



**INSTITUTE
FOR
REGIONAL
FUTURES**

Federation Council

Community Engagement Report

30/08/2024

The University of Newcastle acknowledges the traditional custodians of the lands within our footprint areas: Awabakal, Darkinjung, Biripai, Worimi, Wonnarua, Gomeroi and Eora Nations.

We also pay respect to the wisdom of our Elders past, present and emerging.

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Executive Summary

This report provides details of the community surveys, community forums, and post-meeting responses to questions. In sum, the data shows that the community have largely come on-board with our journey to improved financial sustainability: a process that first commenced well-over a year ago. In contrast to protests and large volumes of form-letters back in 2022, we now have a community response whereby some eighty-four percent of informed persons agree with the proposal. Furthermore, the proportion of people who would like to see the SRV increased now exceeds those who would rather have it reduced. Council and staff should be congratulated on their commitment to an independent and transparent process which has clearly produced tangible results on the ground at Federation.

1 Introduction

The Office of Local Government and the Independent Pricing and Regulatory Tribunal (IPART) have established quite prescriptive rules around community engagement as it relates to Special Rate Variations (SRV).

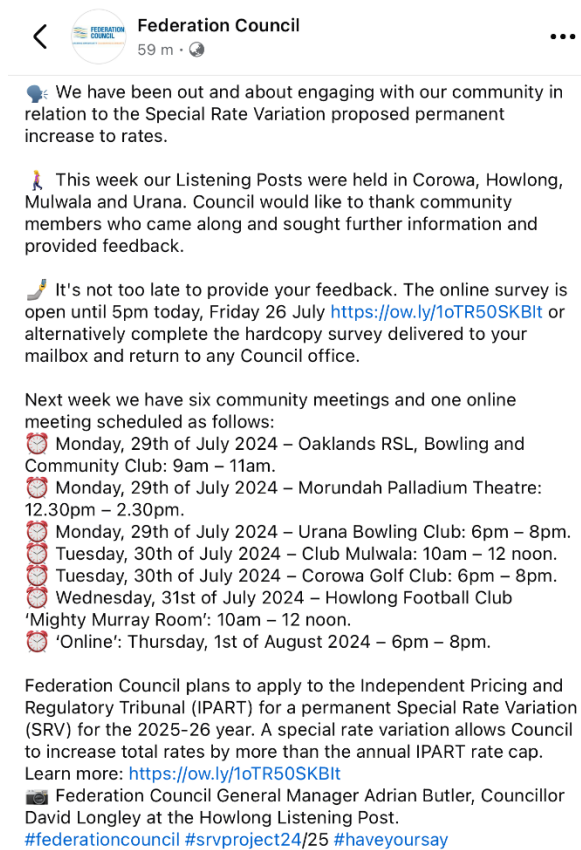
The purpose of the rules is to ensure ‘adequate opportunities to consider the proposed SV’ and for ‘council to consider this feedback’ (IPART, 2024 p.23) The rules emphasise ‘an appropriate variety of engagement methods’ (IPART, 2024, p. 24), but of course implicitly recognise that a Council can’t force its citizens to engage on the matter. We note also the stipulation for ‘timeliness’ (IPART, 2024, p. 24) in communications which can be a little tricky in an election year (a matter that we discussed in our meetings with IPART). It was agreed that it was appropriate for the public consultation to be conducted prior to the election to ensure that the community had plenty of opportunities to be heard – including through the democratic process. We are aware that former opponents to the SRV are now running as candidates in the upcoming election, and some are raising the SRV as an election issue.

We commenced the communication journey with the community back in July 2023 when the University of Newcastle was engaged to lead a project into the financial sustainability of Federation Council. This journey was supported with many lengthy face-to-face meetings with community groups as well as several public forums (attended by hundreds and heavily covered in the local media). At these meetings we made the case that a special rate variation (SRV) would be absolutely necessary, even with the long list of reforms that we were proposing. People attending these meetings were expecting a 2024 SRV and were clearly accepting of it – in most cases – when the proposal arrived. Notably, since July 2023 we have also provided many videos and other education as well as comprehensive reports on various matters that Council has been working through.

Since January 2024 the University has been working on preparing reports to specifically support the SRV process. We also conducted lengthy (one meeting went for over two hours!) pre-consultation meetings with key community stakeholders in May 2024 in response to previous IPART feedback. As a result of these meetings, we made a number of recommendations to alter the original draft SRV proposal to the Council, which were endorsed in full.

In July 2024, we sent out a comprehensive Fact Sheet and Pre-Meeting Survey – based on the aforementioned revised proposal – to all residents through Australia Post). We have evidence to show that 6,200 surveys were posted and note that according to common law, the act of posting a communication is considered synonymous with receipt (the ‘postal rule’ used in Courts throughout the country; Butt, 2004). We are aware of at least two people who have stated that they did not receive the post, but do not feel that it is a Council’s responsibility to ensure Australia Post provides the service that they are paid for. The Fact Sheet and Surveys were also provided online, and we note that the people who have advised us of the postal failure, were in possession of both documents (presumably after accessing them online).

Council also hosted four listening posts – prior to the Public Forums – in Corowa, Mulwala, Urana and Howlong with over 100 residents attended the four, two-hour sessions each day from Monday 22 July 2024 to Thursday 25 July 2024. The purpose of the listening posts was to create further awareness of the SRV project and community meetings.



(Federation Council 2024) social media published post – Friday 26 July 2024. Picture: Federation Council taken at the Howlong Listening Post.

Professor Drew travelled to Federation for the period from the 28th July to the 31st inclusive. Professor Drew – supported by Council staff and Councillors – worked lengthy days and nights to travel over 460km to conduct six in person forums at Oaklands, Morundah, Urana, Mulwala, Corowa, and Howlong. Presentations (including discussions afterwards) frequently exceeded two hours. Professor Drew also spent two hours on an online presentation from 1800 Thursday 1st of August. At all the forums, Professor Drew made himself available to answer each and every question posed and followed these conversations up after the meeting as appropriate. He also ensured he was active during his time at Federation and went out of his way to speak with citizens, and shopkeepers whenever possible.

Professor Drew made a point of asking a number of people around town whether they would be attending the forums. All respondents knew when the forum was, but many said that they already had sufficient information, or trusted the process and process leaders. It might be noted that this reaction differed considerably to the last SRV which was met with protests and many objections.

It is possible that protests and pre-prepared objection letters might still be used by opponents of the SRV, but it would be curious to see how actions of this kind might be explained given poor attendance at times when Professor Drew and Council were actively encouraging people to come and help design the best proposal possible.

It is certainly the case that a small minority in the community continue to declare that they are opposed to any local government taxation increase, under any guise, for any reason (irrespective of evidence). This is their right under the rules of our democracy, and they have previously been conspicuous in their ardour for the task. However, it is equally true that some former groups have ceased to operate with any cohesion and that former opponents are now publicly declaring support for the present proposal. This all speaks

well of the process that we have been engaged in. Nevertheless, we wish to make plain to Council and IPART that it would be unwise to give disproportionate attention to a few people who object when the vast majority of the 12,939 residents have declined the offer to express a strong voice on the matter. Doing so would fall afoul of self-selection bias and likely misrepresent the sentiment of the majority – after all, everyone was given the opportunity to contribute in various ways and a failure to take up the offer can only mean that ninety-nine percent of residents felt that they could contribute little that would improve the proposal.

We also draw Council, IPART and the OLG's attention to the physical and mental harm that some staff and councillors have clearly been exposed to in these repeated processes. For one reason, or another, some (a very few) people in the community have seen the process as an adversarial sport whereby behaviours that are ordinarily not acceptable (and sometimes not lawful) might be displayed. This is a small number of people but the risk of harm from these kinds of behaviours are enormous. We encourage Council to continue to support its staff and commend the efforts of several councillors, the Mayor and the General Manager, in particular. No person should be put at risk because of a bureaucratic process, and we request the OLG to consider how new guidelines might better be developed to protect people from harm.

Unhelpful behaviours were particularly evident in anonymous surveys, but we noted entirely absent when people appeared in person at the various forums. We emphasise that almost everyone in Federation Council was genuinely trying to do their best to contribute to optimal policy given the circumstances. It is sad that a handful of people used the process as an excuse for unconscionable conduct or grandstanding.

The rest of this report proceeds as follows. In the next section we report on the pre-meeting survey results which provide a baseline for community sentiment and thus an effective gauge for assessing the effectiveness of later more intensive communication efforts. Following this we report on the very interesting change to sentiment that occurred as a result of our extensive communication forums. Thereafter we make some recommendations for future action before offering our closing remarks.

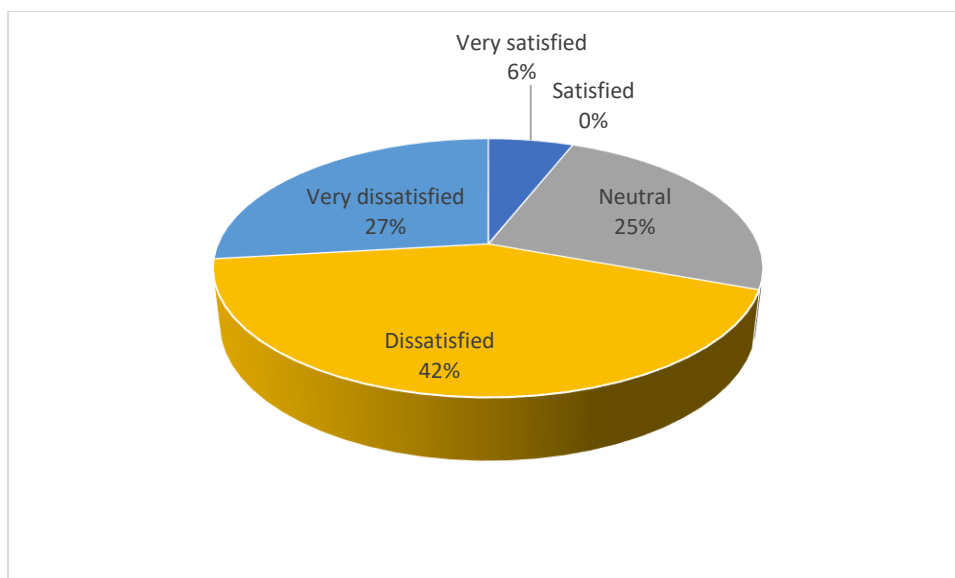
2 Pre-Meeting Surveys

Extensive Fact Sheets and surveys were posted out to 6,200 residents on the 8th of July 2024. The material was dense because it had to faithfully reflect the OLG rules, and also the complex scenario created by both an expiring Temporary SRV as well as an impending local election. We note that the formats of the Fact Sheet and surveys were very similar to those successfully used (approved by IPART) in previous SRV applications led by Prof Drew and team.

The main purpose of the first survey was to get a baseline for community sentiment – especially those with strong feelings (generally negative) on the matter. Whilst the survey was a census by design, the actual outcome was self-selection (bias). Otherwise stated, everyone was given the opportunity to complete the survey, but only a small number of people seemed sufficiently motivated to complete and return the instrument. Given the current legal framework this is all that can be reasonably expected. However, Council and IPART must remain cognizant that processes of this kind are only likely to elicit responses from people who feel very strongly on the matter (usually in a negative way – this is the clear message arising from the large literature on negativity bias; Tversky and Kahneman, 1979). People who didn't respond apparently either accept the proposal or did not feel it was worthwhile investing 5-10 minutes in the exercise (likely feeling that the benefits of doing so were outweighed by the costs according to the well-known rational voter hypothesis; Tullock, 1969). Our conversations with people in the street strongly suggest the former.

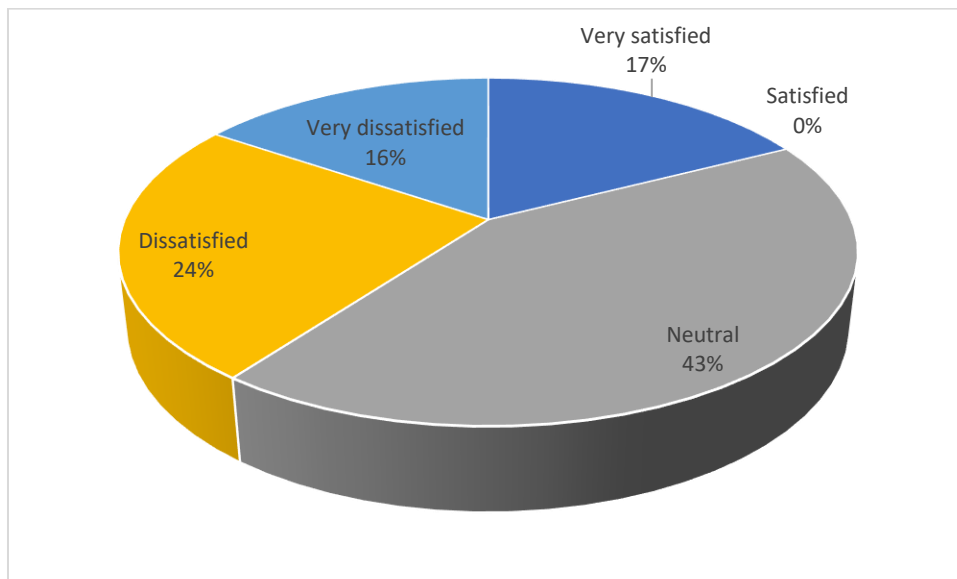
The first question in the survey asked people about their satisfaction on the matter of infrastructure maintenance – a key issue for the proposal. Well over two-thirds of the respondents were either dissatisfied or very dissatisfied. Driving around the local government area we are not surprised at this result. It *prima facie* confirms the need to increase maintenance, and this would clearly require additional expenditure, and additional matching revenue. Indeed, the ballooning implicit liabilities contained in the roads – in particular – is a matter of great concern to the three professors, as it clearly is to many in the community.

Figure 1: Satisfaction with Infrastructure Maintenance



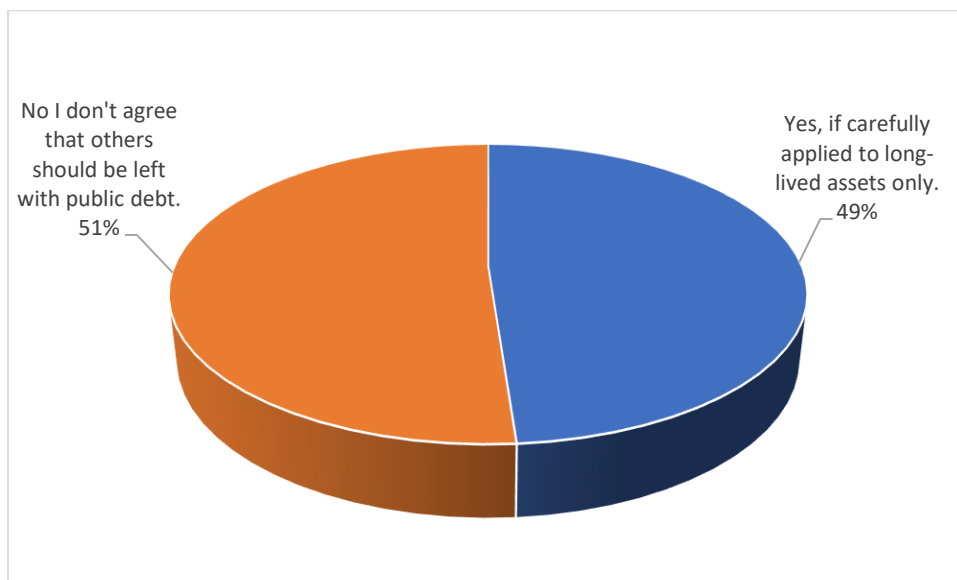
When it comes to services the result is much better. Around forty percent of self-selected respondents expressed at least some level of dissatisfaction in this area. This is typical of what we have found at other councils in the past.

Figure 2: Satisfaction with Council Services



A key issue for any local government is the morality of public debt (see Drew, 2022). Indeed, the OLG seem to suggest it as an alternative to an SRV. The self-selected respondents were split evenly on the matter. As it turns out, Federation Council has already exceeded its liability capacity, so there is little potential for this avenue in any case.

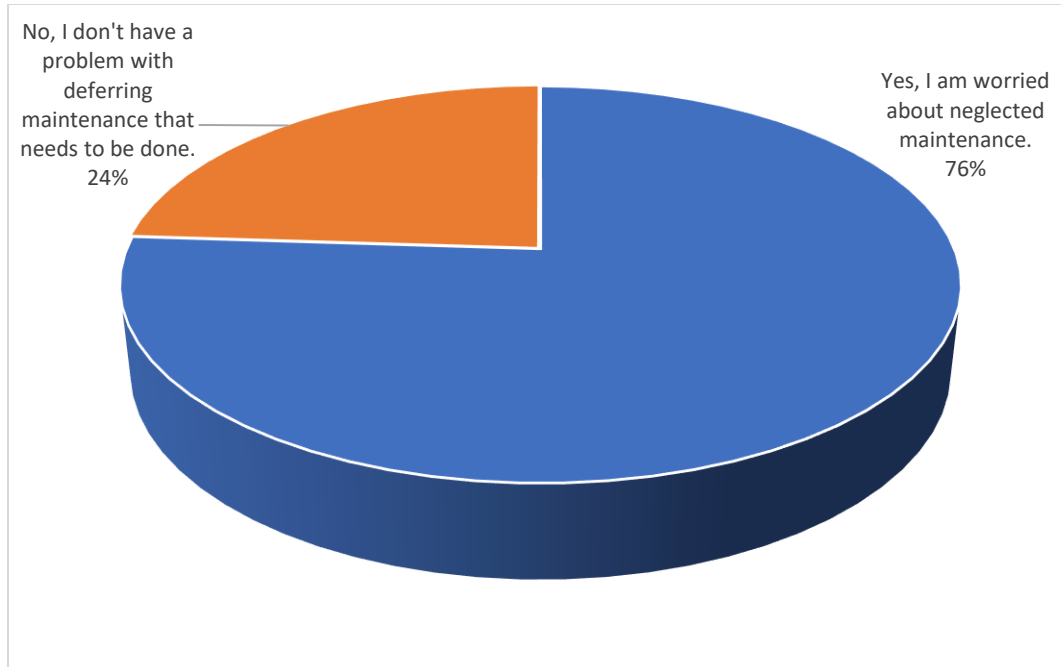
Figure 3: Views on Morality of Public Debt



What is more important for this application – and the future sustainability of the Council in general – is the ballooning (and close to unmanageable) levels of implicit debt. Implicit debt arises when Councils don't attend to maintenance and backlogs in a timely manner. The money will ultimately have to be spent by a future generation of ratepayers and – in the case of roads – may actually be eight times higher than what

prudent maintenance would have cost.¹ The far majority of self-selected respondents concede that this is indeed a large problem for the community. One can only conclude that the respondents who don't have a problem with deferring required maintenance either don't expect to be ratepayers in the future, or don't fully understand the implications of deferring matters well past a prudent time.

Figure 4: Views on Implicit Debt



In our Fact Sheet we presented average rate data according to the exemplars of best practice provided by IPART subsequent to our May 2024 meeting. A few people were critical of this presentation, and also the tables based on the OLG Guidelines. The academic team themselves have long questioned the wisdom of presenting averages for known skewed data: a feature of just about every rural local government area. However, rules are rules, and it would have been reckless of us to ignore the OLG Guidelines or IPART advice – especially in view of the comments made after the previous permanent proposal was rejected in June 2023.

During the public forums some people suggested that a simpler, tailored message might be in order. However, in the past IPART have rejected Councils who have gone down this route.² Moreover, given that rates are also a function of future decisions of Councils regarding base rates and *ad valorem*s, as well as future land valuations, providing tailored advice of this kind to individuals would almost certainly result in ratepayers being inadvertently but profoundly misled. For this reason, we strongly recommend that Council resist the impulse to try to simplify or tailor information further.

¹ A timely seal costs about \$8 per square meter – if it is left too long and a rebuild is required the costs tops out at over \$60/m. Federation Council has well over two thousand kilometres of road – many of which urgently require attention.

² Usually, the councils had the best of intentions, but inadvertently profoundly misled residents. Because of the high degree of uncertainty around any individual rates assessment, tailored or simplified efforts on this front are almost certain to mislead.

Figure 5: Effect of SRV on Average Rates

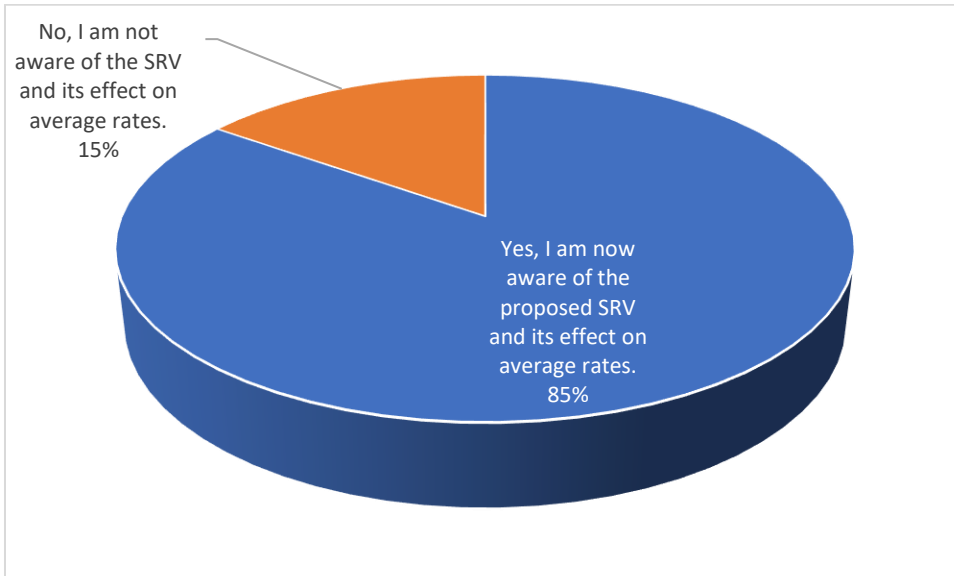
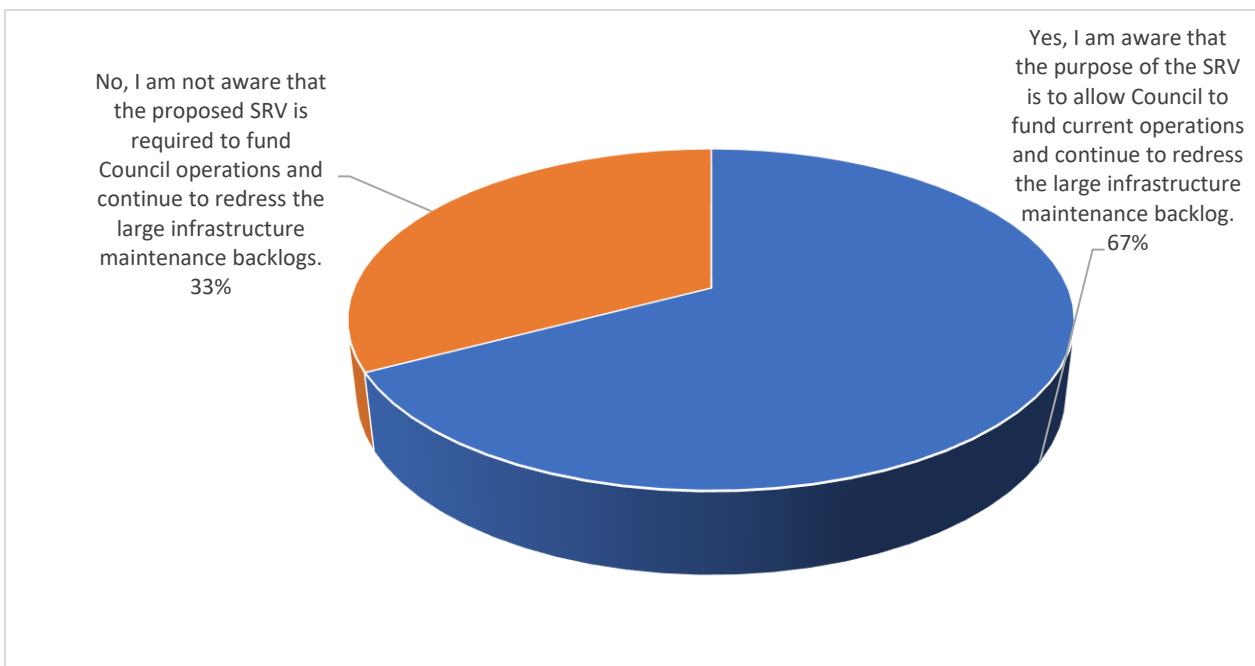


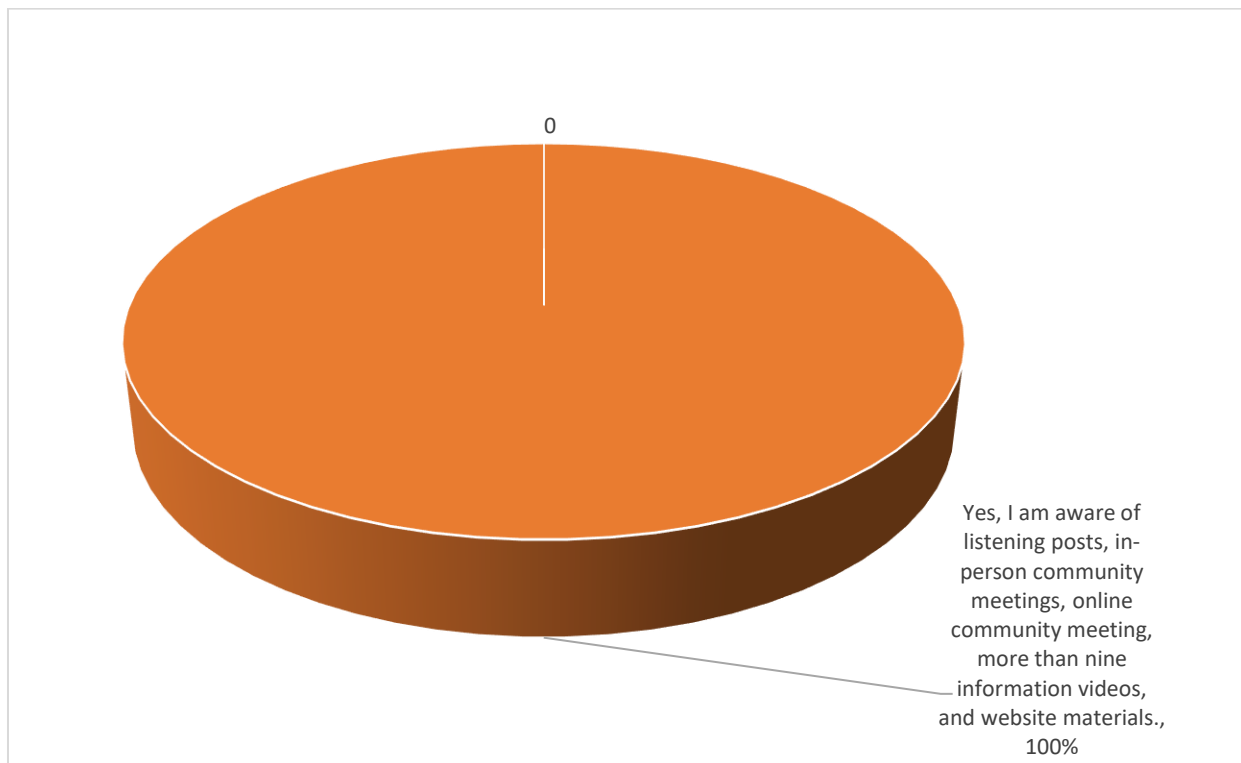
Figure 6 asks people to state whether they understand the purpose of the SRV with reference to the Fact Sheet. Around a third of people claimed that they were not aware of the purpose, even though it was also stated in the question itself. Our previous experience at other councils suggests that it is typical for around a quarter of respondents to answer in this way. Responses such as this are reflective of the large scholarly literature on the common source problem with surveys (Drew, 2022). Another possible interpretation of a result of this kind is that some people are objecting to the SRV, and perhaps trying to provide grounds for it being rejected. A further explanation is that the responses are indicative of poor comprehension. Given the history of matters at Federation, the former is certainly a distinct possibility.

Figure 6: Purpose of SRV



In Figure 7 people were asked if they were aware of the options for further information. Even the most ardent opponent of the SRV conceded that the community were aware of the many and varied options to find out more.

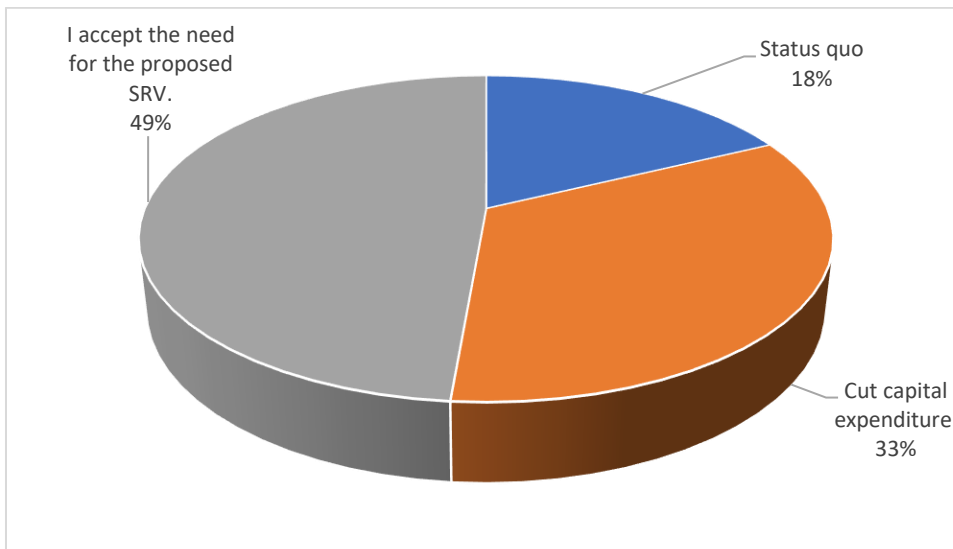
Figure 7: Awareness of Information Options



In Figure 8 we ask the self-selected respondents what they would prefer. For a serious predicament like Federations' there are really only three options: (i) accept a SRV, (ii) keep going along as things are, or (iii) cut expenditure to avoid large deficit outcomes. No-one *wants* to pay additional taxation. Furthermore, only people with strong feelings on the matter are likely to invest time into filing in and returning a survey (Tullock, 1969). Add to this the 'success'³ achieved by well-organised resistance in the past, and the result that we found is quite surprising. Around half of people accepted the need for the SRV based on the Fact Sheet – this was a considerably stronger result than we have experienced at other Councils (usually it is around a third). Moreover, a real test of the effectiveness of the Council's communication strategy is how this sentiment changed after the process – a matter that we will explore in detail in Section 3 of this report.

³ In reality, the efforts last time were only partly successful – it resulted in hundreds of thousands of dollars of additional expenditure to complete another SRV application. It also resulted in an exponential increase to implicit debt.

Figure 8: Preference



We also provided the opportunity for community members to write quite lengthy, free-flowing comments at the bottom of the survey. Professor Drew personally read and considered each and every comment, consistent with his promise to the community. It is important to provide opportunities such as this so that everyone can have their say without constraints. In the material below we set out the main responses to the two unstructured responses:

2.1 CONDITIONS ON WILLINGNESS TO PAY

Below we categorise the main sentiments expressed by respondents, as well as our brief replies:

Table 1: Respondent Sentiments

Sentiment	Numbers	Response
'Happy to pay more' or 'long overdue'	10	This was the single most common response in the survey as well as the response most frequently made in person. The result is quite remarkable given that self-selection bias usually results in a preponderance of negative comments and complaints. Many people expressed that they were disappointed that a small minority had been able to successfully campaign in the past for a postponement, and that they felt that this resulted in deleterious outcomes for critical infrastructure, intergenerational equity and ultimately affordability.
Concerns about timing in an inflationary environment	3	It is unfortunate that the amalgamations and state legislation resulted in a postponement of SRV plans both councils had in 2015. This would certainly have been a more propitious time.

Need to have rubbish collected from farms	1	Rates do not cover rubbish services.
Should be reduced for people producing less sold waste	1	Rates do not cover rubbish services.
Concerns that intergenerational equity was morally confronting.	1	Agreed. It is confronting. But this does not change the fact that if we do not pay sufficient rates to redress implicit liabilities now, that the next generation will be left footing the bill.
Less bureaucrats	3	As we have shown in previous work, comparison of Note F1-1 data from audited financial statements suggests that current levels are consistent with the peer group.
Change leadership team	3	There will be a democratic election in September 2024.
Discounts should be available for non-pensioners	1	Discounts for some inevitably mean that others have to pay more. Moreover, providing a discount means that some people will be able to retain more of the unrealizable capital gain on land value, than do others. Many might object to this on equity grounds. We also refer the respondent to the new improved Hardship Policy.
Monthly payments should be facilitated	2	Agreed. Direct debits are already available. In addition, Council is currently exploring the idea of a physical coupon book.
There should be more time to pay	2	Times are mandated by the Act (1993, NSW). However, we refer the respondent to the Hardship Policy.
Better hardship provisions required	3	The Hardship Policy has recently been improved considerably. In addition, changes have been made to how increases to rates are applied (base rate) which will further ameliorate matters. In our report, we encourage Council to conduct additional investigations on distributive equity but acknowledge that consultation will take considerable time.
Impossible because of distance to shops	2	Commuting certainly may affect capacity to pay however this is largely outside of Councils' ability to influence. We note that land values (the basis for rates) often reflect distance to amenities.
Money needs to be spent on roads	5	Agreed. This is the principal destination for additional funds in line with the Strategic Asset Management Plan.
Complaints about specific projects such as the pool	3	We understand IPART approved a SRV for the pool. Specific decisions are not directly relevant to a SRV unless the SRV is being used to fund the said projects.

Money should be spent on essentials only	3	Agreed. This is the proposal that will be made to IPART.
Less should be spent on community grants	1	Community grants have already been reduced considerably.
Federation, needs to have a village sub-category	2	This is a decision for a future Council. However, the use of sub-categories tends to conflate taxation with a fee for service. Furthermore, sub-categories inevitably mean that some are able to retain more of their unrealized capital gain on land, than others. We note that village land usually has lower valuations, which are effectively imputed into rates anyhow.
More should be spent on villages	6	Rates are taxation, not a fee for service. Prudent financial stewardship means that funds should be directed to the area of greatest need, irrespective of precise location.
Pensioners can't afford to pay	5	A pensioner discount applies. We further direct respondents to the Hardship Policy.
Questionnaire only allowed for the responses council wanted	4	This questionnaire has been used several times in the past, successfully. Furthermore, all likely options were available for selection and the questions themselves responded to OLG criteria. In addition, two opportunities were provided for respondents to make free-flow comments (such as this one).
Greater accountability/more updates/detail efficiencies	3	OLG and IPART rules address accountability. Council documentation sets out more information.
There should be lower rates for vacant land	1	This would be contrary to the object of an unimproved land tax. Furthermore, it confuses taxation with a fee for service.
Should be less consultants	3	Council largely eschewed consultants last time, and the community responded with a demand for independent advice. Council was, for the most part, responding to this demand. Moreover, the money spent on this project was a small fraction of the typical cost of doing a SRV in-house.
Council should be de-amalgamated	4	This is not part of a SRV process.
Councillors should not have had a pay increase	2	Councillor remuneration responds to the rulings of the state NSW Remuneration Tribunal.
Council should be run as a business	2	Local government is demonstrably not a business (Local Government Act (1993, NSW)). Indeed, democracy,

		regulatory oversight, and community engagement are all examples of matters that businesses don't have to concern themselves with. Furthermore, government exists precisely to redress the defects of business – including market failure and inequity.
Planning Department needs to be fixed	1	This is a recommendation of the 2023 Drew, Ferreira and Miyazaki report.

2.2 SPECIFIC COMMENTS AND RESPONSES

Clearly, we can't include all of the comments because of space constraints. However, some of the more frequent or surprising statements are replicated below with responses where appropriate (comments are reproduced verbatim):

'This is the worst questionnaire -it is designed to rig the results - this will result totally biased information -it is criminal'.

We are not aware of any laws broken in our response to the OLG criteria. Many opportunities were provided for negative responses, including the opportunity taken in this comment.

'Will only pay if there is provision and action for services at Daysdale the infrastructure here is dated no drinking water or sewage what are we paying for ?'

Rates do not cover sewerage and water.

'No, these rates are the lowest I have ever paid. We have wonderful facilities here and I am happy to pay more to have these maintained'.

The robust empirical evidence is largely consistent with this statement.

'No, I believe you get what you pay for, and it's obvious council should have introduced higher rates in previous years.

It is the same as any business trying to stay in existence, if rate payers are the income, then we must pay. The one thing people always want though is to see good management of funds and transparency.'

Agreed.

'I am willing to pay and believe this is long overdue.

We pay less rates than all the neighbouring councils and I am sick of seeing no progress in our community because we don't have the funds to support a growing community. You pay for what you get. I trust this council and I believe this is long overdue. Not a popular decision but the right one'.

No response seems to be indicated.

'no pay' when you pay out \$70 mil on an indoor pool, why was it not used on roads etc.'

The pool cost roughly \$11 million. The proposed SRV is not to cover the cost of the pool.

'69% over 2 years what drugs are you on. That increase in rates is not acceptable. What % of the public in Fed. Council can afford that rise?? NOT MANY'

None of the authors were drug induced. The robust empirical work demonstrates capacity to pay beyond reasonable doubt.

'Each landholder pays one garbage rate irrespective of how many properties are held'

Rates do not cover rubbish – this is a fee.

'Happy to pay - everyone needs to contribute their bit. Historically rates have not been put up and we are now seeing the consequences'

This is consistent with the evidence.

'I do NOT support further cash grabs from Federation Council. This SRV increase can be funded by recovering funds from the extremely large wage increases council gave itself at taxpayers' expense without producing any productivity gains'

This statement is not consistent with the facts – we are short millions of dollars on an annual basis. Councillor remuneration reflects the NSW Remuneration Tribunal rulings.

'I attended today's listening post in Corowa and I would like to commend the staff member there for her professionalism. There was one very rude man and she handled his anger admirably. She answered all questions honestly and was very polite. No one wants to pay more rates but it is very clear why we need to. It's such a shame that rates were not put up in smaller amounts over a longer period of time. I commend this current council and the local staff for caring enough about our community to go forward with such a plan and do what others have clearly hidden away from and talking to us about their issues. Please keep talking to us. You have my full support and respect'

Agreed. Staff have conducted themselves very professionally, despite abuse and anger which has put their safety at risk on occasions. It is important that some in the community remember that staff and councillors are people too and that we all deserve to be able to operate in a safe and respectful environment.

'Yes, priority must be on "ESSENTIAL" services and maintenance, no namby pamby projects, area beautification, obscure grants to minority community groups. Stick to the basics, roads, rubbish, sewage, drains!'

Agreed, within the constraints of the Local Government Act (1993, NSW).

'No Council already get 2/3 of its money for each rated property from gov funding!! Govt's must learn to cut cost budget for less waste. Council waste \$1 in every \$3 spend!'

This statement is not consistent with the evidence. Grants ought to be allocated according to horizontal fiscal equity principles according to the Local Government (Financial Assistance) Act 1995 (CTH).

2.3 FEEDBACK TO COUNCIL OR IPART

Many of the comments made in this section paralleled or echoed comments made in the previous question, which have already been reported. We have done our best to categorise the statements made in a way that is representative of the general tone. A few comments were unlawful, or excessively vitriolic, and these have been treated as they should be (discarded).

Table 2: Feedback to Council or IPART

Sentiment	Number	Response
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Biased report and data	1	The data is based on audited financial statement data, as well as data from the Australian Bureau of Statistics, and the ABARES. The report authors are independent, and the reports were peer reviewed. Full details of methodology and data are transparently disclosed in the report.
Cost of living	13	This should certainly be considered but in light of the robust study on the capacity to pay of the community as a whole (with respect to other rural communities facing similar increases to costs of living). We agree with most respondents that the timing is not ideal, and that it would have been better had it occurred many years ago. Council has recently reviewed its hardship policy and has taken action on base rates that mitigates in part the concerns. We have recommended a review of distributive equity which might further redress matters (but would clearly take some time to do in view of the extensive consultation that such a work would entail).
Not enough information	1	We direct the respondent to the resources, videos, reports, and information sessions as advised on the Fact Sheet, in addition to extensive regulatory reporting.
Villages should be exempt	4	Rates are not a fee for service. Moreover, the distribution of the rate burden is a decision for a future council.
Spend more on villages.	6	Rates are a tax, not a fee for service. Scarce funds need to be spent where they are most needed, irrespective of location.
Less spending on Corowa	2	See above
More spending on Corowa	1	See above
Please increase/the SRV is overdue	3	Feedback for IPART.
There should have been online meetings	1	There was.

The SRV is not fair for new residents.	1	Agreed. It is important for current residents to pay a reasonable tax, or similar inequities may be visited on future internal immigrants also.
Federation is the most expensive rates out of several properties I own in various local government areas – I will leave.	1	Rates are a land-based tax. To avoid the tax owning less land is certainly an option.
Complaints about specific projects	7	Some of these projects were funded through state government grants and others through a special purpose SRV. This current SRV is about redressing backlogs in hard infrastructure maintenance.
Complaints about operational issues (such as noise complaints)	3	The complaints have been passed on to council.
Past Councils need to explain why this wasn't done sooner.	5	The amalgamation resulted in the plans in 2015 being postponed. It is certainly true that delay increases the size of the fiscal predicament.
Spend on essentials only.	4	Agreed. This is the proposal.
Spend on beautifying and attracting growth.	2	The proposed funds are to redress hard infrastructure shortfalls.
De-amalgamate	8	This is not a decision for Council or IPART.
Cut staff in Urana	2	This would appear unlawful under Section 218CA(2) of the Act (1993, NSW)
Cut staff generally	2	The audited financial statement data for Federation and peer councils clearly refutes the claim that this council is over-staffed (in fact, Federation is in the bottom quartile for staff expenditure per assessment, relative to peers).
Replace Councillors	2	There is a regular election (September 2024)
More flexible rubbish tip times	1	This has been forwarded to Council – but would come at a cost.
New bridges	1	Would come at considerable cost; we have forwarded your comment.

Rates are tax deductible for farmers and businesses.	1	This is generally the case. It is also typically the case for landlords.
More accountability.	1	IPART requires this as does the Local Government Act (1993, NSW).

Once again it is not possible to include all comments, but some of the more notable or common sentiments appear below:

'Not much happens now, so why pay more for nothing.

If the price increase happens, it will exceed some current Sydney councils, which have exceptional services such as footpaths, curb-side guttering, periodic excess rubbish collection and full parks, gardens and road maintenance'.

Taxation is not a fee for service. It is true that rates are typically lower in Sydney for better services. However, land/house prices are also many times higher. The financial assistance grants are supposed to facilitate horizontal fiscal equalisation, and this does not currently seem to be happening with reference to the definition in the legislation (Local Government (Financial Assistance) Act 1995, CTH).

'Most of the meetings were "in-person". We were unable to attend any of the meetings, due to a person with profound disability in our household. Why were the meetings not streamed online? Questions and Answers sessions online would also have been beneficial. We did get to watch the Dr Drew video, but when trying to load the survey to have a say, it would not work. If you would like everyone to know about the details of this SRV, including access to all meetings and information, it needs to be made available for all rate payers. It needs to be inclusive, disabled, carers and any other groups should be considered, and how best they can be included, and have a say'.

There may be some confusion about what we did provide. An online meeting was conducted, and Professor Drew answered all of the questions posed.

'Please increase our rates so our services can improve. Thank you for putting this information out'.

No reply required.

'What will happen if people don't pay their rates? How many people pay their rates on time now?'

People struggling to pay rates should contact Council and ask for consideration under the Hardship Policy. Data on rates and fees outstanding is included in the full reports (it is about typical for the peer group, but there are other salient factors at play).

'Don't approve it, fed council poorly manage funds, invest in nil return projects, they have a culture of back scratching. They would be best to cull internal expenses like indoor swimming pools that cost run at a loss of 600k per year... you can't have more money, essentially asking to 70% the rates just to maintain the status quo'.

The money is requested to redress hard infrastructure shortfalls and also to make the existing Temporary SRV permanent.

'Apart from being financially burdened by these extra charges please refer to the above. I think it is disgusting that Council can dictate these extra rate increases without seeing any local improvements and services to ratepayers.'

Council can't dictate extra rates increases – they apply for a SRV, but the decision will be up to the Independent Pricing and Regulatory Tribunal.

'Howlong is the loser to amalgamation into Federation Council and has been neglected since 2016. My greenway was a tidy strip that I could easily mow, Council came in to look for a 'leak' in 2022 and has left a dug up, weed infested swamp that now breeds mosquitoes. I do not see how confiscating even more rate payers' money will improve Council performance?'

Rates are not a fee for service. The proposed SRV is to redress hard infrastructure shortfalls.

'The community need to accept that demands and expectations are increasing which will require more funds for council to enable their delivery'.

It is true that demands are increasing across government generally. Extra spending comes with a need for extra revenue.

'We would like a dental clinic - we would like a permanent vet - just like Mulwala and cheaper water rates!'

Dental and veterinary services are not a local government responsibility. Water charges are not subject to an SRV.

'This should have been implemented years ago.'

Agreed.

'1. We have a rental property in Corowa and by law we can only increase the rent by up to 10% each year (tell the 3 wive men about that)

2. We live in a place in South Corowa, pay in the top bracket of residential rates in the shire and have NO curb and guttering!! a mess

3. The airport got everything there, amenities block hot and cold water 24/7 (no one there) could have had army training, did have, gliding, sky diving - all gone, Could be generating income. (Did the 3 wive men look at that?)

Need to get the local news reporter on to this!!'

We are not sure how Council or IPART could respond to this.

'The SRV is a sham. This is a retirement community that cannot expect such additional cost impost during more difficult times. Council needs to be more prudent with expenditure e.g. stop pouring concrete throughout our beautiful foreshore, stop putting up new flags that people don't want. Why have a library open on Saturday's when no-one uses it? (including heating and cooling costs)'

The process is regulated by IPART and supported by law, so is unlikely to be a sham in the literal definition. The operational matters raised have been forwarded to Council.

'Make housing available and affordability for now new people to live in our town which would have better outcome for your bottom-line to keep services alive and sustainable'.

Council has limited levers available to it with respect to housing affordability. Growth has been shown in the scholarly literature to actually make Councils less sustainable.

3 Post-Meeting Surveys

One of the really important things to consider is how people feel after they have been given the opportunity to find out more and have their questions answered. The famous political scientist, Riker (1990), declared that getting people to change opinion is the most difficult of all rhetorical tasks because it implicitly requires them to admit that they had previously erred (something most are disinclined to do).

We conducted six in-person meetings and one online event at the following times, and attended as follows:

- Community Meeting: Monday, 29th of July 2024 – Oaklands RSL, Bowling and Community Club: 9am – 11am.
- Community Meeting: Monday, 29th of July 2024 – Morundah Palladium Theatre: 12.30pm – 2.30pm.
- Community Meeting: Monday, 29th of July 2024 – Urana Bowling Club: 6pm – 8pm.
- Community Meeting: Tuesday, 30th of July 2024 – Club Mulwala: 10am – 12 noon.
- Community Meeting: Tuesday, 30th of July 2024 – Corowa Golf Club: 6pm – 8pm.
- Community Meeting: Wednesday, 31st of July 2024 – Howlong Football Club ‘Mighty Murray Room’: 10am – 12 noon.
- Community Meeting ‘Online’: Thursday, 1st of August 2024: 6pm – 8pm.

Total attendance at public meetings was recorded at:

- 33 at Oaklands.
- 8 at Morundah.
- 31 at Urana.
- 10 at Mulwala.
- 43 at Corowa.
- 22 at Howlong
- 14 at the online meeting.

Total Attendees: 161.



Federation Council, 2024 social media post – Monday 5th August 2024. Pictures: Federation Council taken at various SRV community meetings.

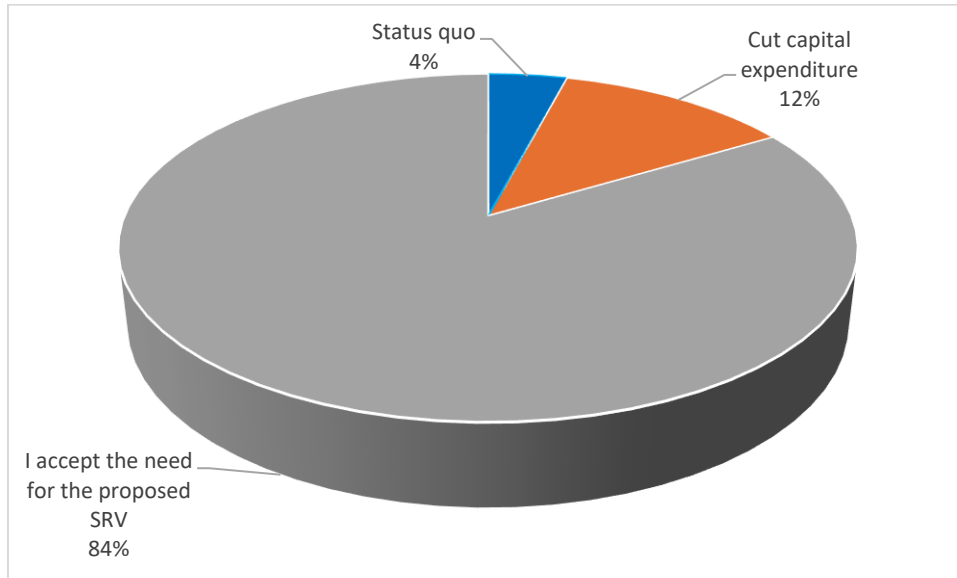
The far majority of comments and questions were productive and constructive. Indeed, just two people out of all the audiences were disinclined to approach matters in a constructive manner (this is much better than we have ever experienced before in similar SRV forums).

Both Professor Drew and Council received considerable positive feedback on the quality of the information presented as well as their willingness to encourage and fully respond to questions. This is also reflected in the results that follow.

Perhaps the only disappointment is that relatively few people attended – but in view of the feedback we received around town (that people understood the proposal and trusted the independent process) this can be interpreted as a positive sign.

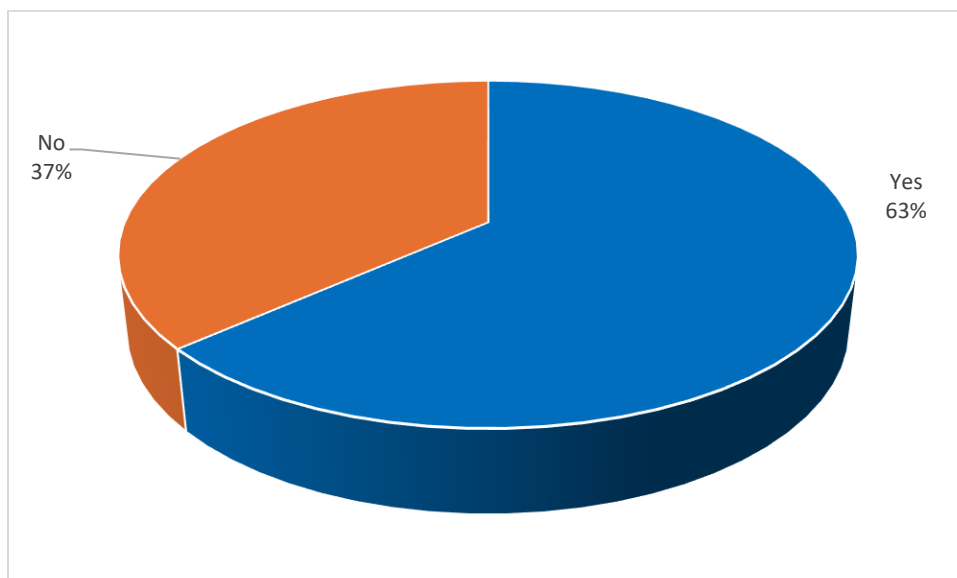
A survey was handed out after the presentation and people were encouraged to complete it. The first question precisely repeated the preference options given in the pre-meeting survey. After exposure to additional information (including the presentation, question and answer time) an astounding eighty-four percent of respondents said that they now agreed with the proposal. This is well over a fifty percent improvement on the previous outcomes and attests, beyond any reasonable doubt, that the communication was indeed effective. Notably, the respondents included the membership of groups who had previously been organised around objecting to a special rate variation in 2022. It is hard to believe that any better outcome could be possible for a SRV of this magnitude in a community with this history.

Figure 9: Preference After Obtaining Additional Information



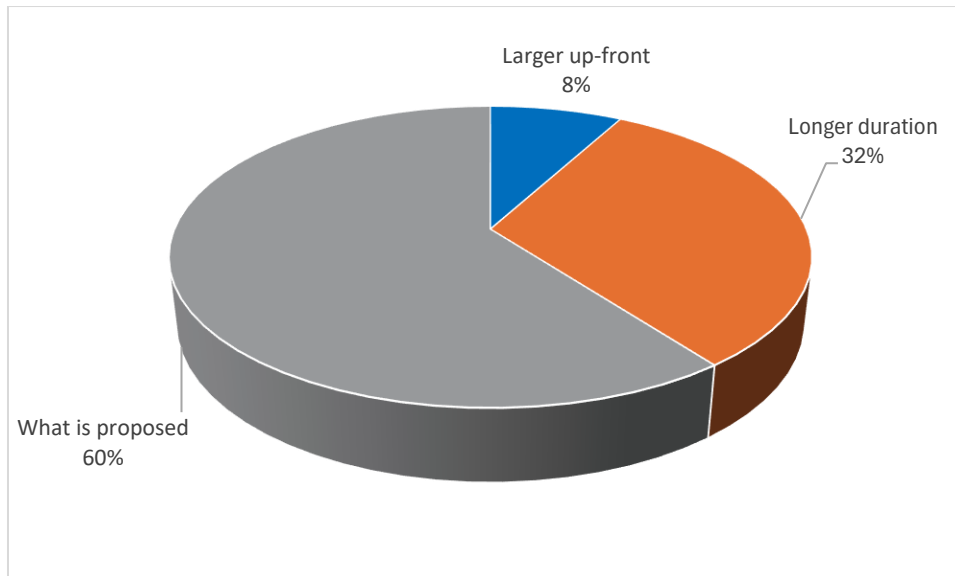
In Figure 10, we asked people if they had changed their response from previous feedback and we found that almost two-thirds had indeed done so. Once again, this is a remarkable result – especially given the well-known limitations of rhetoric (Riker, 1990).

Figure 10: Change in Response



We also inquired of people regarding their preference for the timing of the proposed SRV. Around sixty percent agreed with the proposal (Council and IPART will recall that our original proposal had already been amended in response to the detailed feedback from the lengthy pre-consultation engagements). Some people also wanted longer duration, and others shorter. We would be reticent to recommend a lengthening of the duration because doing so results in the accrual of risk – if future rate caps differ to the assumed then this may well leave council with insufficient funds, or the community paying more than might otherwise have been planned (in real terms). By way of contrast, a shorter duration would mean a far higher percentage in the first year, and thus give rise to ‘bill shock’ and potentially exacerbate capacity to pay concerns. Thus, on balance we agree with the majority that no change seems warranted.

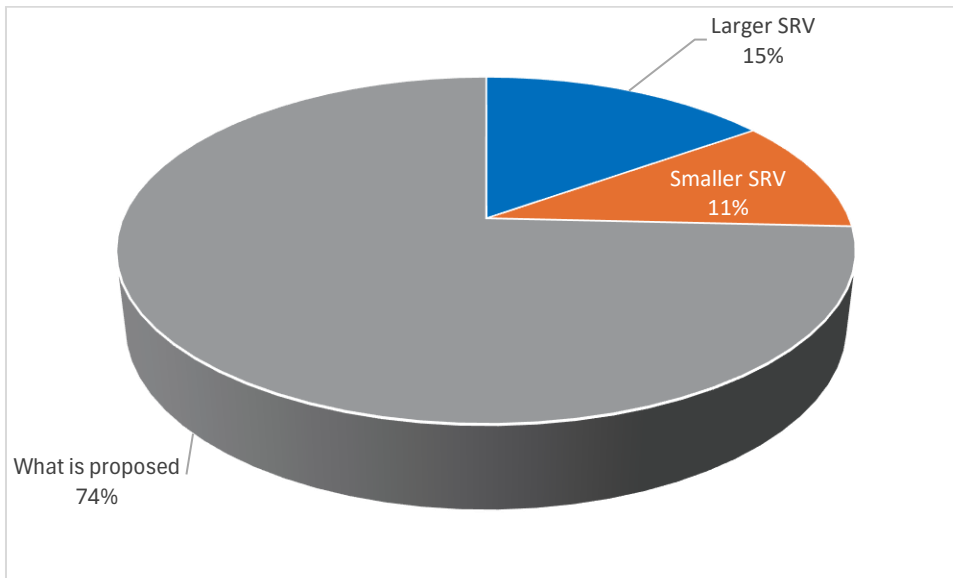
Figure 11: Timing Preference



We also asked people whether they agreed with the overall size of the proposal. Around three-quarters did express agreement. Only eleven percent wanted a lower SRV. An astounding fifteen percent called for a higher SRV.

This result is surprising given the history at Federation Council: especially, the large protests and form-letter objections that occurred in 2022. Nobody wants to pay more tax – *the fact that more people are now calling for a larger SRV, than a smaller one, speaks volumes about the effectiveness of the lengthy journey Council has undertaken with the community.*

Figure 12: Size Preference



Once again, we provided the opportunity for respondents to write unstructured comments. Professor Drew promised to personally read and consider each and every comment. Below we detail our responses where appropriate. In sum, we did not find any compelling reasons to alter the proposal beyond the changes that had already been recommended and accepted following the pre-consultation.

3.1 FEEDBACK TO COUNCIL

Table 3: Feedback to Council

Sentiment	Number	Response
Accept	4	Many other comments also suggested acceptance – these are the ones that only stated this single sentiment.
Guarantee money will be spent on essentials/roads	19	Common refrain. This is what is in the plan, reports and application. It is the clear intent of the current councillors and staff.
A simple example about how this affects individuals	1	Unfortunately, Councils have been penalized in the past for making exemplars too simple. Professor Drew spoke quietly to a number of people after the meeting to provide simple instructions regarding how to estimate the likely effect on individuals given their specific circumstances (with appropriate caveats).

More timely responses from Council staff on general matters	1	Feedback passed onto Council.
Continued collaboration with the university	1	Feedback passed onto Council. Professor Drew always makes himself available to Councils that he has worked with in the past, if they approach him.
Very impressed with presentation	9	Thank-you it is difficult to present all the required information in an engaging way, over 90 minutes or so.
Review efficiency and productivity	2	This has been done in detail, and also globally as outlined in these reports and the 2023 work.
Specific feedback on projects	1	Feedback forwarded to Council.
Capacity to pay	3	We remind respondents of the Hardship policy and other recent work on improving CTP.
Private enterprise would do better	1	Local government exists in large part because of market failure. Moreover, recent corporate collapses and scandals probably do not support the professed sentiment.
De-amalgamate	1	This is not a decision for Council or IPART.
Such is life	2	A kind of acceptance.
Well done, Council	2	It is nice that some acknowledge the sterling work of council staff and councillors, despite challenging conditions.
Roads, doctors, skatepark, sewerage works	1	Essential works will be the priority of scarce funds.
De-regulation	1	We are not sure how to reply to this.
More for Villages	1	Rates are a tax, not a fee for service.
Less on roads	1	This seems to be an outlier comment but reflects the difficulty of getting consensus in a democracy.

Sell the pool	1	Alternate proposals for minimizing costs are currently being executed.
Sell all non-productive assets	2	Most council assets are non-productive (e.g., roads). Some divestments are called for in the 2023 reports and are currently being investigated.
Keep advocating for fairer grants	1	This is certainly a priority of current Councillors.

It is beyond the scope of a report to list all of the comments; however, surprising or major themes are reproduced below:

'I appreciate that this increase is necessary but I would like to have a guarantee that this money goes to essential infrastructure'

The current Councillors and staff are committed to spending the additional revenue on essential infrastructure. There is no way to guarantee future spending in a democracy – the best that can be achieved is to write it into documentation like we have done.

'I am concerned that roads will not be where the SRV is spent. Rather it will be used up funding a budget shortfall'

There is a budget shortfall at present – we are not spending sufficient monies on essential infrastructure. Please also see above.

'Very impressed with Professor Drew's information. Was a very worthwhile study'

When Councils engage in a rigorous, independent SRV process lasting education and change are the outcomes. We are glad to have been able to help the community in this endeavour.

'No matter what we say or do, as prices go up so does infrastructure [costs]. Such is life.'

This is correct. Revenue needs to keep up with rising costs.

'Proposal transfers debt burdens to residents'

The main purpose is to conduct essential maintenance and thus reduce ballooning implicit debt. Residents are being asked to contribute additional taxation (commensurate with what is paid elsewhere in the state) so as to *reduce* debt burdens which would otherwise grow.

'Thank you council...think the attendance was appalling'

It is a shame that more people couldn't attend multiple opportunities and formats. Most people agreed with you that the session was very helpful, but sadly we can't compel citizens to become better informed.

'Very informative presentation by Prof Drew...it is a pity that not more attended'

Common refrain on surveys and in person. We provided lots of opportunities to attend over various mediums but cannot compel people to take up these offers.

'So clear why we need this...Prof Drew presentation was amazing...clearly an expert at this sort of stuff'

See above.

'Great presentation...extremely convincing that we really have no alternative'

See above.

'Not convinced that benchmarking against other councils means we are well managed....we should aim to be the most efficient not average'

Benchmarking against others is what OLG and IPART recommend. FDH analysis sets out – beyond reasonable doubt – that council is *far more* than average in efficiency (in fact, it is consistently more efficient than just about every other council in the state).

'This is worded in a way that gives no choice but to agree with Council'

Every question had multiple options, including options inconsistent with the views of the report authors. Furthermore, free flow comments were allowed – such as the one availed here. Perhaps the situation itself led the respondent to conclude that there was no choice.

3.2 FEEDBACK TO IPART

Table 4: Feedback to IPART

Sentiment	Numbers	Response
Assurance around spending	2	This was a common refrain. It is unlikely that IPART can provide these assurances in a democratic local government system.
Happy with the explanation provided at meeting	2	IPART should feel assured that people who elected to engage were provided with effective communication.
If we don't act now, it will be worse in the future	1	There is certainly a sense of urgency around this application compared to last time.
We need this.	2	No comment required.
Should be trying to talk to present and intending councillors	1	The experts have spoken extensively with Councillors for well over a year. Intending councillors were invited.
More consideration needs to be given to capacity to pay	1	Certainly, the case – the sophisticated robust evidence is very important in this respect.
Defund needless bureaucracies such as yourself (presumably IPART)	1	No comment seems appropriate.

The temporary approval by IPART was disappointing	1	Some people can see that a Temporary or rejected SRV increases costs to the ratepayer, notwithstanding a general approval for the notion of assurance.
Emotional blackmail	1	One person was upset by the morally confronting fact that a failure to pay requisite taxes now does have implications for the next generation, especially around implicit debt.
Understand the predicament at a local level.	1	We are sure IPART will seek to do so.
Cost efficiencies not evident + blowouts.	1	One person rejected the sophisticated FDH, DEA and other evidence of high relative technical efficiency.

The table above is essentially equivalent to reading the full comments that can be found on individual surveys.

Further feedback was provided to the community in a YouTube video hosted on the Council website:



4 Suggested Response to Feedback and Conclusion

In sum, we have not been presented with any evidence or compelling reasons to make further changes to the SRV proposal (beyond those already made following the extensive pre-consultations).

Data clearly shows that this SRV engagement was one of the most effective in the history of the program – people who previously vigorously opposed the SRV have now come on board.

Council and staff should be congratulated for committing to a rigorous and strictly independent process. The vast majority of the almost thirteen thousand people in the local government area are clearly comfortable with the approach.

We do recommend that Council proceed with the proposal as presented to the community and overwhelmingly endorsed by the people.

We also recommend that Council update the community as soon as a decision has been made by the newly elected representatives through some sort of mailout.

We are willing to speak to the new Councillors, after they are elected, and will continue to provide support to the community via video, zoom, and written materials as requested.

We do not recommend that Council try to simplify the message in communications in any way that might transgress the OLG and IPART guidelines.

We are grateful to staff – particularly Alannah Greenwood – for their support and engagement during this process. We are especially grateful for her taking the time to drive Professor Drew about, who was struggling with his spinal cord injuries at the time. We are also appreciative of the Councillors for their strong support of our rigor and independence.

Most importantly, we are grateful to the community for their engagement and trust in us, on a matter that is likely to be one of the most important decisions of a generation.

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