Special Rate Variation –

Community Engagement Action Plan

Hornsby Shire Council

August 2022

Document status

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1 Context

Morrison Low Consultants has been engaged by Hornsby Shire Council ('Council') to provide support and advice through the proposed special rate variation (SRV) process.

1.1 Background

Hornsby Shire Council's (Council) 2022-32 Long-Term Financial Plan (LTFP), adopted in July 2022, demonstrates a consolidated operating result which moves into increasing deficits over the ten-year forecast period. While Council has made efforts to contain costs and find savings over several years, the LTFP identified that Council must now consider growing rates income through a Special Rate Variation (SRV) to maintain financial sustainability.

In August and September 2022, Council reviewed the need for an amount of a proposed SRV. At the Council Meeting on 28 September, Council will consider a permanent cumulative SRV of 31.05% over four years as set out in the table below.

Table 1 Proposed rate increases

	2023-24	2024-25	2025-26	2026-27	Cumulative
Permanent increase above the rate peg	4.60%	4.00%	3.50%	3.00%	
Forecasted rate peg	3.90%	3.50%	3.00%	2.50%	
Total increase	**8.50%**	**7.50%**	**6.50%**	**5.50%**	**31.05%**

If supported, Council will seek the community's feedback on the proposed SRV.

This community engagement action plan outlines the approach, key messages and timeline for community consultation on the potential SRV. This plan has been developed to ensure that it meets the SRV assessment criteria set out by the NSW Office of Local Government, who sets policy and oversees the local government industry, and the Independent Pricing and Regulatory Tribunal (IPART), who will assess any SRV application submitted. It has also been developed in compliance with Council's Community Engagement Policy and Community Engagement Plan, as well as the International Association for Public Participation (IAP2) Australasia Quality Assurance Standard.

1.2 Engagement purpose and goals

The purpose of this community engagement is to ensure that the community is adequately informed and consulted about the impact of the proposed special rate variation and the impact of not applying for a special rate variation.

The objectives of this community engagement process include:

- To present the proposed SRV.
- To identify the impact of the SRV on the average rates across each rating category.
- To exhibit an updated LTFP demonstrating the impact of the proposed SRV on Council's operating results from 2023-24 for feedback and final endorsement by Council.
- To communicate to the community the timeline and process for any potential SRV application.

- To gather and consider the community's feedback to inform Council's final decision on whether and how to move forward with an SRV application.

1.3 Stakeholder analysis

The key impacted stakeholders are those that pay rates in the Hornsby Shire Local Government Area (LGA) or are renting property in Hornsby Shire, where there may be rent increases passed to cover the proposed rate increases fully or partly.

Stakeholder groups have been identified below to ensure that the specific considerations of these groups can be integrated into the community engagement plan. These groupings are not mutually exclusive, that is individuals may fall into a number of different stakeholder groups. For example, individuals who own multiple properties in the LGA may be both resident ratepayers and landlord ratepayers.

Table 2 Stakeholder groupings

Stakeholder group	Who is in the group	Specific considerations
Resident ratepayers	Homeowners who are residents of Hornsby LGA	Proposed rate increases will be directly incurred by these stakeholders.
Residential Renters	Renters who are residents of Hornsby LGA	It will be a decision of the landlord on whether and when any rate increases are passed on to renters.
Landlord ratepayers	Investment property owners of property within Hornsby LGA	It will be a decision of the landlord on whether and when any rate increases are passed on to renters.
Business, Hornsby CBD and Major Retail Shopping Centre ratepayers	Business property owners within Hornsby LGA	Proposed rate increases will be directly incurred by these stakeholders. Where there are commercial leases in place, it will depend on the contract terms as to whether and when any increase will be passed to tenants.
Culturally and Linguistically Diverse (CALD) members	Ratepayers, renters, landlords and business operators with CALD backgrounds	Council's Translation Information Page will be included in all relevant materials. Ensure that non-English collateral and media are included in the communications on the SRV.
Community stakeholders	Residents' groups, sports and recreation groups, environmental groups, cultural groups and local business/industry.	These groups have a direct interest in their members/ residents and therefore, they need to understand why Council is proposing an SRV.
Council's consultative committees	Hornsby Aboriginal and Torres Strait Islander Consultative Committee (HATSICC) and Hornsby Advisory Committee (HAC)	These committees need to be informed and consulted.

Within each stakeholder group, there will be a range of socio-economic factors that will be considered through a capacity to pay analysis and report; this will further inform not only the affordability of any SRV, but also may provide further insight to improve the consultation plan and key messages.

2 Approach

The defined approach to engagement has been crafted in line with Council's seven core engagement principles:

- Strategy-led
- Proactive
- Open and inclusive
- Easy
- Relevant
- Timely
- Meaningful

2.1 Impact and complexity of the engagement

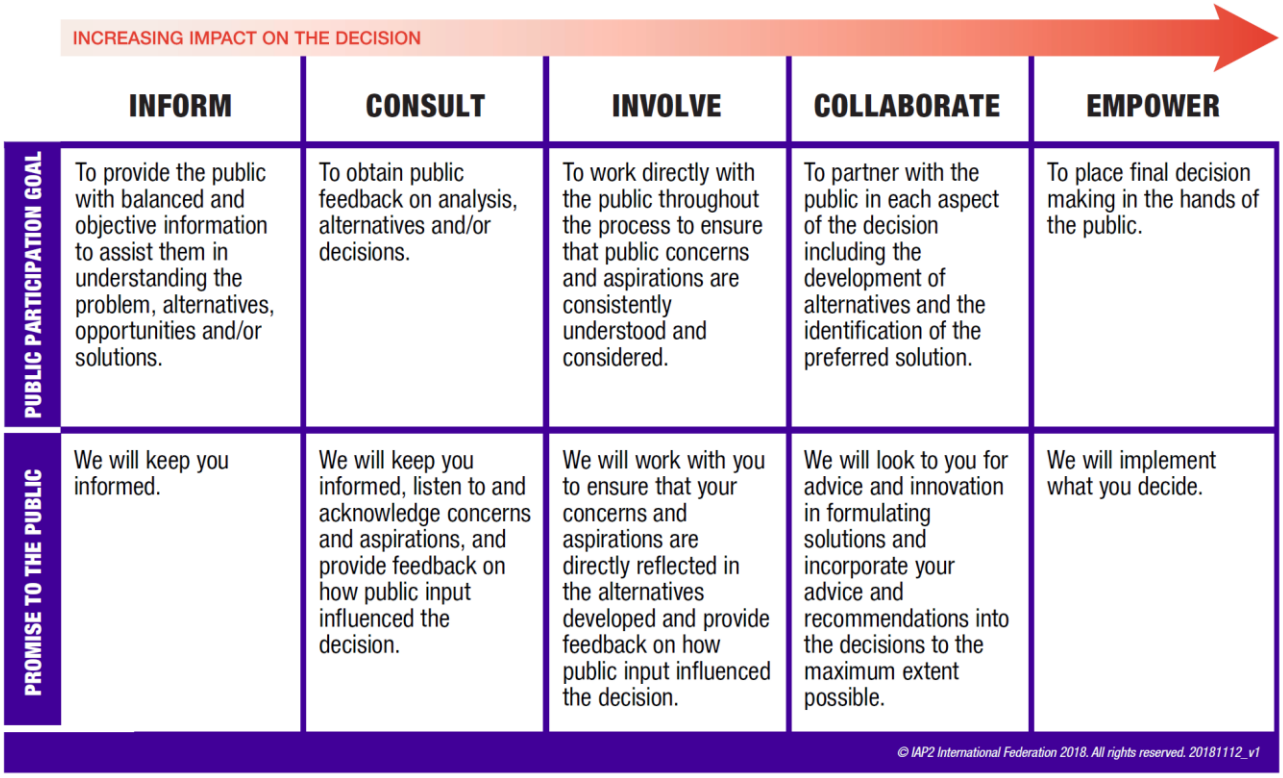
This engagement is defined as 'high impact', which means that the issues will have a real or perceived impact across the whole LGA. The issue has the potential to create controversy and has a high level of potential community interest.

It is also considered to have 'high complexity', as the information presented to the community will be based on relatively complex financial analysis and needs to be expressed in terms that are easily understood.

2.2 Levels of engagement

The level of engagement is defined from the IAP2 Spectrum of Public Participation in the figure below, also included in Council's Community Engagement Policy. This spectrum outlines the level of engagement required depending on the purpose and desired outcome of the project.

Figure 1 IAP2 Spectrum of Public Participation[1]



To meet the assessment criteria for an SRV application, Council must:

1. Demonstrate that the **need and purpose** of a different rate path for Council's General Fund is clearly articulated and identified in Council's Integrated Planning and Reporting (IP&R) documents.
2. Show evidence that the **community is aware** of the need for and the extent of a rate rise.
3. Show that the **impact on affected ratepayers** is reasonable.
4. Exhibit, approve and adopt the relevant **IP&R documents**.
5. Explain and quantify the **productivity improvements and cost containment** strategies in its IP&R documents and/or application.
6. Address any other matter that IPART considers relevant.

To meet criterion two, Council would only need to undertake engagement at the "inform" level, but a "consult" level would ensure it more fully meets criteria one and four.

[1] International Association for Public Participation (IAP2) Australasia, 2018. *IAP2 Spectrum of Public Participation*. Retrieved from: *https://iap2.org.au/wp-content/uploads/2020/01/2018_IAP2_Spectrum.pdf*.

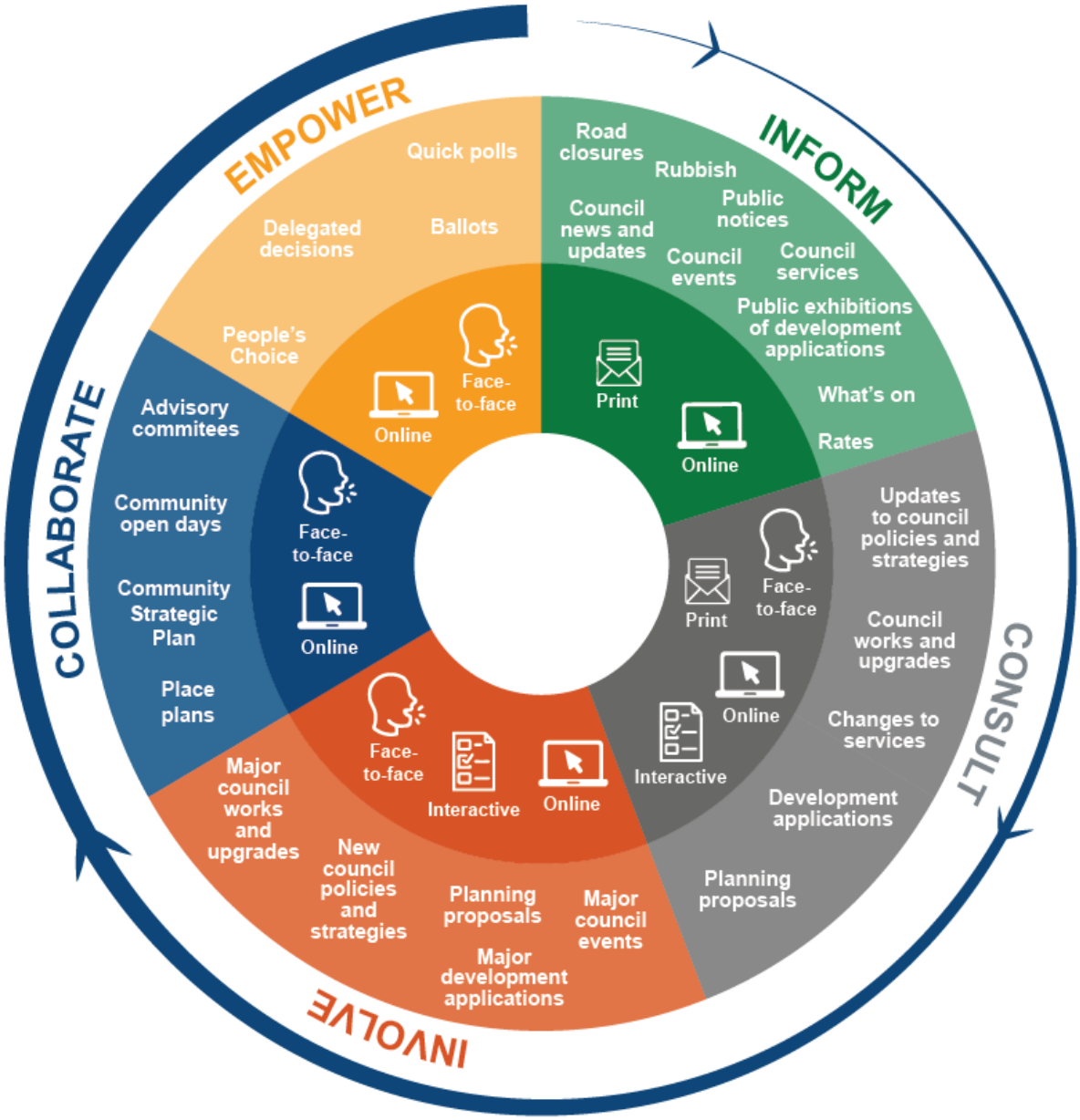
While the LTFP adopted in July 2022 identified the need for an SRV, it did not model any SRV. These steps are expected to partly meet criteria one and four of the SRV assessment criteria. To meet these criteria more fully, an updated LTFP, which includes the proposed SRV, will be exhibited, approved and adopted by Council in parallel to this community engagement process.

As a result, this community engagement action plan is drafted to meet both the **inform** and **consult** levels of engagement. This means that Council will provide the public with balanced and objective information to assist them in understanding the problem, alternatives, and preferred solution and to obtain the public's feedback on analysis and alternatives. Council will keep the public informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision made by Council.

2.3 Engagement mechanisms

The mechanisms that best fit with the level of engagement are outlined in Council's Community Engagement Plan.

Figure 2: Council's engagement framework



Given the complexity of the project and proposed level of engagement, Council's Community Engagement Strategy outlines the following as possible mechanisms for community engagement that are considered relevant to this consultation:

- Print:
  - Reports, fact sheets, letters, flyers
  - Advertisements
  - Media releases
  - Billboard, banner, poster, signage
  - Direct mail, rate notices
- Online:
  - Newsletters, emails, bulk text messages
  - Web pages, campaign/project microsites
  - Social media
  - Surveys (phone and online)
  - Submissions (email and post), listening post (online forum)
- Face-to-Face:
  - Pop-up stalls, displays, open days
  - Community events
  - Speaking at Council meetings
  - Workshops, focus groups, stakeholder interviews
  - Forum, briefing, information session
- Interactive:
  - Interactive collaborative mapping (such as Social Pinpoint)
  - Hotline/phone-in
  - Polls
  - Suggestion box

This community engagement will build from inform to consult:

1. Inform: to raise awareness and inform all stakeholder groups of the options being considered.
2. Consult: to seek considered community feedback on these options to inform Council in their final deliberations on a potential SRV application.

The proposed mechanisms to be used for this engagement are outlined in the table below.

Table 3 Engagement mechanisms

Mechanism	Level of consultation	Reach (stakeholder groups)
Direct mail out	Inform	All ratepayers
Newspaper advertisements	Inform	All residents
Include in-language information, e.g. via printed inserts, in local newspapers	Inform	CALD communities
e-Newsletters	Inform	Approx 27,000 subscribers – local residents and businesses
Video content (TBC)	Inform	
Social media channels	Inform	Facebook: 24,493 followers Instagram: 4,066 followers LinkedIn: 3,207 followers Twitter: 4,367 followers
Have your Say page (the Hive)	Inform & consult	All residents and ratepayers
Community "roadshow" – face-to-face and online forums	Inform & consult	Key community groups
Public forums (one online and two face-to-face)	Inform & consult	All residents and ratepayers
Consultative committees	Inform & consult	Members of each committee
Library drop-in sessions with translators	Inform & consult	CALD communities

These external community engagement mechanisms will be coupled with internal communications to inform all staff about the proposed SRV and process and provide them with information to direct questions from members of the public that may arise in their day-to-day interactions. This will include:

- A managers' briefing
- Information and scripting for customer service and frontline teams
- Updates in staff e-news.

2.4 Roles and responsibilities

The roles of councillors, Council officers and Morrison Low in the engagement process are defined in the table below.

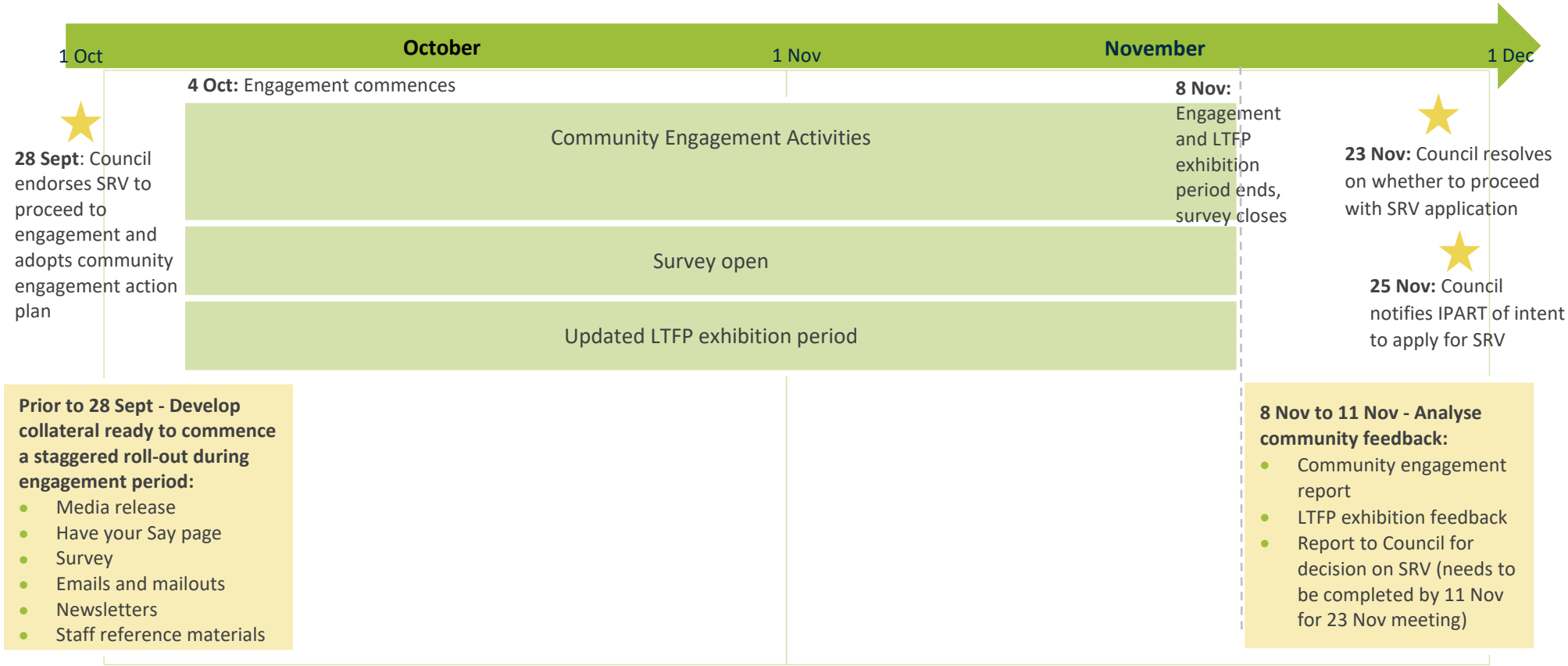
Table 4 Roles and responsibilities

Role	Responsibility
Morrison Low (consultant)	• Develop the background paper on the SRV • Facilitate public forums, assist Council in preparing presentation and taking notes at each forum • Prepare report on community engagement outcomes
Hornsby communications and engagement team	• Develop collateral for the various written mechanisms, based on information provided by Morrison Low to inform Council communications • Publish and release materials in line with this community engagement action plan, including internal communications • Gather community feedback and provide to Morrison Low for analysis
Hornsby CFO and finance team	• Update the LTFP model and document for exhibition • Support the development of background papers and other collateral with financial analysis and modelling • Manage the exhibition process and finalisation of the updated 2022-32 LTFP (which includes the SRV)
Hornsby executive and management team	• Brief staff on SRV, process and community engagement activities
Hornsby councillors	• Approve community engagement plan
Hornsby General Manager	• Endorse community engagement plan, approve any adjustments to community engagement process as required • Participate in media interviews and public forums, where required

2.5 Timeline

The high-level timeline, with key milestones, is mapped out in the figure on the following page. Further detail on tasks and dependencies is provided in the supporting action plan.

Figure 3 Community engagement timeline



3 Detailed action plan

Table 5 Action plan

Ref	Action	Responsible	By when	Dependency
1	Draft Background Paper for SRV	Morrison Low (consultant)	19 Sept	
2	Finalise updated LTFP for exhibition	Finance team	19 Sept	
2	Develop FAQs	Communications & Engagement team and Morrison Low (consultant)	28 Sept	1,2
4	Draft 'Direct Mail' content	Communications & Engagement team and Morrison Low (consultant)		1,2
5	Draft (and translate, where applicable) Newspaper advertisements (two – one each month)	Communications & Engagement team		1,2
6	Draft e-Newsletter content	Communications & Engagement team	28 Sept	1,2
7	Develop video on SRV (TBC)	Communications & Engagement team	28 Sept	1,2
8	Develop survey	Communications & Engagement team and Morrison Low (consultant)	28 Sept	1,2
9	Build 'Have Your Say' page	Communications & Engagement team	28 Sept	1,2
10	Schedule roadshow and public forums (face-to-face and online)	Communications & Engagement team	28 Sept	
11	Develop media release and social media content for commencement of engagement	Communications & Engagement team	28 Sept	1,2

Ref	Action	Responsible	By when	Dependency
12	Develop and distribute information and scripting for customer service and frontline staff	Communications & Engagement team	28 Sept	1,2
13	Council resolves to proceed to community consultation on an SRV	Council	28 Sept	1,2
14	Brief managers on Council decision and next steps	General Manager / Directors	29 Sept	14
15	Publish first newspaper advertisement on SRV	Communications & Engagement team	26-30 Sept	5,14
16	Open the 'Have Your Say' page and Survey to the community	Communications & Engagement team	4 Oct	9,14
17	Engagement period commences		4 Oct	14
18	Publish e-Newsletter	Communications & Engagement team	4 Oct	6,17
19	Release direct mail out	Communications & Engagement team	TBC	4,17
20	Manage social media	Communications & Engagement team	4 Oct – 8 Nov	11,17
21	Manage media enquires	Communications & Engagement team	4 Oct – 8 Nov	11,17
22	Conduct public and roadshow forums	Communications & Engagement team Morrison Low (consultant) to facilitate public forums	4 Oct – 8 Nov	10,17
23	Publish second newspaper advertisement	Communications & Engagement team	24-28 Oct	5,17
24	Release reminder of SRV community engagement closing 8 November: • E-Newsletter • Social media	Communications & Engagement team	1 Nov	6,11,17

Ref	Action	Responsible	By when	Dependency
25	Close engagement, exhibition of updated LTFP and survey, and gather all community feedback	Communications & Engagement team	8 Nov	17
26	Analyse submissions and survey results and draft community engagement report	Morrison Low (consultant)	11 Nov	25
27	Finalise updated LTFP based on feedback over exhibition period	Finance team	11 Nov	25
28	Draft report to Council		11 Nov	25
29	Council resolves on whether to proceed with SRV application	Council	23 Nov	28
30	Council notifies IPART of intent to apply for SRV (deadline tentative, TBC by IPART)	General Manager	25 Nov	29

3.1 Measures of success

A final community engagement report will be produced to document the outcomes of the engagement process, but also to clarify the extent to which the community engagement activities reached all relevant stakeholder groups. Measures to understand the level of reach and participation in the engagement process will include:

- attendance at forums
- SRV related inquiries through customer service teams
- number of unique survey responses
- number of submissions on the SRV proposal
- key analytics from the 'Have Your Say' page.

Where feasible, measures of success would also include documenting key demographics of participants to ensure that it is both representative of the Hornsby Shire community and engagement activities have reached groups that can sometimes be hard to reach.

4 Key messages

The key messages for the community should clearly communicate what is not negotiable and what aspects are open for community feedback to inform the decision-making process.

Non-negotiables include:

- the legislative requirement for Council to employ sound financial management principals.
- the current core deficits in the General Fund need to be addressed, targeting sufficient surpluses over time to ensure the ongoing financial sustainability of Council.

Community feedback is sought to:

- assess the level of community understanding of the proposed SRV and it impacts and why it is needed.
- seek submissions on the proposed SRV and the updated Long Term Financial Plan.

To support these key messages and the development of collateral for the community engagement activities, a background paper will be developed to articulate the need for and level of SRV being sought.

In addition, Council will also have the following reports:

1. A capacity to pay report which will investigate, analyse and report on the community's capacity to pay against Council's rating categories and proposed SRV. This includes research of specific areas across the LGA and will undertake a range of comparisons and assessments of information for areas/locations within the LGA, and associated land use.
2. An updated LTFP and financial sustainability analysis that will demonstrate the impact of the SRV on the ongoing financial sustainability of Council.

Key messages in any community communications and collateral will also include:

- how community members can seek further information or have their questions answered.
- how community members can provide their feedback on the proposed SRV.
- what to expect after the community engagement activity is completed, including IPART's public submission and assessment process.

4.1 Frequently asked questions

A set of frequently asked questions (FAQs) and their responses will be developed for this engagement process. While every effort is made to ensure that this is a complete list of FAQs at the commencement, these questions will be regularly reviewed and updated throughout the engagement process.

The below is a starting list of the questions we expect to develop for the FAQs:

- How will the proposed special rate variation impact my rates?
- Why do we need an increase to our rates?
- What is the alternative to the proposed rates increase?
- What action has Council taken to address its financial situation?
- How does Council work out what rates to charge each resident?
- How will the 2023 General Revaluation impact my rates?
- What is Council doing to keep rates low?
- Can't you get more funding from other levels of government to help pay for things?
- What if I can't afford to pay my increased rates? (Hardship Policy)
- When would a rate increase be applied from?
- How has Council identified the priority initiatives?
- Who is IPART and what do they do?
- What if I can't afford to pay my increased rates? (Hardship Policy)
- When would a rate increase be applied from?
- How has Council identified the priority initiatives?

5 Monitoring and risk

5.1 Monitoring

During the consultation process, the level of engagement will be monitored by Morrison Low and Council's Communications and Engagement team.

Any proposed adjustments to the plan will be approved by the General Manager before implementation.

5.2 Risk assessment

The table below documents the key risks associated with this community engagement. The risk ratings are assessments of the residual risk after the documented risk responses are implemented.

Table 6 Risk assessment

Risk	Risk response	Residual likelihood	Residual consequence	Residual risk rating
Engagement doesn't meet IPART assessment criteria.	Engagement plan and activities analyse and integrate requirement to meet criteria.	Low	Medium	Low
Impact on ratepayers of raising rates at a time of increasing inflation and cost of living pressures.	Capacity to pay analysis to understand the impacts of rate increase on community. Key messages to impact on Council of not seeking the SRV.	Medium	Medium	Medium