

Report on Community Engagement

Professor [REDACTED], Professor [REDACTED] and Professor [REDACTED]

The proposed Special Rate Variation (SRV) was both substantial as well as the first in the history of Walcha Council. The IPART (2022) Community Awareness and Engagement guidelines state that an SRV of this nature should involve extensive community awareness activities. Accordingly, we travelled almost 300km to make nine separate presentations to communities, mailed out 1,579 Fact Sheets and Surveys, produced over 67 minutes of publicly available supporting video, made four reports composed by three internationally recognised professors available to the public, conducted four hours of listening posts, and had 33 conversations with people.

On the whole, it is fair to say that the community was strongly in favour of the proposed SRV. The strength of support received from the community might seem surprising, but it was largely a function of our strong evidence base, open and transparent communication, as well as extensive Councillor consultations and deliberations.

It should be noted when interpreting the remainder of this report that Walcha local government area is vast in terms of geography (626,102 hectares), but small in terms of population (3,018 people in total but just 2,350 adults). In this short report we set out our major activities and briefly describe the response from the community.

Mailouts

1,579 Fact Sheets were mailed out to all Walcha Council residents at the beginning of October. The Fact Sheet conformed closely to OLG and IPART Guidelines – indeed we set out the tables exactly as prescribed. A copy of the Fact Sheet is appended with our IPART application.

Surveys

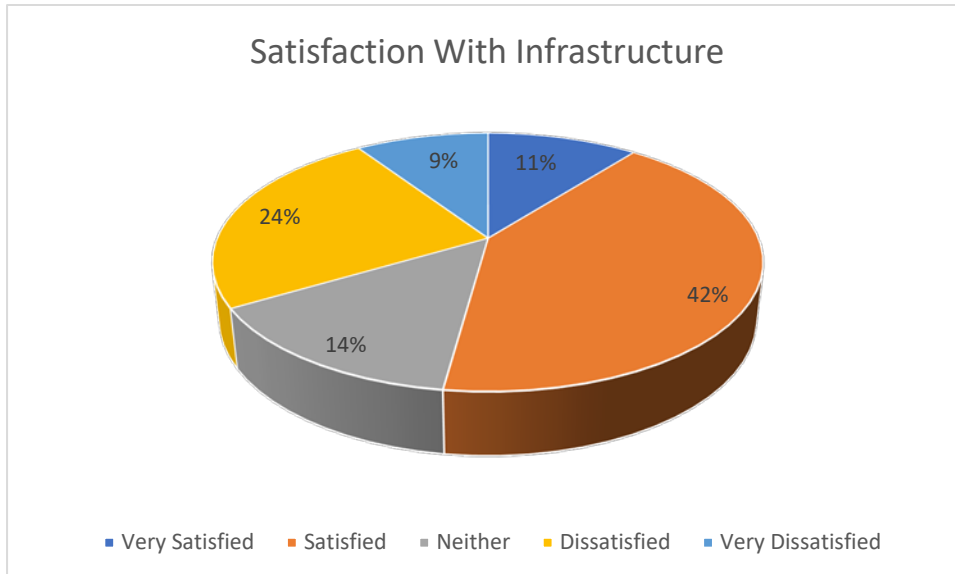
Two surveys were conducted. The first survey was posted out to all residents with the Fact Sheet. A second survey was only available to people who attended at least one of the nine Community Presentations. It would be reasonable to place greater emphasis on the surveys completed subsequent to the Community Presentations because these respondents were in possession of considerably more information accumulated over the hour-and-a-half sessions.

Below we present summary data for each of the survey questions in addition to a short commentary.

¹ Can be contacted at [REDACTED] or [REDACTED]

First Survey

1. *How satisfied are you with the standard of maintenance of Council infrastructure (for example roads, footpaths, bridges, buildings, parks)?*

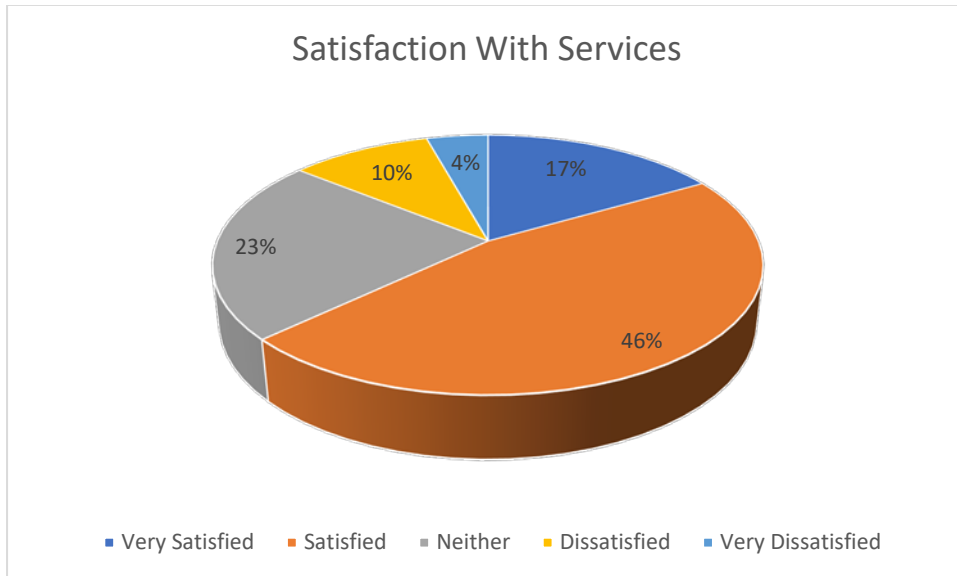


Around a third of the residents at Walcha Council are dissatisfied or ‘very dissatisfied’ with the standard of infrastructure. By far, the majority of concerns related to roads particularly in the outlying areas. In particular, concerns were expressed regarding the ability of grading and sealing work to cope with traffic – especially heavy stock and logging vehicles – during inclement weather.

The concerns expressed by the community are consistent with the views held in many rural areas (especially following the periodic flooding episodes suffered in 2022). It would be ideal for roads to be upgraded to all-weather access, but this is simply not feasible with such a small rate base and extensive road network (205 km sealed roads, and 615 km unsealed). This is why a fair and responsive road grant allocation is absolutely essential (although sadly missing from extant funding arrangements).

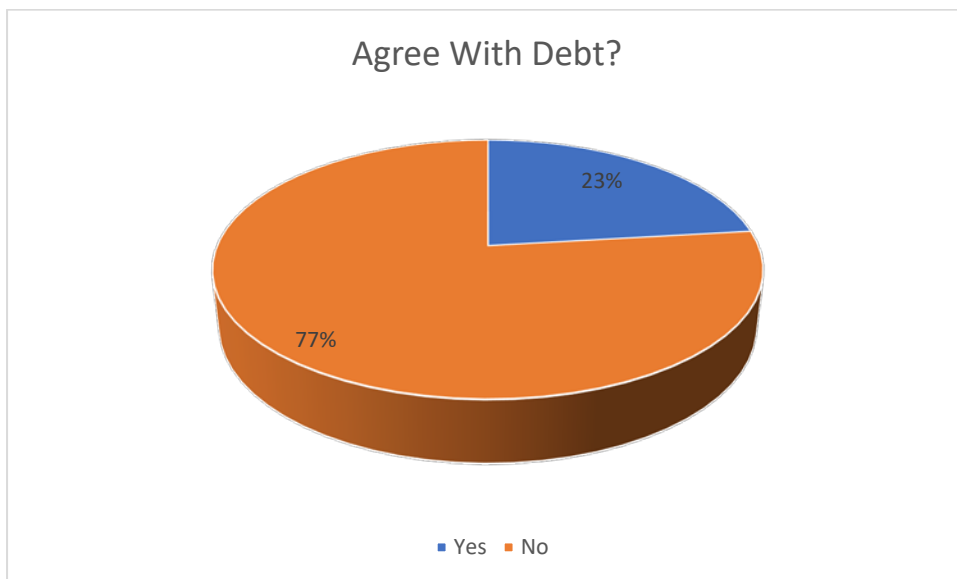
Given the relatively high level of dissatisfaction with existing infrastructure it is reasonable to deduce that residents would be unlikely to accept even lower levels of maintenance.

2. *How satisfied are you with the standard of Council services (for example rubbish collection, nuisance animal control, customer service)?*



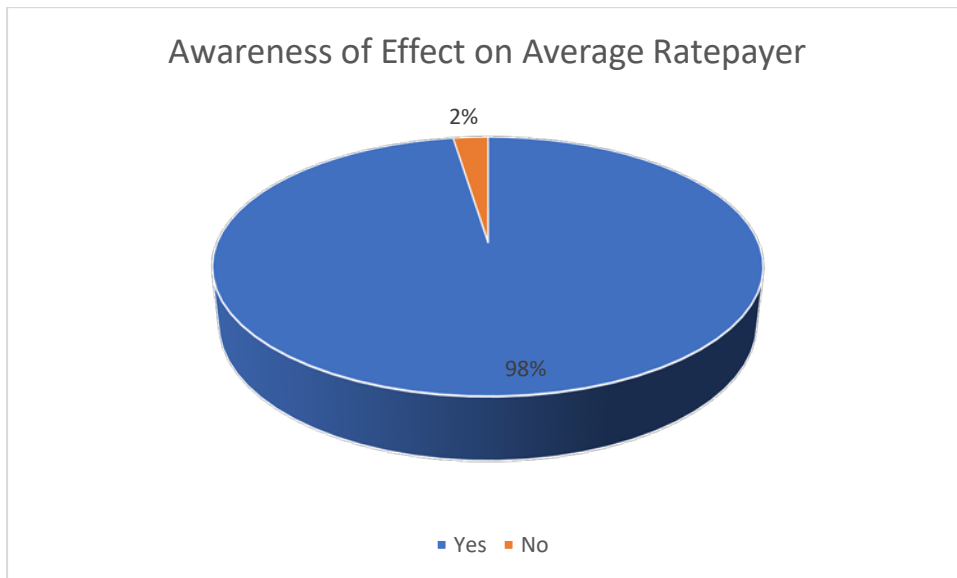
When we focussed on services provided the proportion of dissatisfied people reduced considerably. This result suggests that the community is broadly happy with how Council conducts its non-infrastructure affairs.

3. *Do you believe that it is morally and economically acceptable to fund current consumption of local government goods and services through debt (which will be ultimately paid for by future generations of ratepayers)?*



Given the large literature and support for the debt bias hypothesis² this result from a relatively aged population was pleasing. It suggests that the community isn't willing to place further burdens on to future generations.

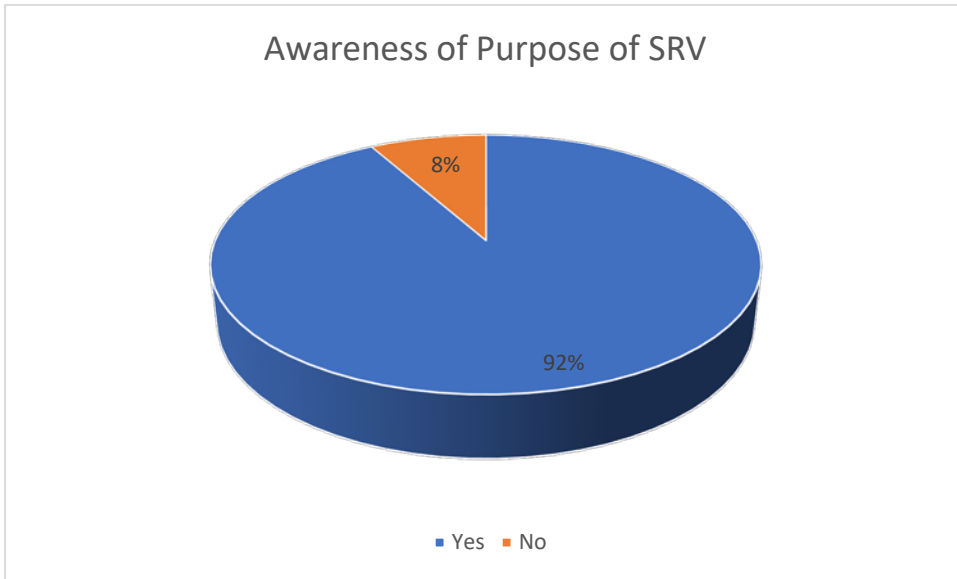
4. *After reading the Fact Sheet are you now aware of the effect that the proposed special rate variation will have on the average rates paid by each category of ratepayer at Walcha over the five-year period up to 2027-28?*



One of the key criteria in the Office of Local Government SRV Guidelines (2020) is to demonstrate that the community is aware of the extent of the proposed rate rise. This overwhelming response to our survey question clearly satisfies the criteria under reference. We suspect that the two percent of respondents that answered in the negative were either confused about the question or did not read the Fact Sheet that accompanied the survey (as requested).

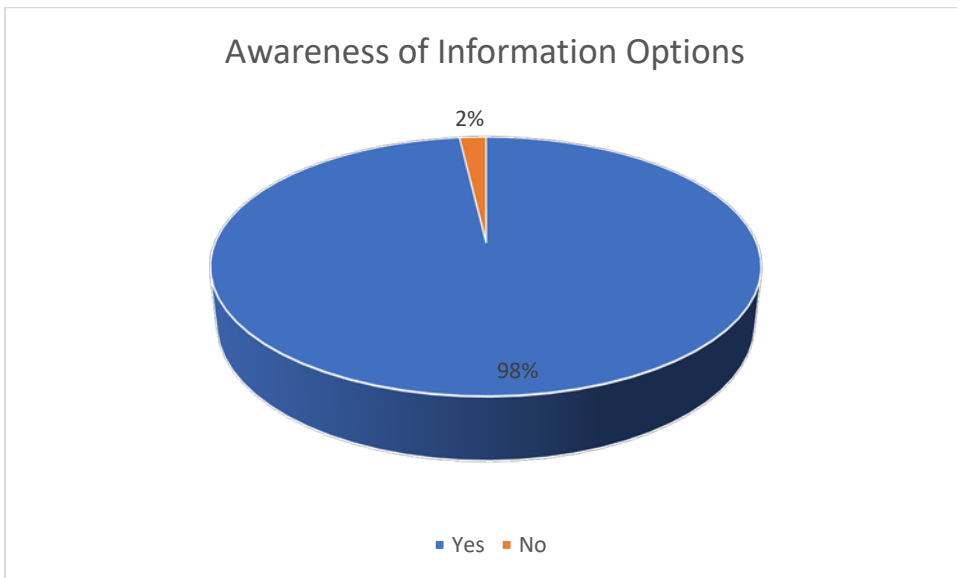
² Going back to the work of Buchanan (1997) it has been argued that it is a rational decision for older people to prefer debt financing for provision of government goods and services. The idea is that older people aren't likely to be taxpayers long enough to fully repay liabilities and can thus escape part of their legitimate responsibilities. Certainly, behaviour at the state and federal level of government finance provides ample evidence to support this debt bias hypothesis.

5. After reading the Fact Sheet are you now aware that the proposed special rate variation is needed so that Council can become financially sustainable?



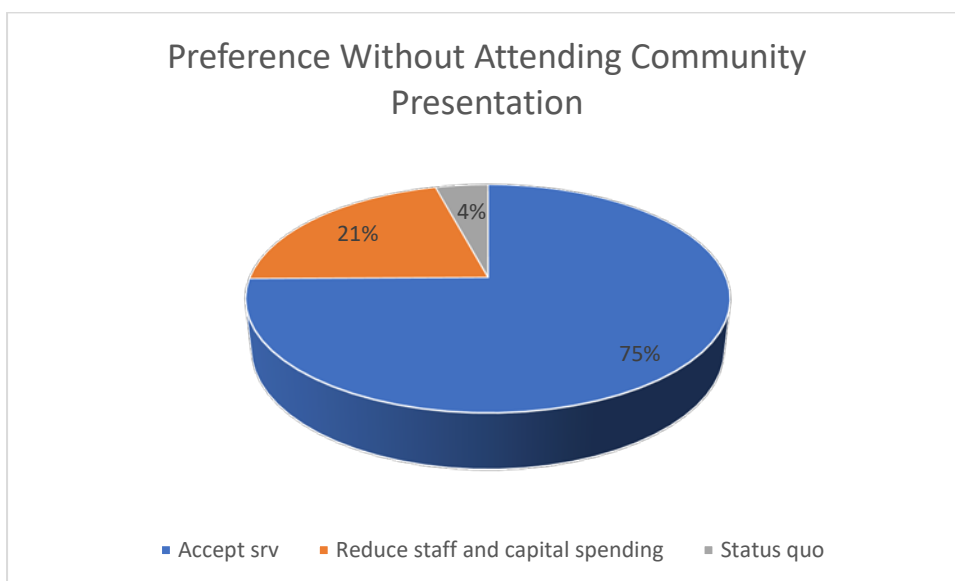
A second key assessment criteria is to demonstrate awareness of the purpose of the proposed SRV. Once again, a strong response on the surveys is good evidence that this criterion has been satisfied. We suspect that the small number of people who answered in the negative may have been attempting to convey that they did not agree with the financial sustainability reasons cited.

6. Are you aware of the options available to obtain further information commencing October, 2022?



The community engagement guidelines ask us to demonstrate awareness by the community for their options to obtain further information. As will be noted from this report many and varied options were presented to residents. We suspect that the two percent of people who answered in the negative may have been confused about the question asked of them.

7. *Given the need for additional revenue to balance the budget and ensure financial sustainability – a proposition held by Professor █████, Professor █████, and Professor █████ as well as █████ and IPART (pre-2016) – which of the three options do you prefer?*



Our experience elsewhere suggests that (uninformed) majority preference for a SRV is almost never the case. Quite simply, no-one wants to pay additional taxation and consequently other options seem like better propositions from a personal perspective. This is why it is essential to provide people with comprehensive information about the implications of all three options.

Notwithstanding the bias against paying additional tax in Australia strong support was received from the community even prior to in-depth community presentations, comprehensive videos, or the consumption of independent expert reports. This is a surprising outcome that reflects strong community spirit and desire to treat future generations fairly.

8. *Conditions for willingness to pay*

Several comments were made about the need for monthly instalment notices, however this would currently be inconsistent with the legislation and also add to operating costs. Walcha Council does not provide monthly instalment notices due to providing various payment options to rate payers including direct debit and online payments. Additionally, a monthly instalment notice would add to existing resource constraints both in time required to administer and costs of printing and mail out.

Many people wrote comments such as 'accept that to be financially sustainable rates MUST (sic) increase'.

In addition, many people asked the Council to spend money wisely and faithfully pursue efficiencies.

There were a few comments asking for better road maintenance in exchange for willingness to pay.

A few people asked for the increase to be spread over more years. However, we suspect that these people were unaware of our looming liquidity crunch (or the intergenerational implications of delaying financial sustainability).

Two people wrote that they 'already pay too much (sic) rates' which seems to suggest that they were unaware of the comparative data contained in the independent reports and disseminated at the Community Presentations.

9. Feedback to Council or IPART

Several people made comments such as 'I can only say reluctantly for IPART to grant this SRV'.

Many people seem to think it useful to provide feedback to IPART regarding specific road and culvert maintenance that they believed was important.

A few people drew a link between the need for financial sustainability and the potential for amalgamation (this was somewhat predictable given that Walcha narrowly avoided amalgamation in 2016).

A few respondents wished to advise IPART that councils should return to their original remit of roads and rubbish.

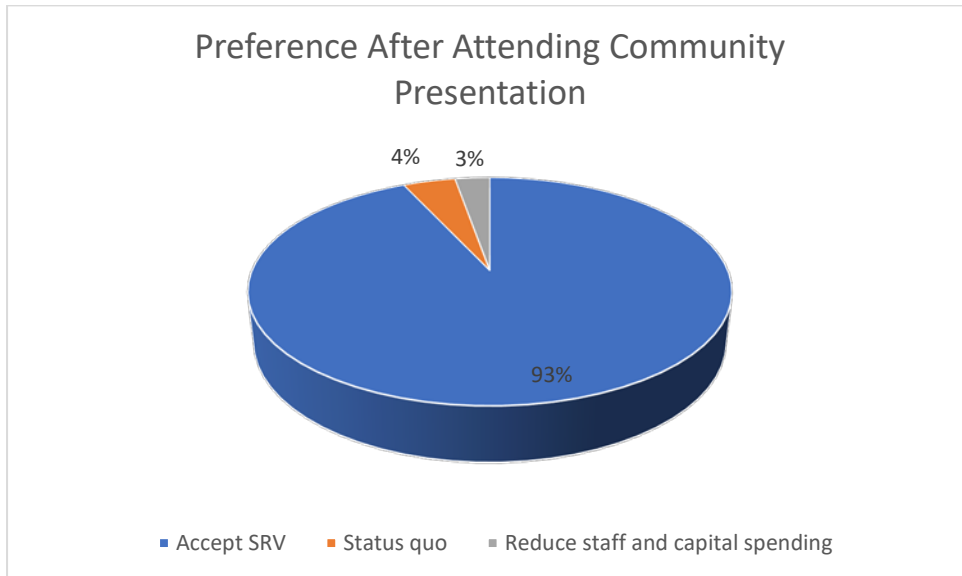
One respondent stated that 'coming from a different Council (Maitland) I found the rates to be very low and definitely need an increase'.

A few people reiterated comments made to the Council in the previous item – requests to phase in the SRV over a longer period, suggestions for efficiency and the like.

Second Survey

The second survey was far shorter and focussed on how the provision of greater information was likely to change community perceptions regarding the proposed SRV. There is good reason to believe that carefully articulated community education ought to have a positive effect on both responses and attitudes to financial sustainability. The first question therefore simply restated Question 7 from the first survey.

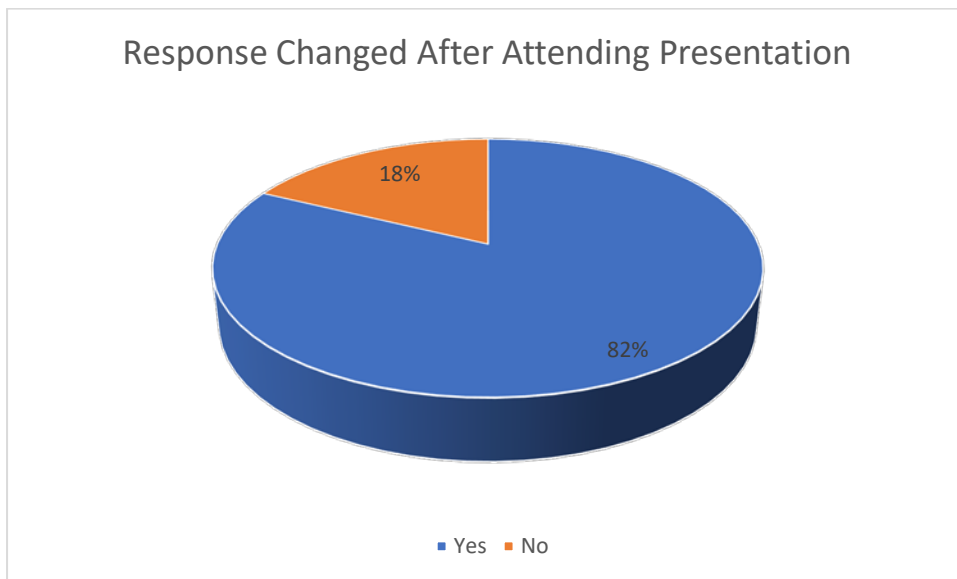
1. Given the need for additional revenue to balance the budget and return to financial sustainability – a proposition held by ██████ (2013), Professor ██████, Professor ██████ Professor ██████ – which of the three options do you prefer?



In the first survey the community demonstrated strong support for the SRV. However, a quarter of first survey respondents had opted for ‘reduce staff and capital spending’ or continue the ‘status quo’.

Following presentations by Professor ██████, the Mayor, and Senior staff the proportion of residents in favour of the SRV climbed to an outstanding 93%. Notably, these were people who had invested time into understanding the issues and could now express their preference in the context of a better appreciation of the financial sustainability challenges facing Walcha Council.

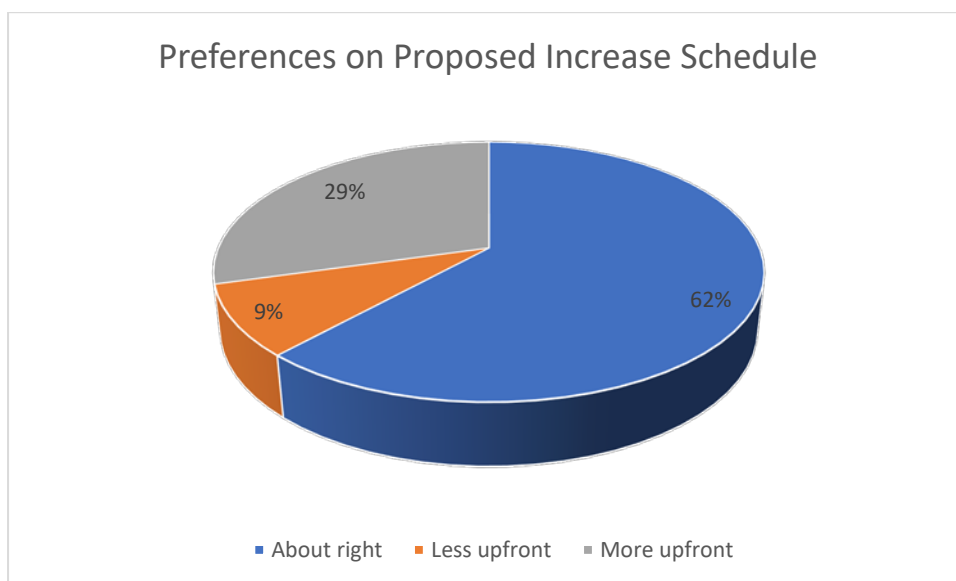
2. *If you filled in the previous survey, is the above response the same as you made last time?*



As the question 2 responses make clear about 18% of people attending meetings changed their preference (with respect to the first survey). This was a strong endorsement of our community engagement strategy.

The overall feeling at all of the meetings was that people now understood the need and fully appreciated the implications and limitations of the other options available to Council. No-one was overjoyed at the prospect of paying higher taxes, but it is fair to say that people broadly agreed that it was the best option going forward. Indeed, one elderly gentleman astutely noted that the proposed increase 'probably only brought us up to the kind of rates we should have been paying years ago'.

3. Do you have a preference for the timing of the SRV annual increases?



After being made aware of the liquidity crunch facing council far less people seem to be calling for lower rate increases over a longer period (as appeared from the comments in Survey 1). Indeed, most people endorsed the plan proposed by independent experts as 'about right', although around a third were prompted to call for higher upfront increases in the first year (possibly in response to liquidity concerns).

4. *Feedback to Council*

Feedback to Council was overwhelmingly positive. There were many comments applauding the Councillor's courageous stance such as:

'thankyou for facing our problems'

'thankyou for the transparency and accountability'

'well done for making difficult decisions'

Some people expressed sentiments such as 'extra rates is fine, but don't waste on unneeded staff around town'. These respondents were likely from the outlying village areas.

There was a comment about the proposed wind farm which is a divisive matter in the community. There was also a comment of 'no more secret Council business...austerity and honesty' that appeared to be strongly at odds with the many comments on this theme noted earlier.

5. Feedback to IPART

The far majority of feedback to IPART was ‘please allow the SRV in full’ or something to this effect. It seems that most respondents were aware that Council had shown great integrity in only asking for what was absolutely necessary – and not providing themselves with any wriggle room. Indeed, two people expressed a view that Council had not asked for enough and were worried that IPART might not grant the full amount requested.

One person directed IPART’s attention to the survey results (presumably this person attended the last meeting where a very brief summary of survey results had been made).

One person stated that ‘the proposed SRV was excessive’.

One person requested that ‘IPART also need to ask the State government to end rate pegging which affects ALL councils (sic)’.

Community Presentations

In total we travelled some 294kms to ensure that all members of the community had the opportunity to hear directly from Professor [REDACTED], the Mayor, Councillors, as well as senior staff.

Typically, the presentations took around 45 minutes and were followed by extensive Q&A sessions which often lasted a further three-quarters of an hour. All people who wished to ask a question had the opportunity to do so. In addition, many informal conversations were held following the community sessions.

Each presentation clearly invited residents to make submissions to IPART (with reference made to the IPART website). We were also at pains to communicate that the SRV would only fund financial sustainability with no new infrastructure nor service improvements planned. Moreover, the implications of the ‘reduce staff’ and ‘status quo’ options were made clear to residents. Significant detail was provided regarding ongoing and planned efficiencies by the General Manager as well as the three Directors in attendance.

We visited:

Monday 3 October

0700 Depot Staff briefing
1000 Office Staff briefing

Monday 10 October:

11:30am “Europambela” (12 attendees)
02:30pm Ingleba Hall (13 attendees)

Wednesday 12 October:

09:00am Yarrowitch Hall (12 attendees)
11:30am “Brockley Park” (7 attendees)

02:30pm Nowendoc Hall (18 attendees)
06:00pm Woolbrook Sport & Recreation Ground (22 attendees)

Wednesday 19 October:

05:30pm Walcha Bowling Club (65 attendees)

YouTube Videos

In sum 67 minutes of video was recorded by Professor [REDACTED] to explain various matters associated with the SRV. These videos were made available on the Walcha Council YouTube site, with links also provided on the Council website and Facebook page.

The titles of the various videos, along with viewer numbers are recorded below:

Short Presentation (24 views) – this was an abbreviated version of the public presentations made in Walcha and the outlying villages.

How SRVs Work (10 views) – a very brief overview of the process with explicit reference made to the IPART website and the opportunity for residents to make submissions to IPART.

How Rates Work (15 views) – a brief overview of the Georgist proposition as well as the effect of land valuations on individual local government tax obligations.

Dispelling Some Myths (38 views) – this video was produced in response to some of the most common themes being expressed to staff verbally and in the first survey.

What The Recently Announced Rate Cap Means for Our SRV (41 views) – this video detailed the precise effect of the recently announced rate cap on the average rates tables. Notably the rate cap for next year was announced just after our Fact Sheets had been sent out.

Where Did the Data Come From? (17 views) – this video was made to respond to an erroneous claim that the independent experts had based their reports and calculations solely on data provided to them by Council.

Listening Posts

Listening posts were conducted at the ‘Street Stall Booth’, Fitzroy Street Walcha – main street (in front of Newsagency) – Monday 17 October & Tuesday 18 October 2022, from 10am to 2pm (both days). About 28 people stopped at the listening posts to converse with staff and representatives who were present.

Reports on Financial Sustainability, Capacity to Pay, Efficiency, and Debt Capacity

Full reports by Professors [REDACTED], and [REDACTED] available at: <https://www.walcha.nsw.gov.au/council/financial-sustainability-review.aspx>. These

reports were produced in a strictly independent manner by three of the leading local government scholars in the world today. The reports were comprehensive and empirically robust – they contained 89 figures (graphs), three econometric estimations, two data envelopment analyses, and spanned some 31,793 words. The analysis was further informed by lengthy conversations with Councillors and staff as well as through the interrogation of key documents such as financial statements, long term financial plans, and other organisational documents.

It was clear from interactions at the Community Presentations that a number of residents had (somewhat surprisingly) read the reports in detail. Comments made regarding the reports were very positive.

Conclusion

Council has complied fully with [REDACTED] and [REDACTED] guidelines as well as their own desire to provide every resident in Walcha with multiple opportunities to become fully informed and have their voice heard. In general, the evidence overwhelmingly supports the proposition that the community feels that Council has put forward the best possible proposal.

This was no accident.

Council astutely engaged independent experts who research matters thoroughly. Councillors also actively engaged with the community throughout the process to ensure that the proposal that they put forward would best reflect pervading sentiment. Because Council did its homework and engaged closely with the community prior to the formulation of the proposal it is not at all surprising that few in the community felt that changes were warranted to the proposed SRV as set out in the Fact Sheets, Presentations and Videos. The community did however ask the Councillors to ensure follow-through with the efficiency measures, to continue to advocate for a fairer distribution of FAG grants, and to spend their money wisely. The Councillor group made repeated promises to do so, and we are confident that this will occur as promised.

References

[REDACTED]

Drew, J. (2022). *Saving Local Government*. Springer: Singapore.

[REDACTED]

[REDACTED]