



Willoughby City Council Special Variation **'willingness to pay' report**

January 2024

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Executive summary

This report has been prepared to illustrate the willingness of the Willoughby community to pay the 15% rate increase.

It analyses the outcomes of an opt-in and representative survey, which were carried out between September to November 2023, to gauge community sentiment on four rate rise options (including the 15% option).

It finds these surveys shows there is a willingness to pay the 15% increase.

Key figures from the representative survey include that:

- Some 41% of respondents supported either the *Increase Services* (15%) or *Increase Services and Infrastructure* (20%) option as their first preference in the option ranking question (in other words were willing to pay at least a 15% increase).
- This 41% result was higher than either the 33% of respondents who supported *Maintain Services* (12%) or the 26% of respondents who supported the no Special Variation (SV) option known as *Reduce Services* (3.5%).
- Of the respondents who supported a SV option as their first preference, the 15% option was the most popular
- In the average ranking results for all options, the 15% rate rise option was shown as the second most popular option, behind the 12% option but in front of the 3.5% (no SRV) option
- Some 65% of respondents – in other words well over a majority - said they were at least somewhat supportive of the 15% rate increase option. This figure was well above the 38% of respondents who said they were at least somewhat supportive of the no SRV option, and only marginally below the 72% of respondents who were at least somewhat supportive of the 12% rate increase option.

The level of support, for the 15% increase, was slightly weaker in the opt-in survey, which is understandable given that this survey was not designed to be representative of the broader Willoughby community.

Nevertheless, even with this limitation:

- In the average ranking results for all options, the 15% option was shown as the second most popular option, behind the 12% option but in front of the 3.5% (no SRV) option
- Some 34% of respondents placed either the 15% or 20% rate rise as their first preference in the option ranking question, which was above the 29% of respondents who made the 12% rate rise as their first preference and narrowly behind the 36% of respondents who made the 3.5% rate rise as their first preference.
- Some 42% of respondents said they were at least somewhat supportive of the 15% rate increase option. This outcome was only slightly behind the 44% of respondents who said they were at least somewhat supportive of the no SV option.

The report also analyses the many comments received in favour of the additional services, including public area maintenance, to be delivered under the 15% option.

Sentiment outcomes in relation to 15% option

Surveys conducted

Between September and November 2023, Council undertook community engagement on four rate rise options. These rate rise options were:

- Reduce Services (3.5% rate increase)
- Maintain Services (12% rate increase)
- Increase Services (15% rate increase) ¹
- Increase Services and Infrastructure (20% rate increase)

As part of this engagement, Council undertook two sentiment surveys, namely:

- An opt-in survey on Council's Have Your Say portal, which attracted 1,873 responses (known as the opt-in survey)
- Commissioning research company Micromex to undertake a representative telephone and online survey of 419 residents (known as the representative survey).

Responses to the opt-in survey were primarily informed by the community brochure, which was sent to all ratepayers. In this brochure, the 15% option was presented to the community as delivering the following outcomes:

- Average surplus of \$4.77m between 2024/25 and 2032/33
- Allows Council to withstand future financial shocks and collect reserves for infrastructure
- Maintains existing highly valued services
- Allows asset upgrades and renewals to the level required
- Provides a stable environment for staff retention and morale
- Additional \$2m a year for public area maintenance and urban tree canopy.

The relevant average rate increase for residential and business ratepayers, under the 15% option, was also shown in the brochure, as was the accompanying \$2m efficiency target.

Similar messaging and information about the 15% option was also provided through a range of other channels, most notably on the *Securing Willoughby's Future* Have Your Say portal, and in presentations to online and in-person events.

The Micromex survey was designed to be representative of the age and sex characteristics of Willoughby's adult population. A total sample size of 419 residents provides a maximum sampling error of plus or minus 4.9% at 95% confidence. This means that if the survey was replicated with a new universe of 419 residents, 19 times out of 20 the same results would be expected.

For the Micromex survey, respondents were either read, or were able to read, a script which explained the options. This script for the 15% option is available at Attachment A.

¹ This was the option selected at Council's November 2023 meeting and upon which this application is based

Community sentiment was numerically measured by asking survey respondents two questions (same wording and approach used in both surveys).

The first question asked all respondents to individually **rate** each option against five sentiment ratings (very supportive, supportive, somewhat supportive, not very supportive and not at all supportive). In this question, respondents were not forced to compare the options, so could say they supported all options or alternatively could say they did not support any of the options.

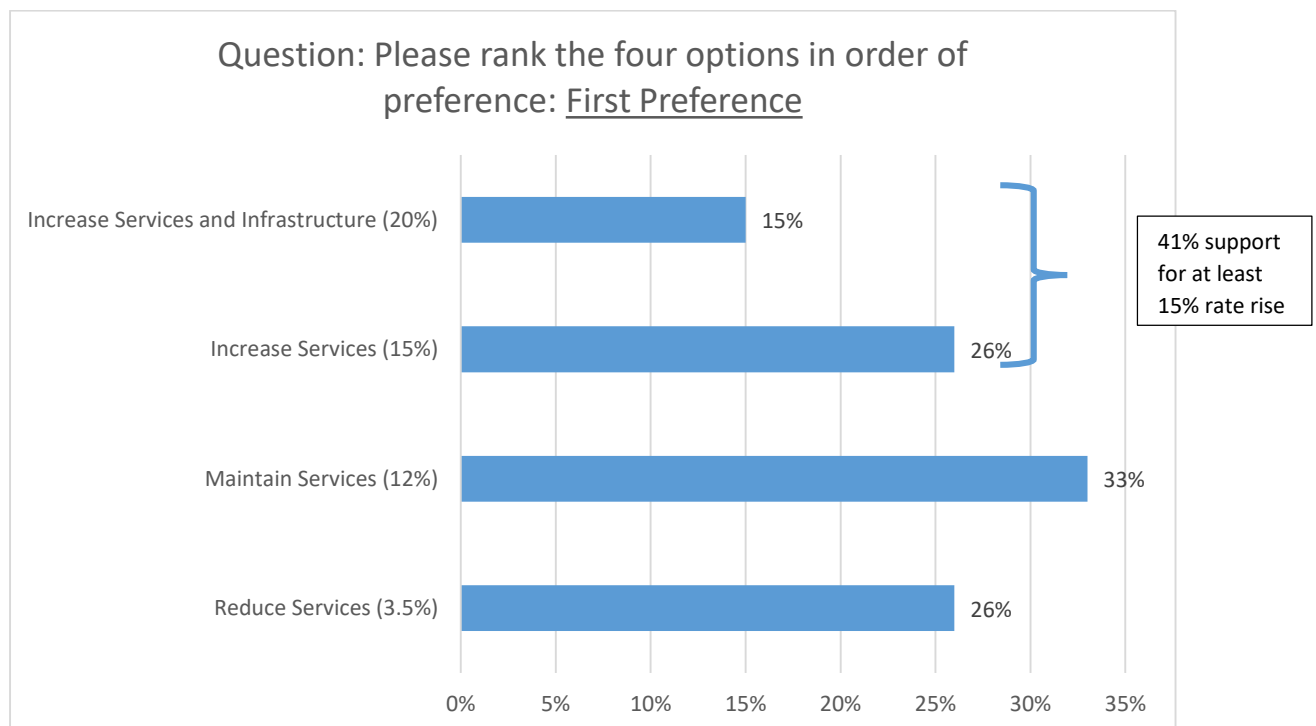
The second question asked respondents to **rank** every option from 1 (most preferred) to 4 (least preferred). A number needed to be selected (from 1 to 4) in all four option boxes for the question to be recorded. By doing this, option preference could be established.

Ranking question sentiment – first preferences

In the ranking question, in the representative survey, some 41% of respondents supported either the *Increase Services* (15%) or *Increase Services and Infrastructure* (20%) option as their first preference. This means that at least four out of ten respondents were willing to pay a rate increase of at least 15%.

This 41% result was higher than either the 33% who supported *Maintain Services* (12%), or the 26% who supported the no SRV option known as *Reduce Services* (3.5%), as their first preference.

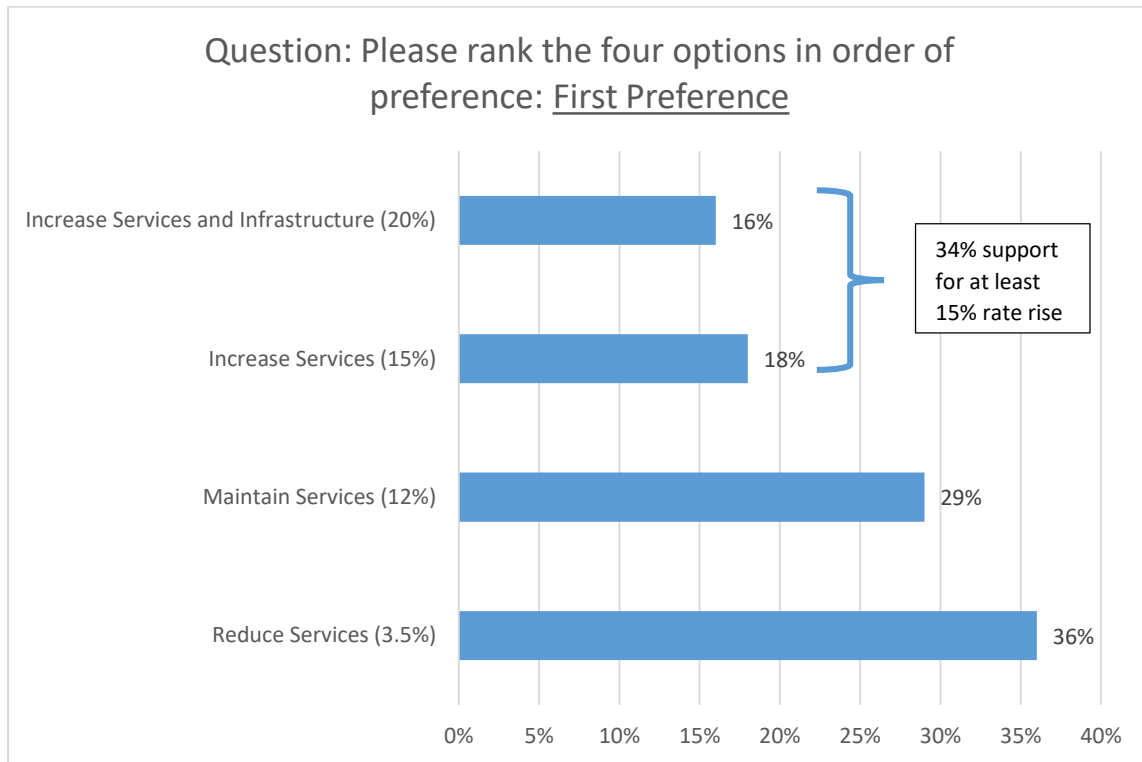
Figure 1 – First preference of respondents in option ranking question (representative survey)



In the opt-in survey, some 34% of respondents placed either the 15% or 20% rate rise as their first preference, which was above the 29% who made the 12% rate rise as their first

preference and narrowly behind the 36% who made the 3.5% rate rise as their first preference.

Figure 2 – First preference of respondents in option ranking question (opt-in survey)



Ranking question sentiment – average rank

In both the opt-in and representative survey, it was possible to calculate the average rank of each option, by averaging the ranking score placed against the option by all respondents. A lower score meant the option was more popular.

In this exercise, in both the opt-in survey and representative survey, the 15% rate increase was the second most popular option, behind the 12% increase but in front of the 3.5% increase.

Figure 3 – Average ranking score

| | Opt-in survey | Representative survey |
|-----------------------|---------------------------------------------|---------------------------------------------|
| Most preferred | Maintain Services (1.93) | Maintain Services (1.97) |
| Second most preferred | Increase Services (2.30) | Increase Services (2.16) |
| Third most preferred | Reduce Services (2.58) | Reduce Services (2.82) |
| Least preferred | Increase Services and Infrastructure (3.19) | Increase Services and Infrastructure (3.05) |

Another way of calculating the average ranking score is by only counting the ranking score of people who selected one of the SRV options as their first preference (by removing the 26% of respondents who selected the no SRV option as their first preferred option in the representative survey).

This analysis helps illustrate the most popular SRV option, out of the respondents who are supportive of a SRV in the first place.

Using this measure, in the representative survey, there was a higher preference (lower mean rank) for the 15% rate increase option amongst the remaining respondents.

Figure 4 – Overall preference ranking of four rate rise options after people who ranked Reduce Services were removed in representative survey

| Ranking | Option | Average ranking score |
|-----------------------|--------------------------------------|-----------------------|
| Most preferred | Increase Services | 1.86 |
| Second most preferred | Maintain Services | 1.91 |
| Third most preferred | Increase Services and Infrastructure | 2.78 |

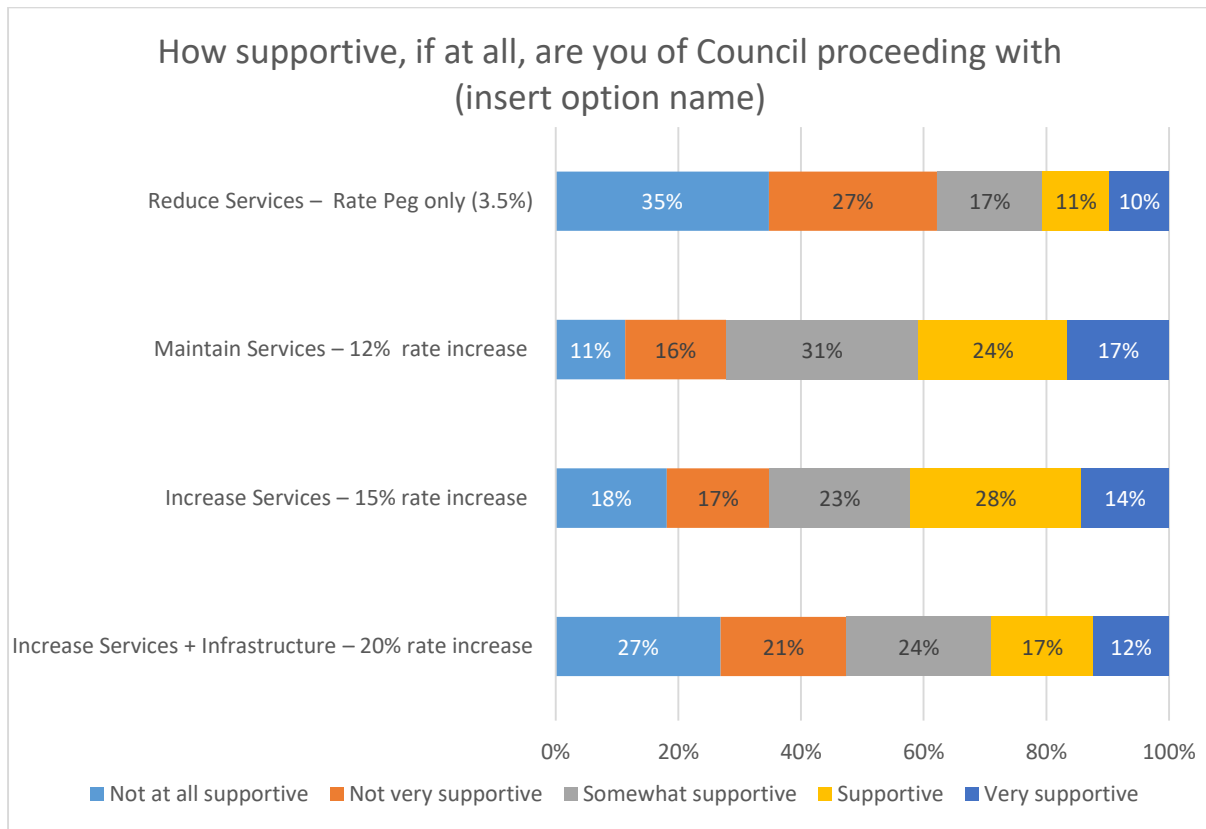
Rating question sentiment

Feedback to the rating question showed there were high levels of support for the 15% rate increase option in both the representative and opt-in surveys.

In particular, 65% of respondents to the representative survey said they were at least somewhat supportive of the 15% rate increase option. This figure was made up of 14% of respondents who were very supportive of the option, 28% who were supportive and 23% who were somewhat supportive.

This figure was well above the 38% of respondents to the representative survey who said they were somewhat supportive of the no SRV option, known as *Reduce Services* (3.5% increase), and only marginally below the 72% of respondents who were at least somewhat supportive of the 12% rate increase option.

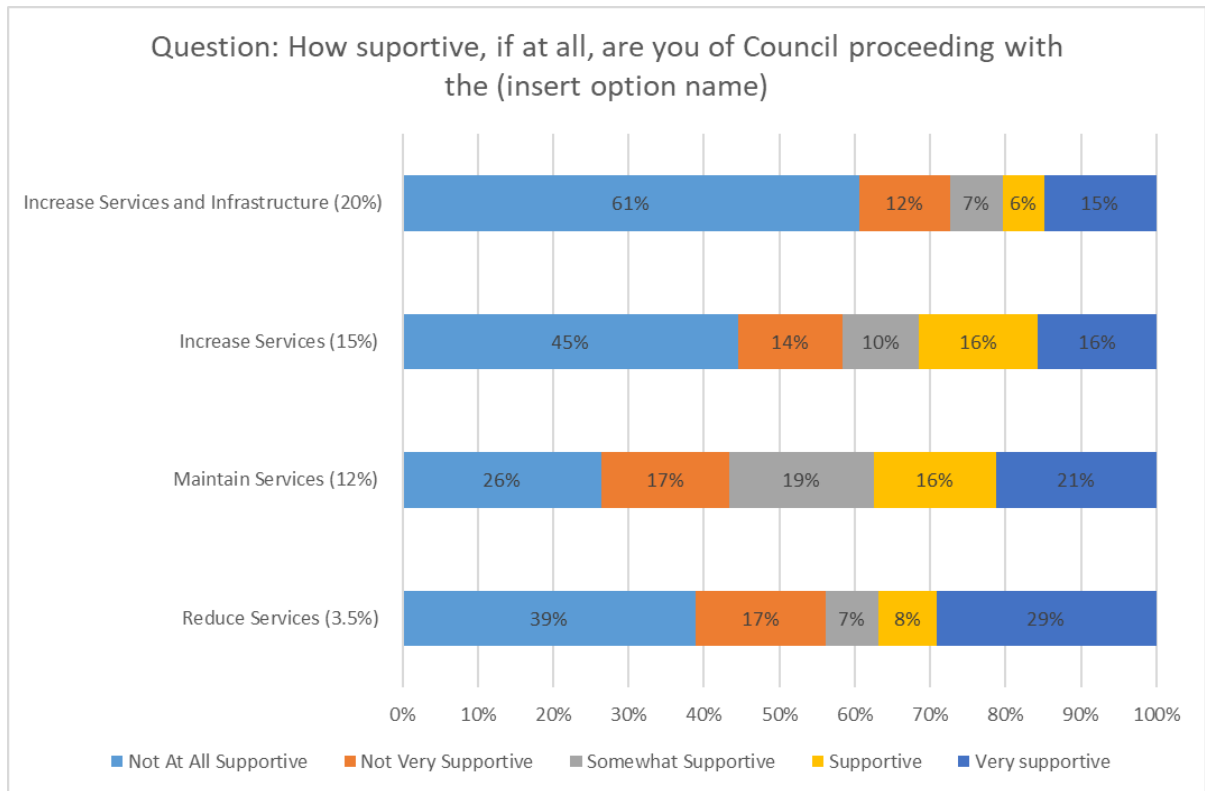
Figure 5 - Level of support for each rate rise option using sentiment rating question (representative survey)



In the opt-in survey, some 42% of respondents said they were at least somewhat supportive of the 15% rate increase option. This figure was made up of 16% of respondents who were very supportive, 16% who were supportive and 10% who were somewhat supportive. This shows that, even in a survey which was not representative of the broader population, a substantial percentage of respondents were supportive of the 15% option.

This outcome was only slightly behind the 44% of respondents who said they were at least somewhat supportive for the no SRV option.

Figure 6 – Level of support for each rate rise option in opt-in survey using sentiment rating question (opt-in survey)



Comments received

As part of both the opt-in and representative surveys, respondents were asked to explain why they had voted in a certain way. This section of this report analysed the comments received in favour of the 15% option.

Comments received among representative survey

In the representative survey, the most cited reasons cited by those who made the 15% option their first preference were:

- Upgrade services, facilities and infrastructure (26%)
- Affordable option (25%); and
- Council needs the increase / only solution (20%).

Verbatim comments received during this survey in favour of the 15% option included:

- “This option has the reasonable and affordable price increase with increased services.”
- “Don’t want the council going backwards financially or in regards to infrastructure.”
- “Maintenance of infrastructure and increase of services is a very high priority with me, even though it will be a bit of a financial sacrifice for me.”
- “It’s not too much of an increase to be able to maintain and improve upon necessary services and infrastructure.”
- “Happy to cover 15% increase in rates, as long as council is using the money efficiently.”

Comments received – opt-in survey

As part of the opt-in survey, a range of comments were received from respondents in favour of the increased services – including increased public area maintenance – which will be delivered by the 15% rate rise option. These are listed below.

Figure 7 – Comments received in support of 15% option

| |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Quality of life is too important to reduce the services |
| Having a well-functioning council is a great benefit to its residents. Reducing services is not a good option as witnessed by the state of local government services in the UK. I am happy to pay a bit more to increase or maintain services. |
| I am in favour of low density and maintaining the tree canopy. |
| Reducing services sets a new baseline that will make it harder to return to the current levels in future. As a premium area we should be aspiring to constantly improve our council and its lifestyle. |
| I would not like to see the current level of service go any lower than it is now. I think that a rate rise of 15% seems about the right level of increase. |
| Happy to pay for increased services. Given how stressed many people are at present, I do NOT think this is the time when councils should be reducing services. I do not think council's previous infrastructure projects have been fantastic investment for ratepayers and some seem to have been |

| |
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| <p>"vanity projects" so am unprepared to sign up for large infrastructure projects in the current economic climate.</p> |
| <p>I feel it's important to at least maintain the current standard and looking forward to the future. The increase from 12% to 15%, at least for a residential ratepayer is rather insignificant from \$130 to \$163. Though business owners may feel quite the bulk of this compared to residential ratepayers, but my gut feel is the ratio of residential vs business is a lot higher considering the density of apartments these days..</p> |
| <p>Our community needs are growing at rapid rates so my preferred option of increase services although there is a 15% increase in rates but feel it will help our community greatly in the long run and make us more bullet proof financially for the future.</p> |
| <p>I'm looking forward to seeing our LGA have a better and more secure future.</p> |
| <p>Increased services should be provided in consultation with rate payers. *I am not in favour of redeveloping parks (eg Muston Park) when they are working well at present. *Funds need to be spent wisely and efficiently. eg I am a keen cyclist, but find the shared path on the highway from Mowbray Rd to St Leonards is a travesty as a 'cycleway'. It is narrow and didn't warrant the expense so that a box could be ticked in the provision of 'cycleways' in the area. Splashes of blue paint do not a cycleway make! A more efficient use of funds (admittedly more, but resulting in increased cycling; a good thing for our environment) would have been use of the corridor beside the Metro, while it was being developed. At least from Chatswood to Artarmon, off-road) I guess that opportunity has now passed, unfortunately? Funding needs to be continued to support the Willoughby Symphony Orchestra and Choir, to maintain the Concourse as an entertainment destination, that has positive consequences for all of Chatswood.</p> |
| <p>Green spaces and cycling infrastructure are important for the city</p> |
| <p>Willoughby Council does a reasonably good job of spending our money and it is worthwhile not having a failing infrastructure</p> |
| <p>I don't think reducing services is a plausible realistic option. Not saying the standards by the council have not been good to date, but I don't think we can afford to do less without detrimental impact on the community. There has been inflationary pressures everywhere, so a 10-20% rate increase is 'normal' in my opinion. I would like to suggest perhaps council can cut down on spending such as Spring Fair and other unnecessary outputs (unless these are profit-accretive for council, from fees imposed on stall holders). As additional revenue source, I would suggest increasing the rates for buskers and other non-urgent type of activities that do not have a humungous amount of value-add.</p> |
| <p>Lets keep our home viable and beautiful.</p> |
| <p>I would like Chatswood to look cleaner.</p> |
| <p>we need to maintain and hopefully improve the range and quality of services</p> |
| <p>I believe reducing services and investment by the council will affect the most needy for these services and thus reduce the diversity of the community and people. Not investing means that there will be a time lag and possibly an inability to catch up with quality improvements and services to ensure this area continues to be a desirable place to live and work.</p> |
| <p>Population and demographic changes are relevant. Are they considered?</p> |
| <p>Option 3 and 4 should include aggressive cost cutting to services park option 1</p> |
| <p>20% is very costly for me as a pensioner. However I think that the 15% is fairer and brings our rates better in line with other councils.</p> |

| |
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| <p>Reducing services will diminish utility of all residents but probably those in most need the most. Unreasonable. Of the others, 15% with increased services around urban tree coverage etc makes sense to me, but I am unsure on going all the way to a 20% rise for an infrastructure fund. Better to have periodic levies if really needed.</p> |
| <p>Tree canopy is important as well as maintaining other services like garbage removal and cleaning since amount of people in the area increased massively.</p> |
| <p>There are more people in Willoughby and there will be more in the future. We need to keep going to maintain Willoughby council.</p> |
| <p>Not committed to infrastructure projects, but better services and especially improving urban tree cover are vital.</p> |
| <p>As self funded retirees, our limited incomes oblige us to prefer the option that is as affordable as possible yet also is of most benefit to us personally, which is option 3.</p> |
| <p>Thank you for the letter & brochure with a very clear explanation.</p> |
| <p>I live on a disability support fixed income, so I can't afford increased rates. I also think that services need to be maintained and increased.</p> |
| <p>Council needs to hire its own sufficient maintenance staff to maintain all public areas. Contractors provide poor services at higher costs in comparison. Council must take ownership of a full and ongoing solution.</p> |
| <p>I don't want to see waste from council. It's important to improve and maintain parks, sports grounds etc. I don't see value in library upgrades. Only other comment: LOADS of new builds in the area. Please don't keep approving these if you can't afford the infrastructure.</p> |
| <p>For me personally, I would be happy to pay higher rates to support Option 4. I also believe that there are many in this LGA who could afford to pay more. However, I recognise that the community generally are currently concerned about cost of living and I think the Council is best to proceed with options 2 or 3. I think Option 1 could expose the Council to significant financial risk and ultimately the community will grumble about reduced services even if they voted for that option.</p> |
| <p>Need to create local economic activities that will generate revenue without over burdening local businesses and residences. Inflation needs to be adjusted.</p> |
| <p>Public area maintenance and urban tree canopy programs are important to me.</p> |
| <p>Need to properly maintain roads, parks garbage collection as the priority.</p> |
| <p>Cost of living may impact paying increased rates, but inflation impacts council. But amenity is important and maintains housing prices so if I have to downsize I am better off</p> |
| <p>Strong Preference is not to reduce service</p> |
| <p>Services must be maintained or improved</p> |
| <p>I think you should maintain the current services. The difference between 12% and 15% is small enough that I support the 15% increase services option.</p> |

Attachment A – Script on 15% increase for Micromex survey

This option would involve an increase of 15% in the 2024-2025 financial year, consisting of the rate peg amount of 3.5% and applying to the NSW Government for a special rate increase of 11.5%. The special increase would apply in 2024-2025, and would be built into the rate base thereafter.

The average residential ratepayers who is currently paying \$1,088 per year would pay an extra \$163 in the 2024-2025 financial year, or \$3.13 a week.

(If Code 2 on S4, also say: The average Chatswood Town Centre business ratepayer who is currently paying around \$7,803 per year would pay, on average, an extra \$1,170 in the 2024-2025 financial year. Businesses outside the Chatswood Town Centre who are currently paying around \$6,524 per year would pay, on average, an extra \$979 in the 2024-2025 financial year.

The main perceived disadvantage of this option is that rates will increase at a level higher than the NSW Government rate peg.

The perceived advantages of the option are that the Council will be able to:

- Recover from the 12.1% inflation increase over the last two years
- Continue to deliver – and improve upon – highly valued services to the community
- Deliver average annual surpluses of \$4.77m, which subject to future financial shocks, could be re-invested in community services and projects
- Increase responsiveness to resident and business enquiries
- Increase Council's ability to absorb future financial, extreme weather and growth shocks
- Provide capacity to maintain and renew community assets
- An additional \$2 million a year to allow Council to invest in public area maintenance, including additional cleaning, care and beautification projects in parks, cycling and walking routes and town centres and boost the city's tree canopy – although there would be no dedicated additional funding stream for new priority community infrastructure