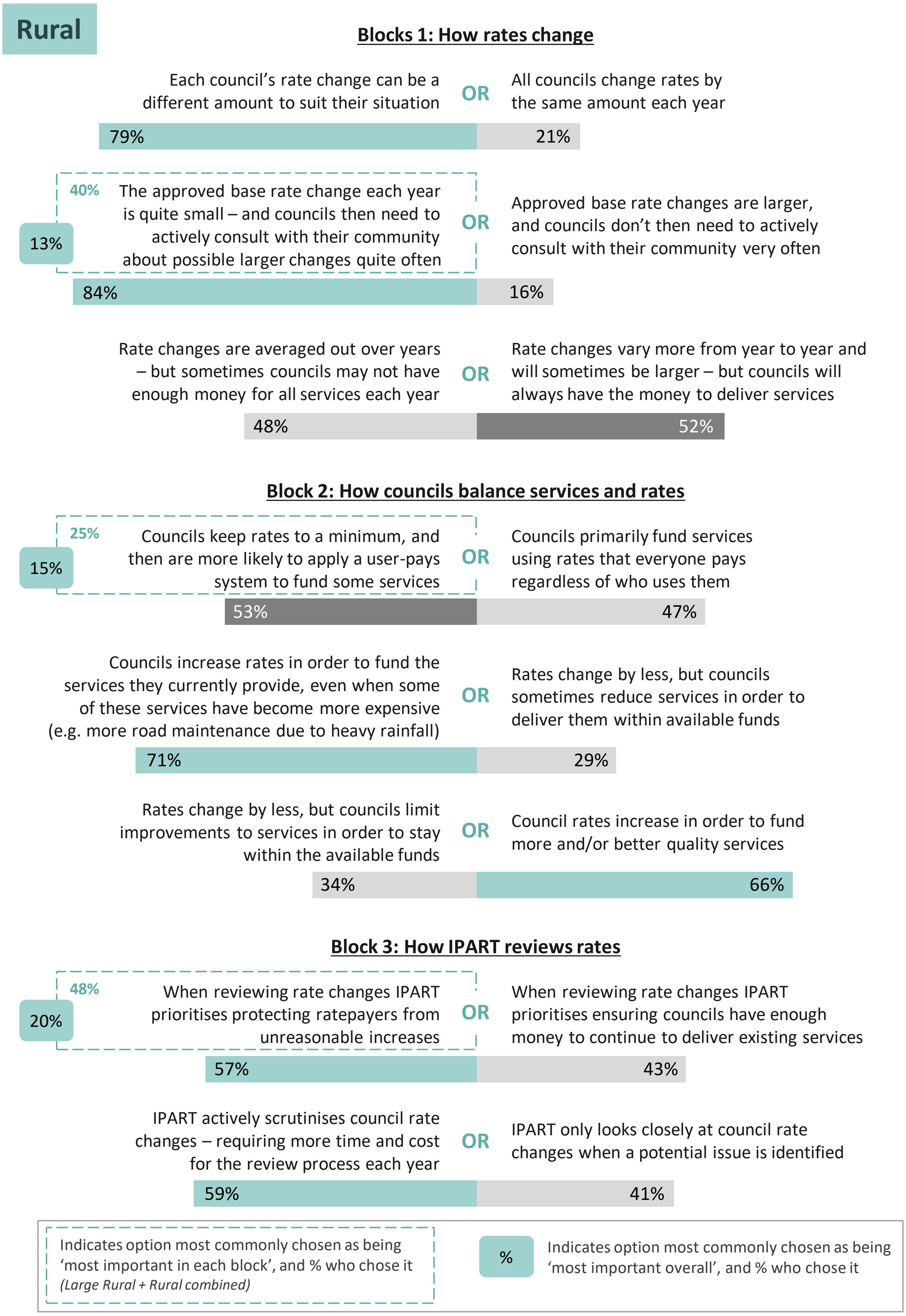
Indicates option most commonly chosen as being 'most important in each block', and % who chose it *(Large Rural + Rural combined)*

% Indicates option most commonly chosen as being 'most important overall', and % who chose it

See note on page 29 about interpreting this chart

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

Base: Rural Residents (n=197)



Blocks 1: How rates change

Each council's rate change can be a different amount to suit their situation **OR** All councils change rates by the same amount each year

The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often **OR** Approved base rate changes are larger, and councils don't then need to actively consult with their community very often

Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year **OR** Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services

Block 2: How councils balance services and rates

Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services **OR** Councils primarily fund services using rates that everyone pays regardless of who uses them

Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall) **OR** Rates change by less, but councils sometimes reduce services in order to deliver them within available funds

Rates change by less, but councils limit improvements to services in order to stay within the available funds **OR** Council rates increase in order to fund more and/or better quality services

Block 3: How IPART reviews rates

When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases **OR** When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services

IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year **OR** IPART only looks closely at council rate changes when a potential issue is identified

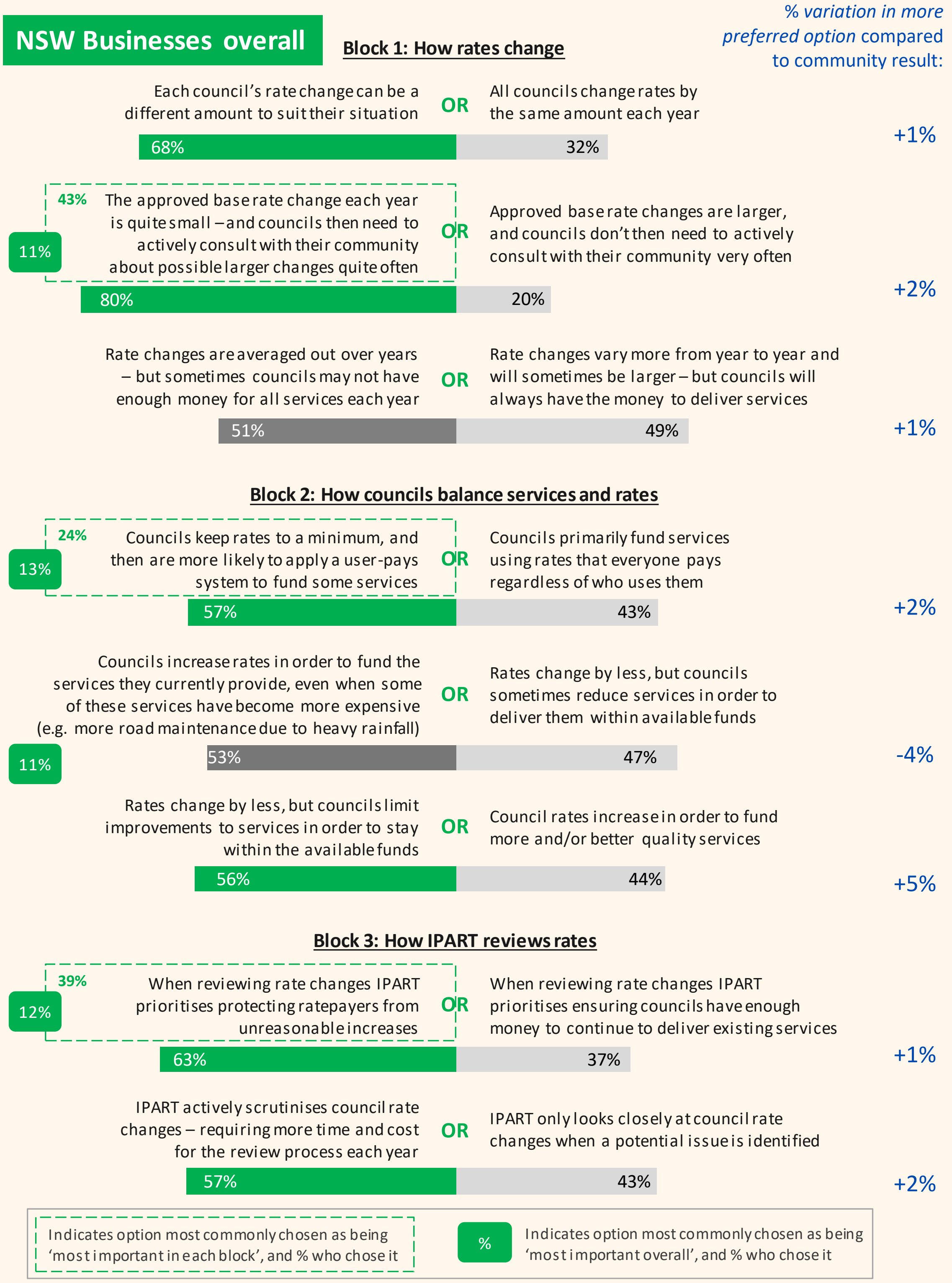
Indicates option most commonly chosen as being 'most important in each block', and % who chose it *(Large Rural + Rural combined)*

% Indicates option most commonly chosen as being 'most important overall', and % who chose it

See note on page 29 about interpreting this chart

Business Survey Results

Respondents to the business survey expressed very similar trade-off preferences community members, with all preferences within plus or minus 5 percentage points, and no substantive discrepancies. Business respondents' most important preferences within each block were also the same, and at similar proportions. There were no significant variations based on location or business size.



See note on page 29 about interpreting this chart

Segments

The segmentation was conducted using cluster analysis – a statistical technique that works by identifying groups of respondents who gave similar patterns of responses across combinations of the eight trade-offs. Several solutions were considered, but the most meaningful identified five segments, each of between 15% and 26% of all respondents. The segments are described based on their distinctive characteristics. Whereas the split of preferences at the overall level was quite even for a number of the trade-offs, *within* the segments there were generally very strong leanings towards particular preferences. In a number of cases (especially for segments #1 and #5, which have very different philosophical leanings), the segment preferences were counter to the overall preferred trade-off. Each segment showed quite distinct combinations and/or strong points of difference from each other, such that the overall (and geographic zone) preferences may in fact be considered more reflective of the 'average' of all these segments.

As the table below shows, the segments do not have a strong demographic or geographic basis, but rather appear to be true 'attitudinal' segments. The graphics and summary table on the following pages show the much more highly differentiated profile of preferred trade-offs by segment.

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? Segment demographic profiles. QD2 Base: All NSW Residents (n=2,881)

	#1. Prioritise council funding, increase rates as required	#2. Actively protect ratepayers, but ensure services	#3. Deliver services, but capped to protect ratepayers	#4. Active regulation to balance rates and services	#5. Minimise rates, reduce services if required
Overall proportion	**16%**	**15%**	**26%**	**20%**	**23%**
Geographic zone					
Metro	17%	15%	27%	18%	22%
Metro Fringe	13%	16%	25%	20%	25%
Regional	16%	16%	24%	21%	23%
Large Rural	12%	15%	29%	22%	22%
Rural	13%	21%↑	26%	30%↑	10%↓
Age					
18-34	20%	15%	27%	20%	18%↓
35-54	13%	15%	26%	21%	25%
55+	17%	16%	26%	19%	22%
Gender					
Male	18%	15%	25%	19%	23%
Female	14%	16%	28%	20%	22%
Owner / Renter					
Owner occupier	16%	15%	26%	19%	24%
Renter	17%	16%	27%	21%	19%
Income					
Up to $40,000	16%	15%	27%	21%	21%
$40,001 - $80,000	17%	15%	28%	21%	20%
$80,001 - $125,000	17%	16%	25%	16%	26%
$125,001 - $200,000	14%	15%	29%	20%	22%
$200,001+	15%	16%	22%	23%	24%

Arrows indicate statistically significant differences.

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

Base: Segment #1 (n=429)

#1. Prioritise council funding, increase rates as required

16%

Blocks 1: How rates change

14%	30% Each council's rate change can be a different amount to suit their situation	OR	All councils change rates by the same amount each year	
	81%		19%	
	The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often	OR	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	
	30%		70%	
	Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	OR	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	
	32%		68%	

Block 2: How councils balance services and rates

	Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	OR	27% Councils primarily fund services using rates that everyone pays regardless of who uses them	11%
	11%		89%	
12%	Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall)	OR	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	
	65%		35%	
	Rates change by less, but councils limit improvements to services in order to stay within the available funds	OR	Council rates increase in order to fund more and/or better quality services	
	42%		58%	

Block 3: How IPART reviews rates

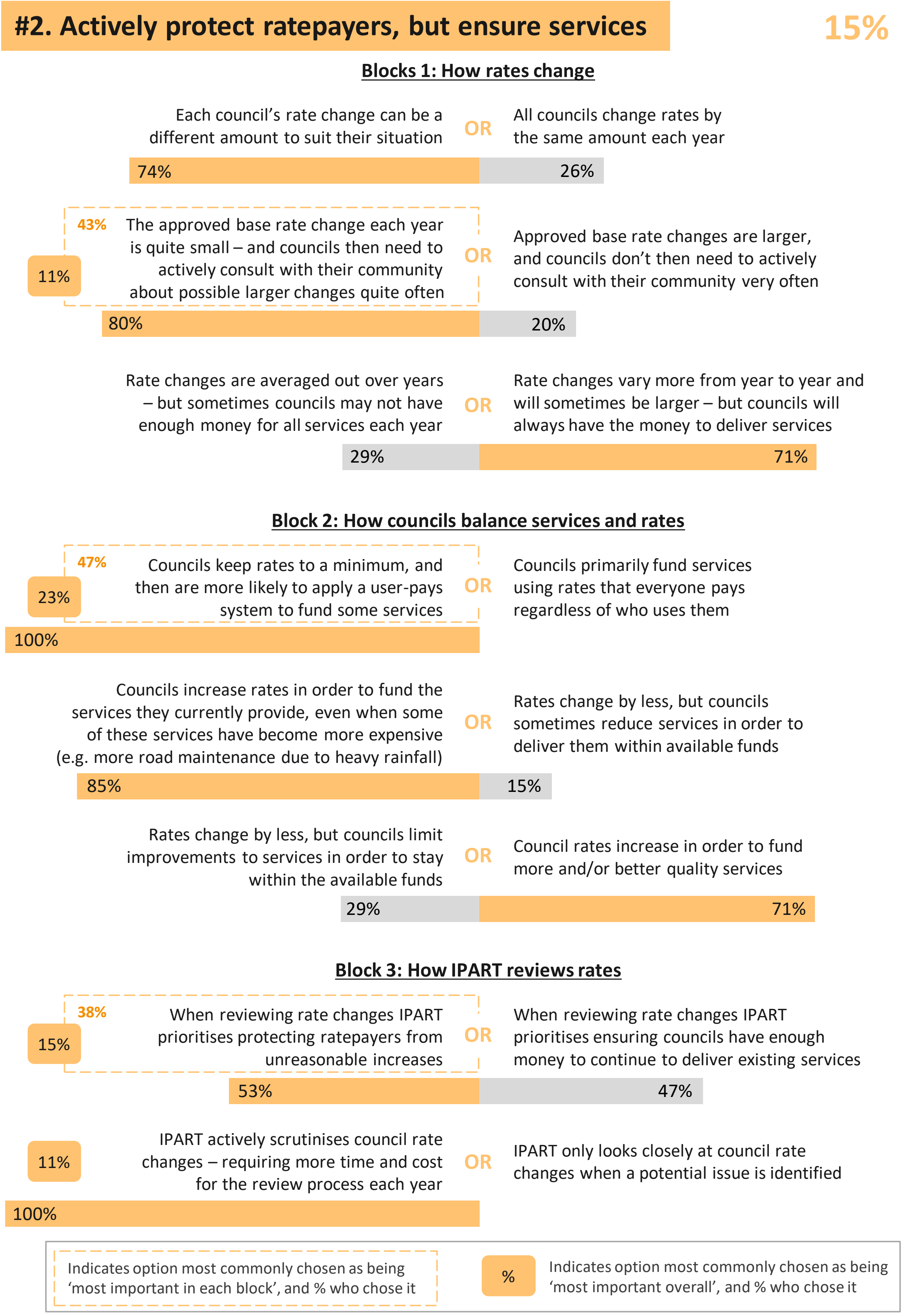
	When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	OR	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	
	25%		75%	
	IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	OR	42% IPART only looks closely at council rate changes when a potential issue is identified	
	19%		81%	

Indicates option most commonly chosen as being 'most important in each block', and % who chose it	%	Indicates option most commonly chosen as being 'most important overall', and % who chose it

See note on page 29 about interpreting this chart

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

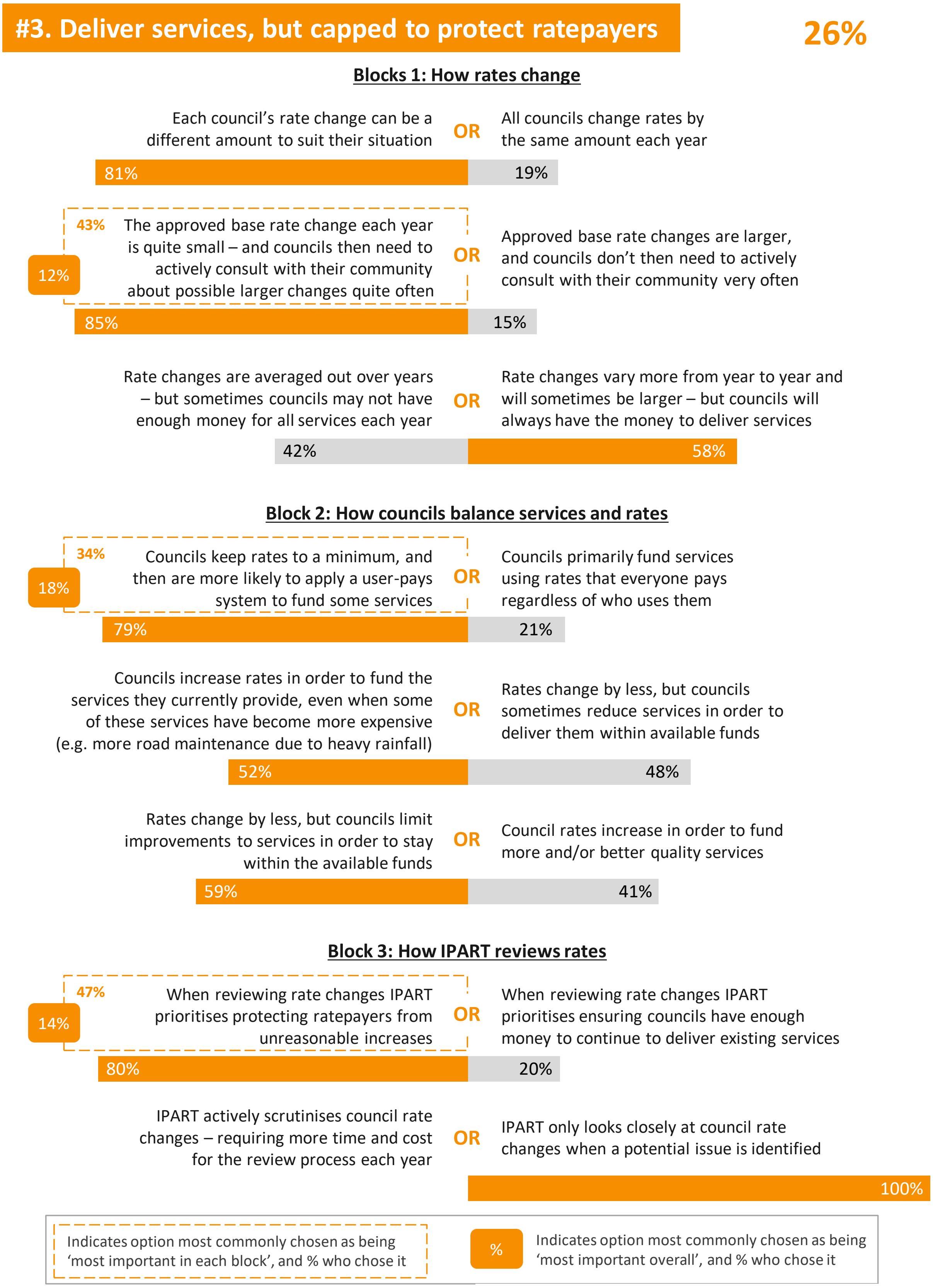
Base: Segment #2 (n=467)



See note on page 29 about interpreting this chart

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2

Base: Segment #3 (n=745)



#3. Deliver services, but capped to protect ratepayers

26%

Blocks 1: How rates change

Each council's rate change can be a different amount to suit their situation	81%	OR	All councils change rates by the same amount each year	19%
12% 43% The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often	85%	OR	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	15%
Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	42%	OR	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	58%

Block 2: How councils balance services and rates

18% 34% Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	79%	OR	Councils primarily fund services using rates that everyone pays regardless of who uses them	21%
Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall)	52%	OR	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	48%
Rates change by less, but councils limit improvements to services in order to stay within the available funds	59%	OR	Council rates increase in order to fund more and/or better quality services	41%

Block 3: How IPART reviews rates

14% 47% When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	80%	OR	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	20%
IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year		OR	IPART only looks closely at council rate changes when a potential issue is identified	100%

Indicates option most commonly chosen as being 'most important in each block', and % who chose it

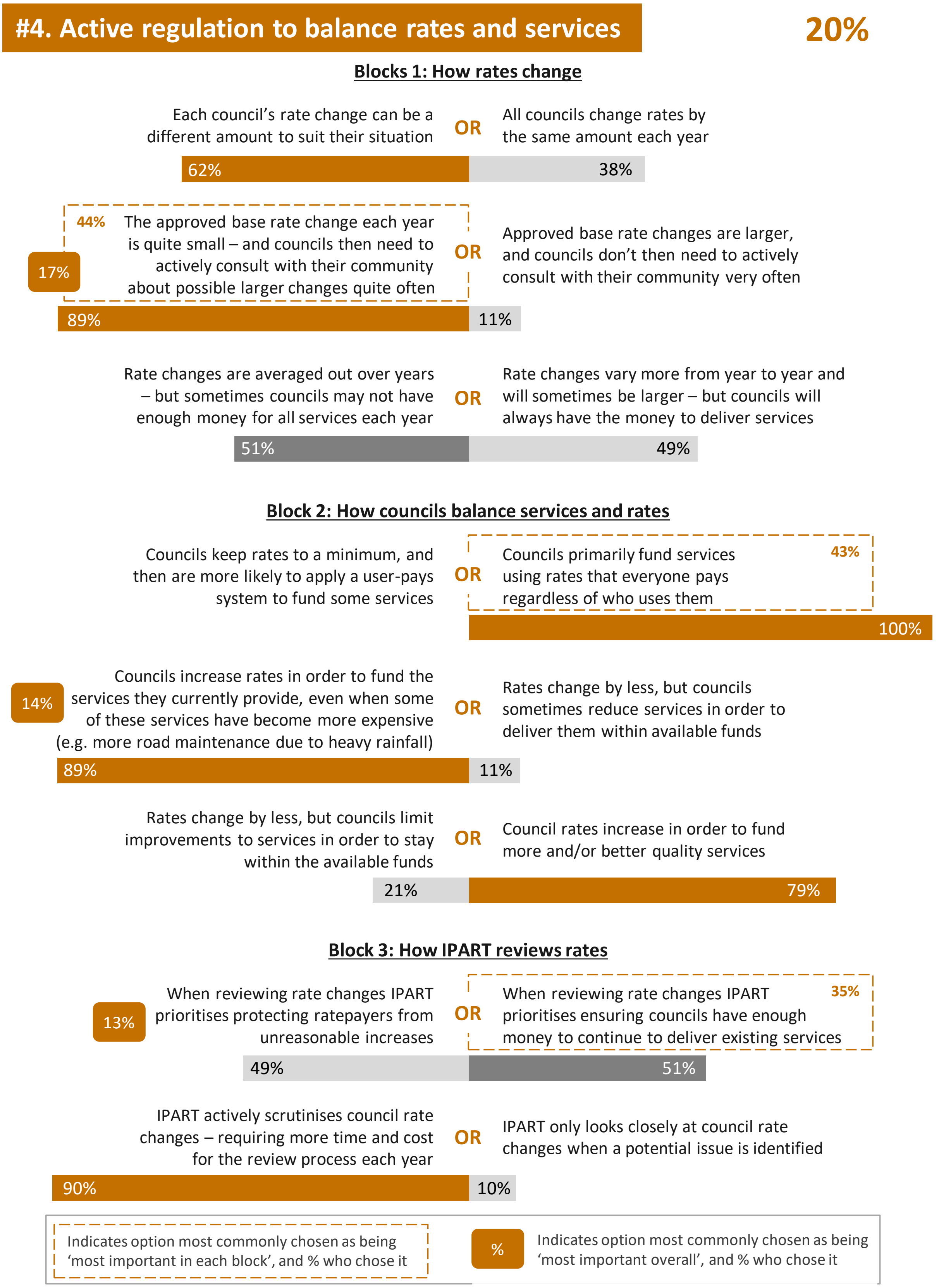
% Indicates option most commonly chosen as being 'most important overall', and % who chose it

See note on page 29 about interpreting this chart

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? QD2
Base: Segment #4 (n=599)

#4. Active regulation to balance rates and services

20%



Blocks 1: How rates change

Each council's rate change can be a different amount to suit their situation	62%	OR	All councils change rates by the same amount each year	38%
44% 17% The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often	89%	OR	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	11%
Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	51%	OR	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	49%

Block 2: How councils balance services and rates

Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services		OR	43% Councils primarily fund services using rates that everyone pays regardless of who uses them	100%
14% Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall)	89%	OR	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	11%
Rates change by less, but councils limit improvements to services in order to stay within the available funds	21%	OR	Council rates increase in order to fund more and/or better quality services	79%

Block 3: How IPART reviews rates

13% When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	49%	OR	35% When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	51%
IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	90%	OR	IPART only looks closely at council rate changes when a potential issue is identified	10%

┆ Indicates option most commonly chosen as being 'most important in each block', and % who chose it	% Indicates option most commonly chosen as being 'most important overall', and % who chose it

See note on page 29 about interpreting this chart

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? ^{QD2}

Base: Segment #5 (n=641)

#5. Minimise rates, reduce services if required

23%

Blocks 1: How rates change

		Each council's rate change can be a different amount to suit their situation	43%	OR	All councils change rates by the same amount each year	57%
17%	54%	The approved base rate change each year is quite small – and councils then need to actively consult with their community about possible larger changes quite often	92%	OR	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	8%
		Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	86%	OR	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	14%

Block 2: How councils balance services and rates

22%	44%	Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	76%	OR	Councils primarily fund services using rates that everyone pays regardless of who uses them	24%
		Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (e.g. more road maintenance due to heavy rainfall)	11%	OR	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	89%
		Rates change by less, but councils limit improvements to services in order to stay within the available funds	91%	OR	Council rates increase in order to fund more and/or better quality services	9%

Block 3: How IPART reviews rates

21%	59%	When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	86%	OR	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	14%
		IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	83%	OR	IPART only looks closely at council rate changes when a potential issue is identified	17%

Indicates option most commonly chosen as being 'most important in each block', and % who chose it

% Indicates option most commonly chosen as being 'most important overall', and % who chose it

See note on page 29 about interpreting this chart

This table summarises the preferences of each segment. Aside from where there is less than a 55% majority, the colour coding shows the dominant trade-off preference overall and for each segment. For each specific trade-off there is at least one segment that holds a different view to the overall total result – and for those trade-offs where there was an even split at the overall level the majority of the segments have a clear preference.

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? Segment preferences. QD2

Base: All NSW Residents (n=2,881)

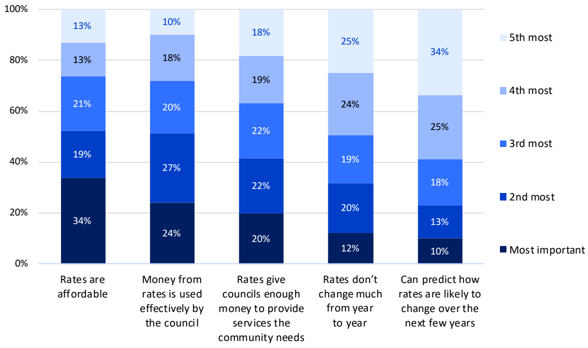
	NSW	#1	#2	#3	#4	#5
Segment preferred trade-off option is shaded	100%	16%	15%	26%	20%	23%
How rates change						
Each council's rate change can be a different amount to suit their situation	67%	81%	74%	81%	62%	
All councils change rates by the same amount each year						57%
The approved base rate change each year is quite small - and councils then need to actively consult with their community about possible larger changes quite often	78%		80%	85%	89%	92%
Approved base rate changes are larger, and councils don't then need to actively consult with their community very often		70%				
Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	50%				51%	86%
Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	50%	68%	71%	58%		
How councils balance services and rates						
Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	55%		100%	79%		76%
Councils primarily fund services using rates that everyone pays regardless of who uses them		89%			100%	
Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive	57%	65%	85%	52%	89%	
Rates change by less, but councils sometimes reduce services in order to deliver them within available funds						89%
Rates change by less, but councils limit improvements to services in order to stay within the available funds	51%			59%		91%
Council rates increase in order to fund more and/or better quality services	49%	58%	71%		79%	
How IPART reviews rates						
When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	62%		53%	80%		86%
When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services		75%			51%	
IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	55%		100%		90%	83%
IPART only looks closely at council rate changes when a potential issue is identified		81%		100%		

While the segments have very different profiles of preferences, they are still largely driven by similar priorities. Going back to the earlier question about ranking five potential priorities, it is only segments #1 and #5 that vary in the rank order of preferences.

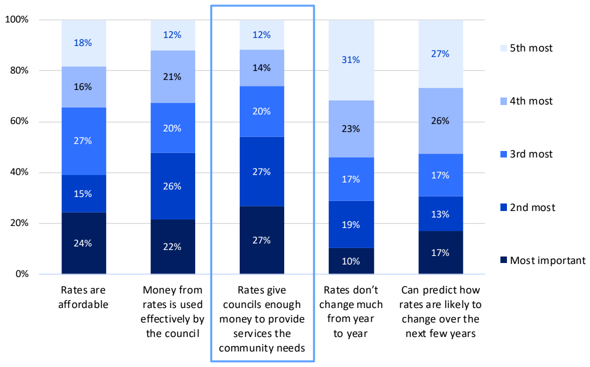
For segment #1 the most important consideration was that rates give councils enough money to provide the services that communities need; while for segment #5 rates not changing much from year-to-year was a relatively higher priority than it is for the other segments. These variations are consistent with their trade-off preferences and their apparent character, but the high level of consistency suggests that the variation between segments stems more from how they feel their important considerations should be *applied*, rather than in what is most important to them.

Of the following considerations, please rank them from most important (1) to least important (5) to <u>you</u> at the moment – by segment. QD1

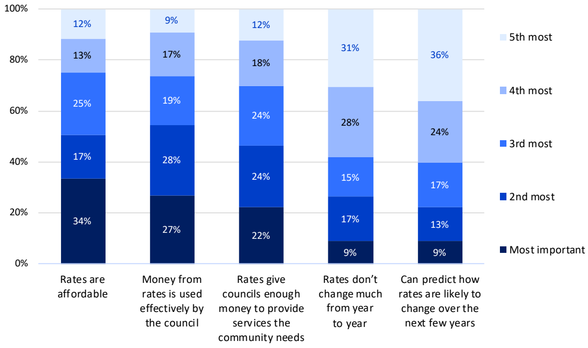
Base: All NSW Residents, only online respondents (n=2,593)



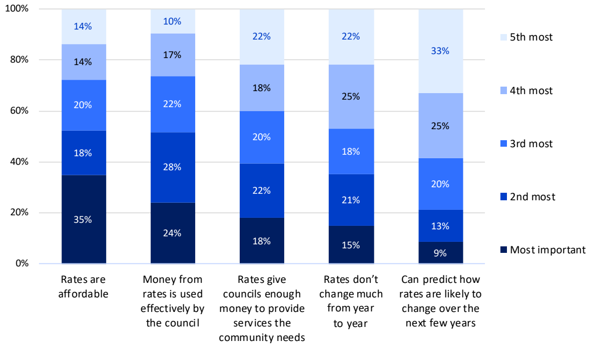
All NSW residents



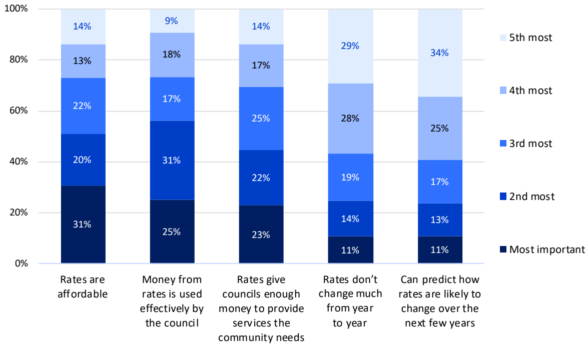
Segment #1



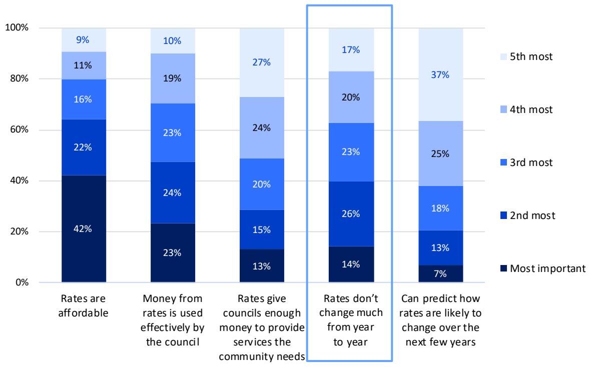
Segment #2



Segment #3



Segment #4



Segment #5

Of the five segments, segment #1 rated their current experiences with council rates highest, and also their level of comfort with a range of related issues. At the other end of the spectrum, segment #5 gave the lowest ratings for current experiences, and for their own level of comfort.

With respect to your local council, how would you rate each of the following things? [QC1]

Base: All NSW Residents (n=2,881)

% Good + Very Good	NSW	Segment #1	Segment #2	Segment #3	Segment #4	Segment #5
Quality of services	**45%**	52%↑	49%	45%	48%	34%↓
Level of services	**44%**	53%↑	47%	43%	48%	33%↓
Communication about rate changes	**34%**	43%↑	36%	33%	38%	24%↓
Communication about rate revenue use	**30%**	39%↑	29%	30%	36%	19%↓
How well rates revenue used	**33%**	43%↑	33%	32%	38%	21%↓
Sample size	2881	429	467	745	599	641

Arrows indicate statistically significant differences within rows.

At present, how comfortable are you with each of the following things? [QC2]

Base: All NSW Residents (n=2,881)

% Quite + Very Comfortable	NSW	Segment #1	Segment #2	Segment #3	Segment #4	Segment #5
Understanding how rates are set	**39%**	43%	40%	38%	42%	32%↓
Can trust council to keep increases reasonable	**39%**	50%↑	40%	40%	43%	24%↓
How fair changes from year-to-year are	**41%**	49%↑	47%	45%	45%	25%↓
How fairly rates are split across types of ratepayers	**45%**	53%↑	49%	46%	48%	34%↓
Scrutiny of how council sets rates	**38%**	47%↑	38%	39%	42%	26%↓
Sample size	2881	429	467	745	599	641

Arrows indicate statistically significant differences within rows.

Business Survey Results

The sample available for the business survey is much smaller than for the community survey, and a somewhat simpler segmentation emerged – albeit one anchored by similar end points.

The business survey segmentation found a group of around one-third of respondents (35%) who were similar to the "prioritise services" segment (community segment #1), but that the remainder looked more similar to community segment #5. This majority group had a focus on "prioritising minimising rates", even if this meant reducing services. This majority group of business respondents then split roughly in half, based mostly just relating to the degree of regulation they would prefer to oversee the setting of rates.

As the table on the following page shows, business segment #1 (comprising 35% of business respondents) is quite different from the other two segments on a number of trade-offs, but especially on all three trade-offs in the block about how councils balance services and rates.

Business segments #2 and #3 vary in the *strength* of their views more so than on the *direction* of their preferences – other than segment #3 being evenly split on whether or not all councils should change rates by the same amount each year, and segment #2 being the only group to feel that IPART should only look closely at council rate changes when potential issues are identified.

As with the community segmentation, there was little variation in the distribution of the business segments across major demographic characteristics. There were not any statistically significant differences based on employee numbers; and only in the metropolitan fringe zone was a significant difference seen, with more respondents likely to be in the "prioritise services" segment and fewer in the "prioritise minimising rates with minimal regulation" segment.

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? Segment demographic profiles. ^{QD2} Base: All NSW Businesses (n=515)

	#1. Prioritise services	#2. Prioritise minimising rates (minimal regulation)	#3. Prioritise minimising rates (utilise regulation)
Overall proportion	**35%**	**35%**	**30%**
Geographic zone			
Metro	36%	35%	29%
Metro Fringe	49%↑	16%↓	36%
Regional	28%	40%	32%
Large Rural / Rural *	25%	56%	19%
Employee numbers			
Sole trader	40%	29%	32%
2-5	36%	33%	31%
6-20	27%	40%	33%
21-100	31%	39%	31%
101+	40%	36%	24%

* *Low sample size*

Comparison to the community preferences shows that overall business respondents varied only in small ways, and mostly on those trade-offs that were nearly equal in the community survey. Given the relative size of segment 1 compared to the combined segments 2 and 3, the overall business preferences are reflective of segments 2 and 3, while in this sample segment 1 is more of the outlier (in the absence of the more complex intermediate segments seen in the community survey).

When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took? Segment preferences. QD2 Base: All NSW businesses (n=515)

	Community	Businesses	#1	#2	#3
Segment preferred trade-off option is shaded	100%	100%	35%	35%	30%
How rates change					
Each council's rate change can be a different amount to suit their situation	67%	68%	76%	75%	49%
All councils change rates by the same amount each year					51%
The approved base rate change each year is quite small - and councils then need to actively consult with their community about possible larger changes quite often	78%	80%	83%	72%	85%
Approved base rate changes are larger, and councils don't then need to actively consult with their community very often					
Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	50%	51%		52%	71%
Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	50%	50%	68%	48%	
How councils balance services and rates					
Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	55%	57%		67%	74%
Councils primarily fund services using rates that everyone pays regardless of who uses them			68%		
Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive	57%	53%	96%		
Rates change by less, but councils sometimes reduce services in order to deliver them within available funds		47%		55%	88%
Rates change by less, but councils limit improvements to services in order to stay within the available funds	51%	56%		63%	80%
Council rates increase in order to fund more and/or better quality services	49%		73%		
How IPART reviews rates					
When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	62%	63%		70%	85%
When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services			62%		
IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	55%	57%	86%		89%
IPART only looks closely at council rate changes when a potential issue is identified				100%	

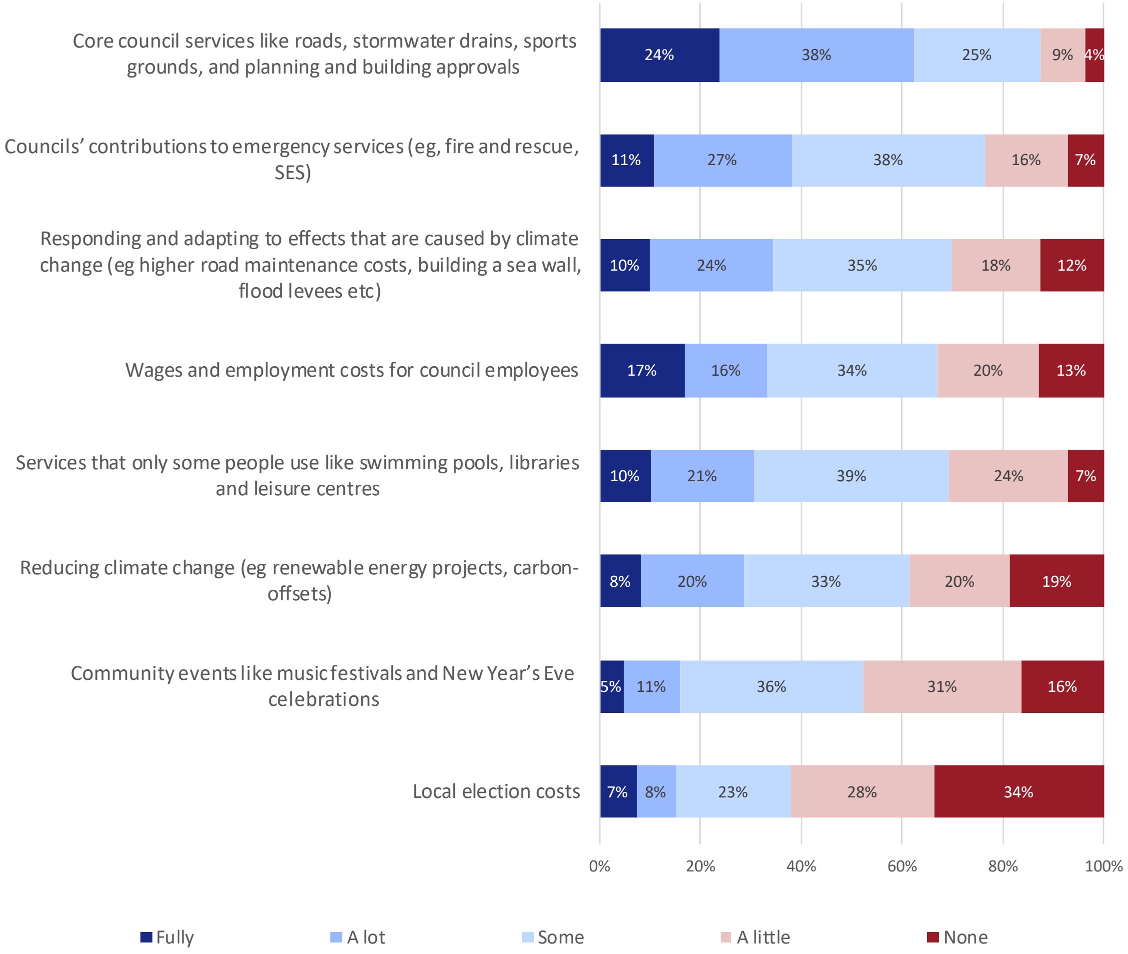
How rates should be used

Overall, 62% of respondents believe that rates should fund core council services *fully or a lot*. Less than 40% felt that rates should fund any other uses to this extent, with council's contributions to emergency services (38%) and responding and adapting to effects that are caused by climate change (34%) the next highest. More than half of respondents did feel that *at least some* of most functions and services should be funded by rates, with the exception being local election costs.

When calculating how much each council should increase rates each year, the regulator needs to consider a range of services and costs. *Please note that rates in NSW do not pay for household waste services (e.g. rubbish collection).*

How much of the following services do you think should be funded by rates? QD5

Base: All NSW Residents (n=2,881)



As the tables on the following page show, there are only minor variations in how respondents in different geographic zones feel that rates should be used.

There is also only minor differences in the views of respondents from the different segments.

How much of the following services do you think should be funded by rates? $^{\text{QD5}}$

Base: All NSW Residents (n=2,881)

% A Lot + Fully	NSW	Metro	Metro fringe	Regional	Large rural	Rural
Core council services like roads, stormwater drains, sports grounds, and planning and building approvals	**62%**	57%	67%	69%	60%	53%
Councils’ contributions to emergency services (eg, fire and rescue, SES)	**38%**	38%	41%	36%	37%	37%
Responding and adapting to effects that are caused by climate change	**35%**	35%	36%	34%	31%	28%↓
Wages and employment costs for council employees	**33%**	33%	32%	35%	27%	31%
Services that only some people use like swimming pools, libraries and leisure centres	**31%**	33%	27%	30%	27%	37%
Reducing climate change	**29%**	31%	26%	28%	19%↓	16%↓
Community events like music festivals and New Year’s Eve celebrations	**16%**	18%	13%	15%	13%	16%
Local election costs	**15%**	16%	15%	15%	11%	12%
Sample size	2881	858	872	634	320	197

How much of the following services do you think should be funded by rates? $^{\text{QD5}}$

Base: All NSW Residents (n=2,881)

% A Lot + Fully	NSW	Segment #1	Segment #2	Segment #3	Segment #4	Segment #5
Core council services like roads, stormwater drains, sports grounds, and planning and building approvals	**62%**	63%	66%	61%	65%	59%
Councils’ contributions to emergency services (eg, fire and rescue, SES)	**38%**	41%	44%	38%	42%	28%↓
Responding and adapting to effects that are caused by climate change	**35%**	38%	38%	32%	40%	28%↓
Wages and employment costs for council employees	**33%**	35%	35%	33%	36%	29%
Services that only some people use like swimming pools, libraries and leisure centres	**31%**	38%↑	28%	28%	37%↑	25%
Reducing climate change	**29%**	34%	29%	29%	30%	23%↓
Community events like music festivals and New Year’s Eve celebrations	**16%**	20%	17%	15%	19%	11%
Local election costs	**15%**	19%	16%	14%	17%	12%
Sample size	2881	429	467	745	599	641

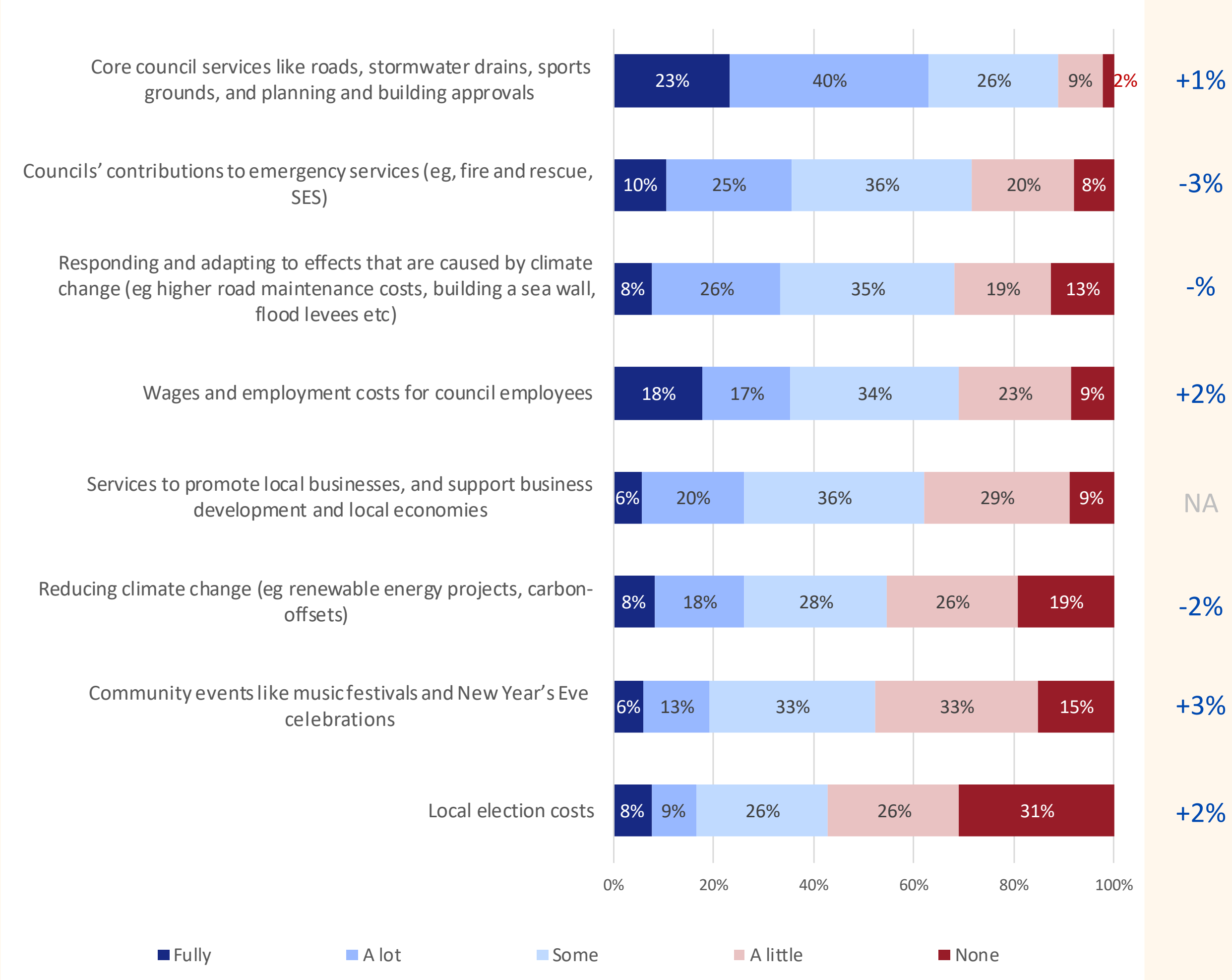
Business Survey Results

As with other aspects of the survey, business respondents' views of the extent to which services should be funded by rates were very similar to those of the wider community. When looking at the proportion who thought that each of the services and costs tested should be funded *fully or a lot* from rates, the business survey results were within plus or minus five percentage points, and most within plus or minus two points.

When calculating how much each council should increase rates each year, the regulator needs to consider a range of services and costs. *Please note that rates in NSW do not pay for household waste services (e.g. rubbish collection).*

How much of the following services do <u>you</u> think <u>should</u> be funded by rates? QD5 Base: All NSW Businesses (n=515)

% fully + a lot compared to community result:



As may be expected, the segment of businesses who would prioritise services (segment 1) were more likely to feel that most services and costs should be funded fully or a lot by rates. The segment who would prefer to prioritise minimising rates and using regulation to do so (segment 3) were the *least* likely to feel that these types of services or costs should be funded by rates.

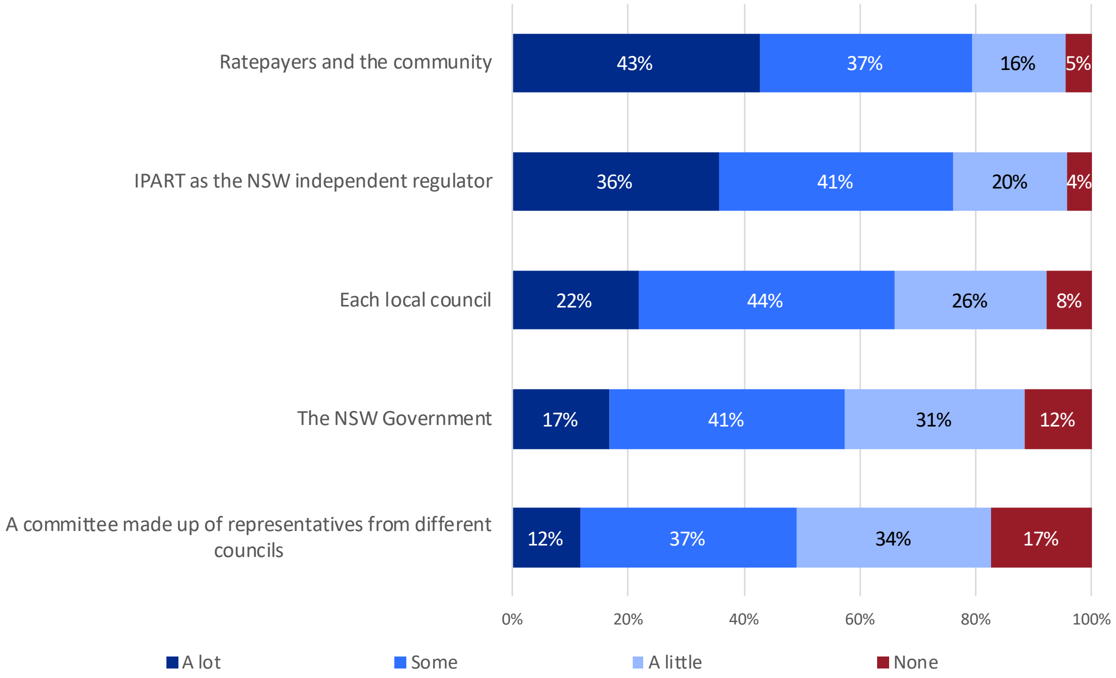
There were no substantive differences in the views of business respondents from different zones. Larger businesses were a little more open to these services and costs being funded by rates, but only to a modest extent.

Who should influence council rate increases

Respondents to the survey felt that ratepayers and the community should have a large input into council rate increases, along with IPART as the independent NSW regulator.

How much influence do you think each of these _should_ have in deciding council rate increases each year? QD6

Base: All NSW Residents (n=2,881)



These views were largely consistent across geographic zones. The only variations of note were that Large Rural and Rural respondents were slightly less likely to feel that the NSW Government should have influence in setting rate increases, and those in the Rural zone were more likely to feel that IPART should have *some* influence rather than *a lot*.

There was no difference between male and female respondents, but older respondents were more likely to feel that the local council, ratepayers and the community, and (especially) IPART should have somewhat higher levels of influence.

There was a little more variation across the segments, though overall the same broad patterns mostly held. Segment #5 had a heightened sense of wanting ratepayers and the community to have influence (53% *a lot*), but lower desire for local councils or a committee of council representatives to have influence. Segments #5 and #2 had the highest desired for IPART to have *a lot* of influence (both 41%), while fewer of segment #1 (26%) felt that IPART should have *a lot* of influence.

Business Survey Results

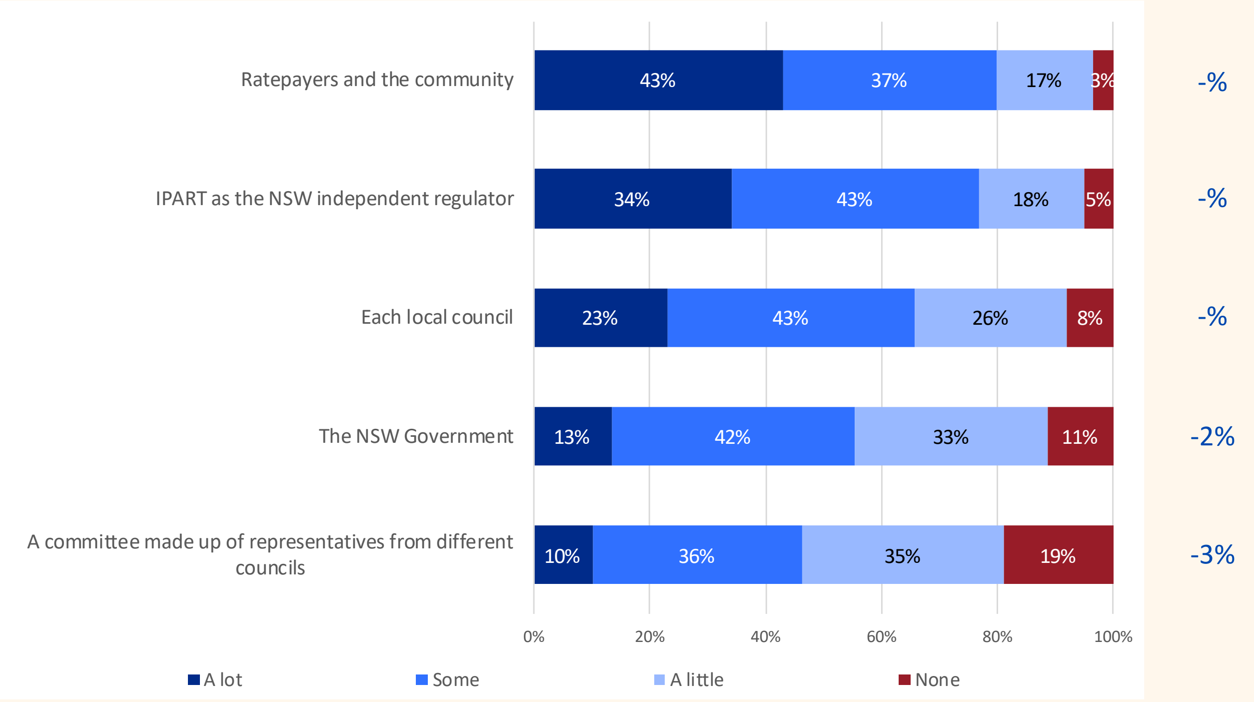
Business respondents also held very similar views to the wider community in terms of who should have influence in deciding on council rate increases, with both groups being within plus or minus 3 percentage points of each other.

How much influence do you think each of these <u>should</u> have in deciding council rate increases each year? QD6

Base: All NSW Businesses (n=515)

% a lot + some

compared to community result:



Views were broadly consistent across locations and segments.

Those business respondents from regional cities were a little less likely to think that a committee made up of representatives from different councils or the NSW Government should have influence, but this did not change the overall nature of their responses. Interestingly, the only difference by business size was that larger businesses (in terms of employees) tended to think that these two groups should have slightly *more* influence than their smaller peers.

As seen in the community survey results, there were mainly only nuances of differences even amongst the segments. Segment 1 (prioritise services) was the most open to at least some influence from all sources, and most open to IPART as the regulator having a lot of influence. Segment 3 (prioritise low rates with more regulation) was the *least* open to influence from councils (either individually or in a committee), and *most* open to ratepayers and the committee having a lot of influence. Unsurprisingly given their distinctive characteristic is preferring less regulation, segment 2 (prioritise low rates with minimal regulation) were the least likely to feel that IPART should have a lot of influence.

Appendices

Appendix A: Rate Peg Survey community questionnaire

Introduction

Background and purpose of this survey

This survey is being conducted by the NSW Independent Pricing and Regulatory Tribunal (or IPART) to assist the process for setting the rates that NSW councils charge residents each year.

Who is conducting the survey

To ensure objectivity in the collection and analysis of responses, an independent market research firm, ORIMA Research, has been engaged to conduct the research.

How long will the survey take?

This survey should take around 10 minutes to complete (depending on what comments you include when invited to provide additional information).

Is my participation voluntary?

Participation in this research is voluntary. You can decide to stop at any time.

Is my confidentiality and information privacy ensured?

The information you provide will be treated as private and confidential. No individual will be able to be identified from the research results. Your answers will only be used for the purposes of the research. You can view ORIMA's privacy policy here: Link.

Module A: Basic demographics

As we want to understand the opinions of different groups in our community, the first few questions are about you.

1. **Do you:**
    1. Own or co-own the home you live in (either outright or with a mortgage)
    2. Pay rent to a landlord
    3. Live with parents or other family members, but do not pay rent to a landlord [TERMINATE]
    4. Live with people you are not related to, but do not pay rent to a landlord [TERMINATE]
    5. Live in some other arrangement [TERMINATE]

2. **Which of these age groups are you in?**
    1. Under 18 [TERMINATE]
    2. 18-34
    3. 35-44
    4. 45-54
    5. 55-64
    6. 65 or older

3. **Which gender do you identify as?**
    1. Male
    2. Female
    3. A different gender – please specify

4. **What would you estimate your total annual household income to be before tax?**
    1. Up to $40,000
    2. $40,001 to $80,000
    3. $80,001 to $125,000
    4. $125,001 to $200,000
    5. $200,001 or more

5. **What council or local government area do you live in?**
    1. SHOW DROP DOWN LIST / USE TEXT COMPLETE

6. **And what is the postcode where you live?**
    1. _ _ _ _

VALIDATION: POSTCODE MATCHES LGA

7. **How long have you lived:**

		Less than 2 years	2-5 years	6-10 years	11+ years
A	In your current council or local government area	1	2	3	4
B	In NSW	1	2	3	4

Module B: Awareness and Understanding of Current Processes [INACTIVE]

Module C: Current experiences

IF LIVED IN CURRENT COUNCIL FOR MORE THAN 2 YEARS SHOW:

We would now like you to think about your personal experiences over the last 2 years.

IF LIVED IN CURRENT COUNCIL FOR LESS THAN 2 YEARS SHOW:

We would now like you to think about your personal experiences just since you moved into your current council or local government area.

1. **How would you rate each of the following things:** *Please note that rates in NSW do not pay for household waste services (e.g. rubbish collection).*
   RANDOMISE ORDER

		Not good enough	OK	Good	Very good	Really can't say
A	The current quality of services provided by your local council	1	2	3	4	5
B	The current level of services provided by your local council	1	2	3	4	5
C	How well you believe your local council uses the money it raises from rates	1	2	3	4	5
D	How well your council communicates with you about changes in rates	1	2	3	4	5
E	How well your council communicates with you about how money from rates is used	1	2	3	4	5

2. **At present, how comfortable are you with each of the following things?**
   RANDOMISE ORDER

		Not at all comfortable	Not very comfortable	Quite comfortable	Very comfortable
A	How well you understand how your council rates are set	1	2	3	4
B	ONLY ASK IF LIVED IN CURRENT COUNCIL MORE THAN 2 YEARS How fair changes in your council rates are from year to year	1	2	3	4
C	How much you can trust your local council to keep rate increases to an appropriate level	1	2	3	4
D	How much scrutiny there is of how your council sets rates each year	1	2	3	4
E	How fair is the way rates are split across different types of ratepayers (eg: between residents, business and other types of ratepayers)	1	2	3	4

Module D: Guiding Principles / Preferences

These next questions are about how you would prefer council rates to be set – regardless of how you believe they are currently set.

1. **Of the following considerations, please rank them from most important (1) to least important (5) to you at the moment.** RANDOMISE ORDER EXCLUDE FROM CATI FOR LENGTH
    1. Council rates are affordable
    2. Council rates don't change much from year to year
    3. You can predict how council rates are likely to change over the next few years
    4. Rates give councils enough money to provide services the community needs
    5. Money from rates is used effectively by the council

NOTE: RESPONDENT CANNOT GO BACK TO PREVIOUS QUESTIONS FROM THIS POINT

IPART is the NSW regulator that sets limits on how much councils can increase their total income from rates each year. When they are deciding how much each council can increase total income from rates, IPART may consider a range of trade-offs.

Please note that rates in NSW do not pay for household waste services (e.g. rubbish collection). These are covered by a separate charge known as the "domestic waste management charge".

2. **When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took?** *Note that you may like both options – in which case you should choose the one you would prefer most. You may also not like either option – in which case you should choose the one you dislike the least.* RANDOMISE A-B-C AND D-E-F AND G-H IN BLOCKS

A	All councils change rates by the same amount each year	1	**OR**	Each council's rate change can be a different amount to suit their situation	2
B	The approved base rate change each year is quite small - and councils then need to actively consult with their community about possible larger changes quite often	1	**OR**	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	2
C	Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	1	**OR**	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	2
D	Councils primarily fund services using rates that everyone pays regardless of who uses them	1	**OR**	Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	2
E	Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (eg more road maintenance due to heavy rainfall)	1	**OR**	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	2
F	Council rates increase in order to fund more and/or better quality services	1	**OR**	Rates change by less, but councils limit improvements to services in order to stay within the available funds	2
G	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	1	**OR**	When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	2
H	IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	1	**OR**	IPART only looks closely at council rate changes when a potential issue is identified	2

3. **Below are the options that you preferred when considering these trade-offs about rate increases. Of these options you preferred, which are the <u>most</u> important to you?**
   EXCLUDE FROM CATI BECAUSE FORMAT NOT COMPATIBLE

   A. **Firstly, which is most important to you from these three trade-offs?**
      a. PREF FROM A
      b. PREF FROM B
      c. PREF FROM C

   B. **And which is most important to you from these three trade-offs?**
      d. PREF FROM D
      e. PREF FROM E
      f. PREF FROM F

   C. **And which is most important to you from these two trade-offs?**
      g. PREF FROM G
      h. PREF FROM H

   D. **And finally, which is the most important to you overall?**
      i. PREF FROM D3A
      j. PREF FROM D3B
      k. PREF FROM D3C

When calculating how much each council should increase rates each year, the regulator needs to consider a range of services and costs. *Please note that rates in NSW do <u>not</u> pay for household waste services (e.g. rubbish collection).*

4. **How much of the following services do <u>you</u> think <u>should</u> be funded by rates?**

	RANDOMISE	None	A little	Some	A lot	Fully
A	Core council services like roads, stormwater drains, sports grounds, and planning and building approvals	1	2	3	4	5
B	Services that only some people use like swimming pools, libraries and leisure centres	1	2	3	4	5
C	Community events like music festivals and New Year's Eve celebrations	1	2	3	4	5
D	Councils' contributions to emergency services (eg, fire and rescue, SES)	1	2	3	4	5
E	Local election costs	1	2	3	4	5
F	Responding and adapting to effects that are caused by climate change (eg higher road maintenance costs, building a sea wall, flood levees etc)	1	2	3	4	5
G	Reducing climate change (eg renewable energy projects, carbon-offsets)	1	2	3	4	5
H	Wages and employment costs for council employees	1	2	3	4	5

5. **How much influence do you think each of these <u>should</u> have in deciding council rate increases each year?**

		None	A little	Some	A lot
A	Each local council	1	2	3	4
B	A committee made up of representatives from different councils	1	2	3	4
C	IPART as the NSW independent regulator	1	2	3	4
D	The NSW Government	1	2	3	4
E	Ratepayers and the community	1	2	3	4

Module E: Reaction to proposed concepts [INACTIVE]

Module F: Closing additional demographics

Thank you. These last few questions are also just about you and your household, so we can understand the views of different groups of NSW residents.

1. **Are you the person in your household who <u>personally</u> organises for the [IF OWNER: rates to be paid / IF RENTING: rent to be paid]?**
    1. Yes
    2. No

2. **IF OWNER: <u>Not including</u> the home you live in and pay rates for, do you or members of your household directly pay rates as the owner(s) of any other <u>residential</u> property?**

   IF RENTING: Do you or members of your household directly pay rates as the owner(s) of any <u>residential</u> property:

   Please select all that apply MULTIPLE RESPONSE ALLOWED FOR CODES 1-4
    1. In the council or local government area where you live
    2. Somewhere else in NSW
    3. Somewhere else in Australia
    4. Somewhere else overseas
    5. None of these

3. **Do you or members of your household directly pay rates as an owner of a <u>business</u> or other type of <u>non-residential property</u>:** *Please select all that apply*
   MULTIPLE RESPONSE ALLOWED FOR CODES 1-4
    1. In the council or local government area where you live
    2. Somewhere else in NSW
    3. Somewhere else in Australia
    4. Somewhere else overseas
    5. None of these

4. **In which ways did your household obtain income in the last 12 months:** *Please select all that apply*
   MULTIPLE RESPONSE ALLOWED
   1. Salary or wages
   2. Business income
   3. Government pension [age pension, disability pension, etc]
   4. Self-funded retiree / superannuation
   5. Something else (please specify: ______________________)
   6. Does not have any income

Close

Thank you for completing this survey. It is being conducted by IPART – the Independent Pricing and Regulatory Tribunal. IPART is the organisation which sets the base "Rate Peg" for each council each year. Your answers will help IPART to undertake this role to balance the needs of the community and the councils.

1. **Having now done the survey – what is one thing you would be interested in hearing more information about in terms of how council rates are set?** EXCLUDE FROM CATI FOR LENGTH

   ____

If you would like any more information about this topic, you can go to the following site:

https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Review-of-rate-peg-methodology

FOR CATI, IF RESPONDENT WANTS A LINK FOR MORE INFORMATION, SAY: "go to the IPART website at IPART.nsw.gov.au and then type 'rate peg review' into the search box"

If you have any queries about this survey, or would like any further information, you can contact ORIMA Research on XXXX.

Appendix B: Rate Peg Survey business questionnaire

Introduction

Background and purpose of this survey

This survey is being conducted by the NSW Independent Pricing and Regulatory Tribunal (or IPART) to assist the process for setting the rates that NSW councils charge each year. Following a similar survey of the wider community in late 2022, this is a survey to understand the experiences, views and preferences of NSW businesses.

Who is conducting the survey

To ensure objectivity in the collection and analysis of responses, an independent market research firm, ORIMA Research, has been engaged to conduct the research.

How long will the survey take?

This survey should take around 10 minutes to complete (depending on what comments you include when invited to provide additional information).

Is my participation voluntary?

Participation in this research is voluntary. You can decide to stop at any time.

Is my confidentiality and information privacy ensured?

The information you provide will be treated as private and confidential. No individual will be able to be identified from the research results. Your answers will only be used for the purposes of the research. You can view ORIMA's privacy policy here: Link.

Module A: Basic demographics

As we want to understand the opinions of different groups in our community, the first few questions are about you.

1. **Which of these best describes the business?**
    1. Accommodation and Food Services
    2. Administrative and Support Services
    3. Agriculture, Forestry and Fishing
    4. Arts and Recreation Services
    5. Construction
    6. Education and Training
    7. Electricity, Gas, Water and Waste Services
    8. Financial and Insurance Services
    9. Health Care and Social Assistance

10. Information Media and Telecommunications
11. Manufacturing
12. Mining
13. Professional, Scientific and Technical Services
14. Public Administration and Safety
15. Rental, Hiring and Real Estate Services
16. Retail Trade
17. Transport, Postal and Warehousing
18. Wholesale Trade
19. Other Services

2. How many premises do you operate from in NSW?

1. None
2. 1
3. 2-3
4. 4-5
5. 6-10
6. 11+

IF Q2 = NONE [NO PREMISES]

3. Do you operate your business from a residential location?

1. Yes
2. No

4. Does your business: PLEASE SELECT ALL THAT APPLY

1. Own or co-own any premises that it operates from (either outright or with a mortgage)
2. Own or co-own any premises that it DOES NOT operate from (either outright or with a mortgage)
3. Pay rent to a landlord
4. Operate premises in some other arrangement

5. including yourself, how many employees does the business have?

1. One [just you]
2. 2-5
3. 6-20
4. 21-50
5. 51-100
6. 101 or more

6. **Which of these age groups are you in?**
    1. Under 18 [TERMINATE]
    2. 18-34
    3. 35-44
    4. 45-54
    5. 55-64
    6. 65 or older

7. **What would you estimate your total annual business turnover to be?**
    1. Less than $500,000
    2. $500,001 to $1 million
    3. $1 million - $2 million
    4. $2 million - $5 million
    5. $5 million - $10 million
    6. $10 million - $50 million
    7. More than $50 million

8. **What council or local government area is your primary business premises in?**
    1. SHOW DROP DOWN LIST / USE TEXT COMPLETE

9. **And what is the postcode where your primary business premises is located?**
    1. _ _ _ _

VALIDATION: POSTCODE MATCHES LGA

10. **How long has your business had its main premises:**

		Less than 2 years	2-5 years	6-10 years	11+ years
A	In your current council or local government area	1	2	3	4
B	In NSW	1	2	3	4

Module B: Awareness and Understanding of Current Processes [INACTIVE]

Module C: Current experiences

IF PRIMARY BUSINESS PREMISES IN CURRENT COUNCIL FOR MORE THAN 2 YEARS SHOW:

We would now like you to think about the experiences of your business over the last 2 years.

IF PRIMARY BUSINESS PREMISES IN CURRENT COUNCIL FOR LESS THAN 2 YEARS SHOW:

We would now like you to think about the experiences of your business just since you moved into your current council or local government area.

1. **How would you rate each of the following things with respect to your primary business premises:**
   RANDOMISE ORDER

		Not good enough	OK	Good	Very good	Really can't say
A	The current quality of services provided by your local council	1	2	3	4	5
B	The current level of services provided by your local council	1	2	3	4	5
C	How well you believe your local council uses the money it raises from rates	1	2	3	4	5
D	How well your council communicates with you about changes in rates	1	2	3	4	5
E	How well your council communicates with you about how money from rates is used	1	2	3	4	5

2. **At present, how comfortable are you with each of the following things?**
   RANDOMISE ORDER

		Not at all comfortable	Not very comfortable	Quite comfortable	Very comfortable
A	How well you understand how your council rates are set	1	2	3	4
B	ONLY ASK IF LIVED IN CURRENT COUNCIL MORE THAN 2 YEARS How fair changes in your council rates are from year to year	1	2	3	4
C	How much you can trust your local council to keep rate increases to an appropriate level	1	2	3	4
D	How much scrutiny there is of how your council sets rates each year	1	2	3	4
E	How fair is the way rates are split across different types of ratepayers (eg: between residents, business and other types of ratepayers)	1	2	3	4

Module D: Guiding Principles / Preferences

These next questions are about how you would prefer council rates to be set – regardless of how you believe they are currently set.

1. **Of the following considerations, please rank them from most important (1) to least important (5) to you at the moment.** RANDOMISE ORDER
    1. Council rates are affordable
    2. Council rates don't change much from year to year
    3. You can predict how council rates are likely to change over the next few years
    4. Rates give councils enough money to provide services the community needs
    5. Money from rates is used effectively by the council

NOTE: RESPONDENT CANNOT GO BACK TO PREVIOUS QUESTIONS FROM THIS POINT

IPART is the NSW regulator that sets limits on how much councils can increase their total income from rates each year. When they are deciding how much each council can increase total income from rates, IPART may consider a range of trade-offs.

2. **When IPART and councils are considering some of these trade-offs, which approach would you prefer that they took?** *Note that you may like both options – in which case you should choose the one you would prefer most. You may also not like either option – in which case you should choose the one you dislike the least.* RANDOMISE A-B-C AND D-E-F AND G-H IN BLOCKS

A	All councils change rates by the same amount each year	1	**OR**	Each council's rate change can be a different amount to suit their situation	2
B	The approved base rate change each year is quite small - and councils then need to actively consult with their community about possible larger changes quite often	1	**OR**	Approved base rate changes are larger, and councils don't then need to actively consult with their community very often	2
C	Rate changes are averaged out over years – but sometimes councils may not have enough money for all services each year	1	**OR**	Rate changes vary more from year to year and will sometimes be larger – but councils will always have the money to deliver services	2
D	Councils primarily fund services using rates that everyone pays regardless of who uses them	1	**OR**	Councils keep rates to a minimum, and then are more likely to apply a user-pays system to fund some services	2
E	Councils increase rates in order to fund the services they currently provide, even when some of these services have become more expensive (eg more road maintenance due to heavy rainfall)	1	**OR**	Rates change by less, but councils sometimes reduce services in order to deliver them within available funds	2
F	Council rates increase in order to fund more and/or better quality services	1	**OR**	Rates change by less, but councils limit improvements to services in order to stay within the available funds	2
G	When reviewing rate changes IPART prioritises ensuring councils have enough money to continue to deliver existing services	1	**OR**	When reviewing rate changes IPART prioritises protecting ratepayers from unreasonable increases	2
H	IPART actively scrutinises council rate changes – requiring more time and cost for the review process each year	1	**OR**	IPART only looks closely at council rate changes when a potential issue is identified	2

3. **Below are the options that you preferred when considering these trade-offs about rate increases. Of these options you preferred, which are the <u>most</u> important to you?**

   A. **Firstly, which is most important to you from these three trade-offs?**
      a. PREF FROM A
      b. PREF FROM B
      c. PREF FROM C

   B. **And which is most important to you from these three trade-offs?**
      g. PREF FROM D
      h. PREF FROM E
      i. PREF FROM F

   C. **And which is most important to you from these two trade-offs?**
      l. PREF FROM G
      m. PREF FROM H

   D. **And finally, which is the most important to you overall?**
      n. PREF FROM D3A
      o. PREF FROM D3B
      p. PREF FROM D3C

When calculating how much each council should increase rates each year, the regulator needs to consider a range of services and costs.

4. **How much of the following services do <u>you</u> think <u>should</u> be funded by rates?**

	RANDOMISE	None	A little	Some	A lot	Fully
A	Core council services like roads, stormwater drains, sports grounds, and planning and building approvals	1	2	3	4	5
B	Services to promote local businesses, and support business development and local economies	1	2	3	4	5
C	Community events like music festivals and New Year's Eve celebrations	1	2	3	4	5
D	Councils' contributions to emergency services (eg, fire and rescue, SES)	1	2	3	4	5
E	Local election costs	1	2	3	4	5
F	Responding and adapting to effects that are caused by climate change (eg higher road maintenance costs, building a sea wall, flood levees etc)	1	2	3	4	5
G	Reducing climate change (eg renewable energy projects, carbon-offsets)	1	2	3	4	5
H	Wages and employment costs for council employees	1	2	3	4	5

5. **How much influence do you think each of these <u>should</u> have in deciding council rate increases each year?**

		None	A little	Some	A lot
A	Each local council	1	2	3	4
B	A committee made up of representatives from different councils	1	2	3	4
C	IPART as the NSW independent regulator	1	2	3	4
D	The NSW Government	1	2	3	4
E	Ratepayers and the community	1	2	3	4

Module E: Reaction to proposed concepts [INACTIVE]

Module F: Closing additional demographics

Thank you. This last question is also just about you and your business, so we can understand the views of different groups of NSW businesses.

1. **Are you the person in your business who <u>personally</u> organises for the rates and /or rent to be paid?**
    1. Yes
    2. No

Close

Thank you for completing this survey. It is being conducted by IPART – the Independent Pricing and Regulatory Tribunal. IPART is the organisation which sets the base "Rate Peg" for each council each year. Your answers will help IPART to undertake this role to balance the needs of the community and the councils.

1. **Having now done the survey – what is one thing you would be interested in hearing more information about in terms of how council rates are set?**

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If you would like any more information about this topic, you can go to the following site:

https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Review-of-rate-peg-methodology

If you have any queries about this survey, or would like any further information, you can contact ORIMA Research on XXXX.