

A FAIRER RATING SYSTEM

SUBMISSION TO CONSULTATION PAPER

WANGARATTA RURAL CITY COUNCIL

THE FORM OF THE CAP

1. While a cap based on CPI is simple to understand and apply, are there any issues that we should be aware of?

CPI is an applicable measure of goods and services used by households. The mix of resources used by Councils is generally comprised of goods and services that increase in price at a higher rate than CPI, such as wages, utilities, contractors, building material, bitumen and transportation. Therefore an index that is calculated using price movements in these goods and services would be more appropriate as a rate cap for local government.

Further to this, local government makes a significant contribution to the social fabric and standard of living in Victoria. Recognition of this contribution should be built into any rate cap imposed.

2. What are some ways to refine the cap (for example, alternative indices), in line with the Government's objectives?

An alternate index would be the MAV's Local Government Cost Index. This index could be independently reviewed by an accredited agency. Wangaratta Council supports the LGPro recommendation that any index should incorporate the following components:

- a. Core Local Government Cost Index,
- b. Adjustment factor – for industry wide impacts
- c. Infrastructure Renewal Factor.

Further to this, a supplement to the cap should be made for councils impacted by the following factors:

- Remoteness
- Size
- Financial sustainability
- Socio-economic status impacts
- Emergency events
- Significant unplanned budget impacts outside direct control ie unforeseen legal and governance costs.

Data used by the Victorian Grants Commission for its cost and revenue adjusters would be appropriate for calculating this supplement.

- 3. Should the cap be set on a single year basis? Is there any merit in providing an annual cap plus indicative caps for the next two to three years to assist councils to adopt a longer term view in their budgeting and planning, particularly when maintaining and investing in infrastructure often take a longer term perspective? How should such a multi-year cap work in practice?**

It is strongly recommended that indicative future caps be provided to assist with preparation of Strategic Resource Plans and Longer Term Financial Plans.

- 4. Should the cap be based on historical movements or forecasts of CPI?**

The cap should be based on forecasts of an independently verified Local Government Cost indicator.

- 5. Should a single cap apply equally to all councils?**

A base cap, adjusted for the sector wide and individual Council variables described in question 2 would be appropriate.

THE BASE TO WHICH THE CAP APPLIES

- 6. What base should the cap apply to? Does it include rates revenue, service rates/charges, municipal charges and special rates/charges?**

The rate should apply to general rates and the municipal charge where applicable. All other fees and charges should not be subject to the cap.

Service rates and charges may be based on a cost recovery basis or consider a community benefit. Some may relate to specific business undertakings that may operate on a standalone financial basis.

- 7. Should the cap apply to total revenue arising from these categories or on average rates and charges per assessment?**

The cap should be applied as follows:

In a non-revaluation year, the cap or approved variation, should be applied to the rate in the dollar for each differential category.

In a revaluation year, the cap should be applied to the rate income calculated at 30 June preceding the budget year:

Total CIV x current applicable differential rates in the dollar = total rate revenue

Total rate revenue x the rate cap = rate revenue for the budget year.

8. How should we treat supplementary rates? How do they vary from council to council?

Supplementary rates are an indication of growth in the municipality. The cap should not be applied to this income. Supplementary rates income will be absorbed into the following year's rate income and accordingly be included in the capping regime from then on.

9. What are the challenges arising from the re-valuation of properties every 2 years?

The shifting of relative CIV differential valuations that occurs in a revaluation year will disguise the impact of the rate rise, capped or not, in a revaluation year. This occurs in any revaluation year, therefore should not be a major consideration in this framework.

However, educational and explanatory material should be developed and provided by the State for distribution, so that local government is not left to explain.

10. What should the base year be?

The base year should be the 2017/18 financial year.

Councils will be commencing work on their 2016/17 budgets no later than December 2015. Some certainty around potential rate rises is required during that time.

The review of rate capping timeline proposed in the Essential Services Commission 2015, *Local Government – Rates Capping and Variation Framework Consultation Paper*, April, proposes a release date for a final report in November 2015. This will not provide adequate time for implementation of the framework and preparation of submissions by Councils for the 2016/17 financial year's budget.

It is therefore recommended that the base year for the commencement of the framework is the 2017/18 financial year.

This will allow councils time to prepare submissions for variations from the proposed cap including undertaking appropriate community consultation that may be required.

THE VARIATION PROCESS

11. How should the variation process work?

It is important to minimise complexity in this process. The system for applying for variation should be undertaken as follows:

- An application for variation should be accompanied by a standard template (to be developed)
- A tiered approach should be adopted for ranges of variations. Two to three tiers are envisaged with more detailed support provided for the higher tiers of increase.

12. Under what circumstances should councils be able to seek a variation?

Circumstances where councils should seek a variation include:

- A robust business case and/or community support exists for projects that require rates as a source of funding
- A community net benefit will result
- Evidence can be provided of significant effort to constrain costs, maximise revenue and operate efficiently
- Refer also to question 13.

13. Apart from the exceptions identified by the Government (namely, new infrastructure needs from a growing population, changes in funding levels from the Commonwealth Government, change in State Government taxes and levies, increased responsibilities, and unexpected incidents such as natural disasters), are there any other circumstances that would justify a case for the above cap increases?

Apart from the exceptions listed in this question, other circumstances that would justify a case for the above cap increases are:

- Natural disaster prevention, mitigation and response
- Capacity to generate self-source income
- Existing financial position
- Cost shifting by other statutory agencies
- Regulatory impacts requiring resourcing
- Relative size of the council
- Distance from resources
- Remoteness
- Price variations in key inputs/resources
- Renewal gap and asset management requirements
- Other unforeseeable budget impacts

14. What should councils need to demonstrate to get a variation approved? What baseline information should be required for councils to request a variation? A possible set of requirements could include:

- a. The council has effectively engaged with its community**
- b. There is a legitimate case for additional funds by council**
- c. The proposed increase in rates and charges is reasonable to meet the need**
- d. The proposed increase in rates and charges fits into its longer term plan for funding and services**
- e. The council has made continuous efforts to keep costs down.**
- f. We would like stakeholders' views on whether the above requirements are adequate**

The ability to manage financial sustainability effectively should be viewed more favourably than a history of poor financial management.

COMMUNITY ENGAGEMENT

15. What does best practice in community engagement, process and information look like? Are there examples that we can draw on?

A recent examples of community engagement undertaken by Wangaratta Council is attached as an appendix to this submission. Consultation with peak representative bodies should also be undertaken.

It should be recognised that the demographics and resources of each Council will determine the level and style of engagement undertaken.

INCENTIVES

16. How should the framework be designed to provide councils with incentives to pursue ongoing efficiencies and respond to community needs? How could any unintended consequences be minimised?

Unintended consequences can be minimised by ensuring that the supporting evidence required for requesting a variation from the cap includes proof of:

- Effective service provision
- Implementation of efficiencies
- Maximisation of alternate revenue sources
- Appropriate fee for service pricing

Some of this evidence will be contained in the LGPRF indicators, however, an understanding of individual circumstances will need to overlay this approach.

The development of the variation template will need to be carefully crafted and therefore should not be undertaken in haste.

TIMING AND PROCESS

17. A rates capping and variation process should ensure there is enough time for councils to consult with their ratepayers and for ratepayers to provide feedback, and for us to review council's applications. To ensure the smooth functioning of the rates capping and variation framework, it is particularly important that it aligns with councils' budget processes. We are interested in stakeholders' views on how this can be achieved.

Authorisation of Variations should be available to Council by February to enable preparation of budgets for the next financial year. Notification of the cap and forecast guidance should be available to councils by November of the previous year to allow for effective consideration of capex and operational priorities.

18. What transitional arrangements are necessary to move to the new rates capping and variation framework? Is there merit in phasing in implementation over a two year period to allow for a smooth transition?

As recommended earlier in this submission, the framework should commence in the 2017/18 financial year.

The development of a variation template and supporting approval regime will take time and with the release date of this final report due in November 2015, insufficient time exists to develop an effective mechanism for the 2016/17 year.

ROLES

19. What are stakeholders' views on the respective roles of the key participants? Should the Commissions' assessment of rate variations be advisory or determinative?

Independence and transparency are key to the process. It is appropriate that an independent body is responsible for implementing the proposed framework and that the body be the Essential Services Commission. The Commission's assessment of rate variations should be determinative.

OTHER MATTERS

20. Is there a need for the framework to be reviewed to assess its effectiveness within three years' time?

A regular review cycle is recommend, with an assessment of the impact on the sector's financial sustainability and infrastructure renewal requirements to be undertaken.

21. How should the costs of administrating an ongoing framework be recovered?

All costs of administering this framework should be borne by the State.

OTHER MATTERS RAISED IN EARLIER CHAPTERS

22. We are interested in hearing from stakeholders on:

- a. Whether we have developed appropriate principles for this review**
- b. Whether there are other issues related to the design or implementation of the rates capping and variation framework that stakeholders think are important**
- c. Supporting information on the major cost pressures faced by councils that are beyond their control and the impact on council rates and charges.**

Wangaratta Council supports the commentary by LGPro relating to:

- Responsible stewardship of local assets
- Growth
- Defined Benefit Superannuation liabilities
- Lack of escalation of Local Government fees regulated by the State Government
- Changing State or Federal Government policy positions which have flow on cost impacts for Local Government and increases in government charges that are in excess of CPI
- Services that councils deliver on behalf of the State Government which are not fully funded through grants

Additionally, in relation to the cost of living rationale for introduction of Rate Capping, it is contended that the impact on cost of living for an average residential property owner will be miniscule, based on the following calculation.

Rates of \$1,500

4% increase = \$60

2.5% increase = \$37.5

Reduction = \$22.5 = 43c per week.

Appendix 1. Recent example of Community Engagement in Wangaratta

The Wangaratta Project Communications and Engagement Plan

Objectives of Engagement Program

- to generate buzz, excitement, sense of possibilities about the masterplanning process and its potential outcomes
- to generate ideas, capture opinions, understand aspirations and inspire ongoing involvement from a broad audience, including those who may not traditionally take part in formal engagement activities
- to test specific interventions and capture how people respond to them

Strategic Approach

- Build on existing consultation results and what is already understood about priorities
- Review and refine the 6 key concepts identified in the project brief into a series of Big Ideas and use these as a basis for exploration rather than starting from a blank sheet of paper
- Articulate each of the Big Ideas in a way that can be easily understood by any audience
- Use process to engage people who are interested in, and able to, deliver elements of the masterplan
- The tone of all communications and activities will be dynamic, informal, inspiring, direct and engaging

Key Messages

- The Wangaratta Project is intended to facilitate an all-of-city conversation about the future of the CBD
- Widespread engagement will happen as part of the project and everyone who wants a say will have the opportunity to take part and share their ideas about the CBD's future
- Engagement activities will happen across different groups, in well publicised public events and online.
- The results of previous engagement, consultation, discussions and plans have been taken into account and the Wangaratta Project will build on this existing work
- The project will come up with a masterplan that incorporates all of the best ideas that will have the biggest impact on the CBD
- Wangaratta is already a fantastic place and we are working to build on its strengths and enhance its assets as well as fill any gaps

Proposed Main Program of Engagement Activities

Timing	Audience	Proposed Activity	Questions for Clarification
February	internal council team	<p>masterplan workshop</p> <p>regular updates/requests for review and further feedback</p>	
Early March	traders/local business	<p>Small, informal forum with 6-8 participants (more than one of necessary)</p> <p>Facilitated discussion around the key opportunities and challenges</p> <p>Get targeted feedback on the Big Ideas</p> <p>Gauge interest in participating in the public event</p>	<p>how does this group typically respond to engagement?</p> <p>Are there cliques, factions or hot button issues we should know about?</p>
Early March	organised community	<p>Small, informal forum with individual groups if appropriate or mixed groups</p> <p>Facilitated discussion around the key opportunities and challenges</p> <p>Get targeted feedback on the Big Ideas</p> <p>Gauge interest in participating in the public event</p>	<p>which groups are most important to engage with?</p> <p>how influential, constructive or representative are these groups?</p>
	harder to	Promote engagement activities through known channels, groups and organisations, including	

	reach groups	<p>linking to:</p> <ul style="list-style-type: none"> ● Closing the Gap Health worker to engage with existing Indigenous groups ● SCOPE to encourage the engagement of people with a disability, also Specialist School ● Neighbourhood Houses to see if online survey can be linked to their bank of computers. ● CGAE at TAFE 	
Late March/early April	general community	<p>The Wangaratta Project Ideas Festa</p> <p>Action research approach - a range of interventions happening on one day in the streets of the CBD that bring to life potential aspects of the masterplan.</p> <p>Include elements of the Big Ideas in the activities on offer - see table below for initial ideas.</p> <p>Data to be collected:</p> <ul style="list-style-type: none"> ● observations about use ● surveys that capture layered, qualitative data ● big ideas 	What is the best way to involve local makers, artists, retailers, etc.?
Early March	online community	<ul style="list-style-type: none"> ● digital survey ● defined questions to pitch ideas for, eg competition to take over the laneways 	
Mid March through to April	young people	<p>Wangaratta Youth Forum (April 14th)</p> <p>Work with Youth Council and Councils Youth Officer to determine how best to engage YP attending the forum.</p> <p>Engage young people aged 12+ from the 3</p>	what are the existing activities and relationships with local schools?

		<p>secondary schools and the Specialist School through a combination of visioning/drawing activity and online surveying (e.g. Galen College has a laptop program).</p> <p>Engage a class e.g. general or social studies class to be 'youth researchers' this class in each school will engage young people at their school to have their say and will also be engaged to be involved in CBD activities either as a participant or volunteer.</p>	
Early April	strategic stakeholders	<p>interviews, forums with strategic partners, key influencers, eg State Government depts with control over key decisions and/or assets, private sector developers, major retailers, investors, etc.</p> <p>up to 10 individual interviews, phone calls or small group fora</p>	<p>who are the key stakeholders?</p> <p>who within council owns and manages these key relationships?</p>
Mid April		Analysis of all data & definition of Strategic Directions	
Mid May	key decision-makers, thinkers and doers	<p>Ideas Lab</p> <p>Testing and refining of Strategic Directions</p>	
July /August...?	general community	<p>Open House</p> <p>an exhibition in public space highlighting the outcomes of the Ideas Lab and masterplanning process</p> <p>Using a highly visual and storytelling approach</p>	What public space would work best for this?

		Invite qualitative feedback	
		Parallel online process	

Project Branding

Project branding collateral should be used on all webpages, posters, etc. to reinforce the brand and maximise visibility and recognition.

See separate branding brief for more details.

Communications Channels

- Existing council newsletters, notice boards, etc
- Individually-owned or departmentally-owned databases, networks and relationships
- Media releases and regular interviews with Wangaratta Chronicle
- Social media - Facebook, Twitter, Instagram accounts of Council, Tract and Hello City
- Project webpage
- Poster/leaflet drops in the CBD
- Online through OurSay's system

Risks

Risk	Suggested Actions to Mitigate
Risk of Yorunga Pool closure or other existing contentious issues clouding engagement process/outcomes	<p>Manage timing of public events</p> <p>Allow people who want to express their feelings about the pool closure to do so and capture these, but then gently move them on to more constructive topics</p> <p>Avoid specific questions about council</p> <p>Ensure engagement is viewed as led by Hello City/Tract backed</p>

	by Council, rather than just Council
Risk of only hearing the usual opinions from from the usual suspects	<p>Vary locations</p> <p>Approach specific groups and/or leave surveys within the community, eg the neighbourhood surrounding Yorunga Pool, other shopping centres, etc.</p>
Risk of poor attendance/participation	<p>Substantial publicity across all available channels</p> <p>Build buzz towards one big public event</p> <p>Pin up posters, leaflets, etc.</p> <p>Ensure activities sound both fun and meaningful</p>
Risk of being perceived as too urban/hipster/Melbourne	<p>ensure LLP is included in publicity/discussions about the engagement approach</p> <p>mention team's varied backgrounds, mostly large country towns</p>

Ideas Festa Activities - Longlist of Potential Activities

We suggest one big public event that is a combination of *some* of the following activities:

Activity	Details	Notes
<p>Shop Activation:</p> <p>The next generation of CoStore</p>	<p>hold a temporary indoor market with local producers, makers and suppliers.</p> <p>signage, decoration, music, food</p> <p>capture data from both stallholders and customers</p> <p>spill into park</p> <p>include cultural elements</p>	<p>accessing local producers? Etsy? Are there existing local networks that could help us locate regional makers?</p> <p>would need advance publicity</p>
<p>Treasure Hunt to Riverside Precinct</p>	<p>map journey along a route between the CBD and the river</p> <p>activities at riverside at end of journey</p>	
<p>Interactive Artwork</p>	<p>develop an artwork that local people contribute to that captures the meaning of Wangaratta to them</p> <p>work with Asha Bee Abraham, interactive artist and human ecologist, to develop the piece</p>	<p>needs brainstorming with Asha</p>
<p>Roving Caravan</p>	<p>caravan with bunting, seating, cupcakes, activities to respond to</p> <p>moves around from spot to spot</p>	<p>issues around getting the caravan to Wangaratta? Hire?</p>

City-wide game	<p>challenge the people of Wangaratta to complete challenges that generate data and ideas about the city</p> <p>could include photo challenge</p>	<p>likelihood of response?</p> <p>use of social media locally?</p>
Gapfiller	<p>design a program of activities to fill the gaps of Wangaratta for the day</p> <p>Ideas could include mini dance floors, live artworks, musicians, outdoor cinema, pet parade, outdoor gym, etc. etc. etc.</p> <p>could include elements like cycle tourism, the experience of culture in the streets, or other key opportunities</p>	<p>would need to find multiple local partners</p>
Ideas Festa	<p>festive ideas generating event</p> <p>ideas hacking</p> <p>festive elements, eg music, food and drink, dancing</p>	
Pop up Parks	<p>taking over car parks and transforming them into public space for the day and/or one large mall</p> <p>implementing temporary pedestrianisation or additional crossings to privilege pedestrians</p>	<p>is this achievable re: permits etc?</p>
Laneway Transformation	<p>transform a laneway, eg into:</p> <ul style="list-style-type: none"> ● a country lane ● outdoor gallery ● market ● shop ● lounge room ● library 	<p>need to differentiate from pop up park</p>

	methodology for capturing data - both usage patterns (eg observation at different times of day, ways to record interactions with individual activities) and opinions	
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General Questions for Clarification

Are there key events coming up which would be good to reach particular audiences, eg:

- general community
- young people
- strategic stakeholders involved in particular forums

Event management: what resources are available to achieve the biggest public event possible?

Multiple sites, multiple activities

Are there key individuals who can access certain stakeholders, eg economic development managing relationships with those looking for retail space or development opportunities?

Who should produce and update the project webpage?

Who should manage social media - can we all do this?

Who should be the point of contact for general enquiries?

Are there any other risks we should know about/discuss?