

Our Place Our Future

Communications Strategy

July 2022



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ACKNOWLEDGEMENT

Lithgow City Council acknowledges the Aboriginal people of the country on which we work, their traditions, culture and a shared history and identity.

Lithgow City Council also pays respect to Elders past and present and recognises the continued connection to country.

Part of our community every day

We are focused on the future, as much as we are on today.

We are everywhere our community lives, works and plays – every day.

We are at work on our roads, bridges, footpaths in our main streets, parks, civic centres, and sporting facilities.

We support our community through ageing and disability services, youth and Aboriginal programs, building and developing community connections.

We support events across our region and provide essential utility services to large parts of our community.

We plan for the sustainable use of our land: we protect and manage our natural environment as we look to our community's future.

We are striving for a better tomorrow by continuously reviewing the way we operate, planning economic development programs, partnerships, and cultural services.

This is what we do for our community – every day.

Introduction

Important decisions about our community assets and services

There are some important decisions that Council must make about the future of our assets and services. We need your input.

Over the last twelve months, Council has undertaken a comprehensive review of its finances and the assets and services it provides to our community.

Through our surveys and ongoing engagement with residents, Council has heard what's important to our community. Residents want to see a greater focus on road maintenance, economic development and diversification and provision of services and facilities for our youth. Council is ambitious to meet these expectations, but we must also operate within our means.

As part of Council's integrated long-term resource planning, two alternative funding options have been developed. Council has prepared this Communications Strategy outlining the preferred options and setting out the impacts expected on our assets and Council service levels. This Strategy will guide the community discussion about these matters.

We recognise strong, effective communications and engagement with our community delivers a range of benefits. This includes strengthened relationships, building support and participation, and improving community awareness of our programs, activities, and services.

When we communicate with our community, we are mindful we are not engaging with one group of people, but rather a complex and diverse range of audiences. All these audiences are important in different ways, and at different times, to develop and deliver Council services.

In recent years, Council has continued to adapt and identify new communication methods in a complex and dynamic environment. Our communications challenge is to cut through this clearly and simply.

To do this, we value direct communication with our community, supported by traditional and social media. We continue to assess new communication methods to ensure we engage with our community in the ways and places they most respond.

Delivering our Vision and Mission

The delivery of effective communications activities is crucial to the realisation of our organisational mission, and through this, to support the realisation of our community's vision.

As a community, we have a vision – set out in our ***Our Place Our Future Community Strategic Plan 2035***.

Vision: *A centre of regional excellence that:*

- *Encourages community growth and development*
- *Contributes to the efficient and effective management of the environment, community, and economy for present and future generations*

To support this vision, Council is committed to the provision of timely, efficient, and consistent quality customer services provided by knowledgeable and helpful officers that meet our customer's expectations.

Mission: *Our customer service mission is to provide excellent service levels to our community that contribute towards the achievement of Council's vision. We expect that all staff are committed to pursuing excellence in their role and to be responsible and accountable representatives of the Council.*

Our Values

Council's communications and engagement activities are also aligned to fundamental principles for engagement of social equity and justice. ***Our Place Our Future*** Community Strategic Plan 2035, outlines our values as:

- Inclusive
- Accessible
- Respectful
- Transparent and Accountable
- Civic Leadership
- Sustainable

Our Aim

Our aim is to keep our community informed of what matters most to them.

Our community understands that Council's ability to maintain our local community assets and deliver the outcomes residents want is constrained by our financial resources. Council cannot live beyond its means.

We are connecting with the community to understand whether they support a Special Rate Variation, to support Council continuing to maintain assets and provide the same services in future years.

Our Principles

Principles	Descriptors
Honest	True and accurate
Open	Transparent and accessible
Timely	Planned, proactive and responsive
Clear	Concise and easy to understand
Consistent	Uniform in tone and meaning regardless of channel or audience
Purposeful	Relevant, topical, and aligned to community interests
Accessible	Delivered across multiple channels

Our Objectives

This strategy and documentation will guide the community engagement process in relation to Council's proposed Special Rate Variation (SRV) application. Our communications and engagement program are built on the core principles and descriptors included in the IAP2 Spectrum of Public Participation¹. It demonstrates Council's commitment to consulting and seeking feedback on its future financial sustainability.

Throughout this process, Council will inform, consult, and collaborate with the community and stakeholders on the proposed SRV application and seek views from residents through a comprehensive engagement and consultation program. We will explain, and we will also listen:

1. To ensure the community is aware of Council's financial situations.
2. To seek feedback on Council's preferred pathway to maintain its assets and continue providing services.
3. To gain an understanding of acceptable service levels to be provided to the community.
4. To take into consideration and build upon other Council community engagement, processes, initiatives, plans and strategies that have already been implemented.
5. To provide feedback to the participants, and the community, on the results of the engagement processes.
6. To monitor, evaluate and review the effectiveness of implementation of this SRV Communications Strategy.

Our communication framework

Who are we talking to?

Lithgow City Council area is home to 21,605 people, living in Lithgow, Wallerawang, and Portland and across 12 villages and localities from Capertee and the Wolgan Valleys in the north, Little Hartley, Kanimbla and Megalong Valleys in the east, Tarana in the south and Meadow Flat in the west.

When we are communicating with our community, we are mindful that we are not dealing with one group of people, but rather a complex and diverse range of audiences.

All these audiences are important in different ways, and at different times, to the delivery of Council services. Most of the time we are not trying to communicate with everyone, as specific Council issues, initiatives or programs usually only relate to segments of our community, so we need to be constantly thinking about who we need to reach with our activities.

¹ IAP2 International Federation for Public Participation (2018)

Council's SRV communication activities will be different to other communication activities as we aim to reach all our residents. Further, Council will present information that allows community members to understand why the increase is being sought, and how it will affect the rates they pay.

In broad terms our communication activities will be tailored to residents and rate payers that fall within proposed rating categories, and ensure our communications fully disclose all relevant information and clearly identify the impact of the proposed rate increase on the various categories of ratepayers.

Our community	Council	Other key stakeholders
Residents Ratepayers Visitors Businesses and business organisations Community, sporting and social groups Indigenous organisations Environmental groups Key service users	Councillors Council committees Council volunteers Employees	Local members of Parliament (State / Federal) Our Aboriginal Elders Neighbouring councils Government agencies Media

We understand the needs of our business and industry rate payers are different to our household ratepayers. Council has tailored stakeholder engagement of key industry sectors at the highest possible levels of the IAP2 Spectrum of Public Participation (Collaborate), including mining, quarrying and power generation to ensure we understand their detailed plans and receive feedback on our proposed SRV application.

What are we talking about?

Council provides information to our community to build their knowledge of our projects, services and activities and decision-making processes. We do this in line with our principles and objectives and convey the important message to our community that we are part of their everyday.

We are inviting the community's feedback on some important decisions that Council must make about the future of the assets and services it provides to the community.

Through our long-term financial planning, we have identified Council is not financially sustainable to continue providing existing levels of service in either the short or long term.

We are specifically talking to the community about proposed rate increases that can ensure the ongoing maintenance of assets and delivery of services at the standards which the community expects. Our communications activities build on the way our community views our services and demonstrates how we are a positive part of their lives.

When are we talking to our community?

We are holding a constant conversation with our community about our activities, services and decision making and recognise repetition is the key to successful message delivery.

As part of Council's Integrated Planning and Reporting Framework requirements, the need for communicating and engaging the community specifically relating to a potential SRV was outlined in the *Community Engagement Strategy (April 2022)*.

A comprehensive plan and timeline are outlined in this Strategy document which commenced in April 2022 and will continue through to May 2023.

Why are we communicating with our community?

We communicate to inform our community of our activities, services, and decisions and to build relationships with our community. By delivering effective SRV communications activities in line with our principles, we are working to build trust with our community and assist in delivering our organisational mission.

Communicating with our community is not a new requirement. It is a requirement that is expected by all stakeholders, and one for SRV purposes, must also meet IPART requirements.

Communicating openly and honestly will help Council's engagement processes and build trust with the community.

How do we communicate with our community?

The management of the communications at Council is undertaken within a framework of policies, procedures and guidelines, informed by the overarching principles outlined in this Strategy and aligned to the IAP2 Spectrum of Public Participation.

Council's media and social media policy provide a structure for our interactions with our community and key stakeholders via those channels.

Council covers several towns, villages and localities that have different ways of receiving information, different interests and communications needs. Council carefully considers all residents, their communications needs and the need to provide two-way feedback. It balances the need to provide targeted communications on specific networks and methods (letter, individual, town halls, community sessions), and general broadcast and feedback of information via social media and media channels.

Alignment to Community Engagement Plan

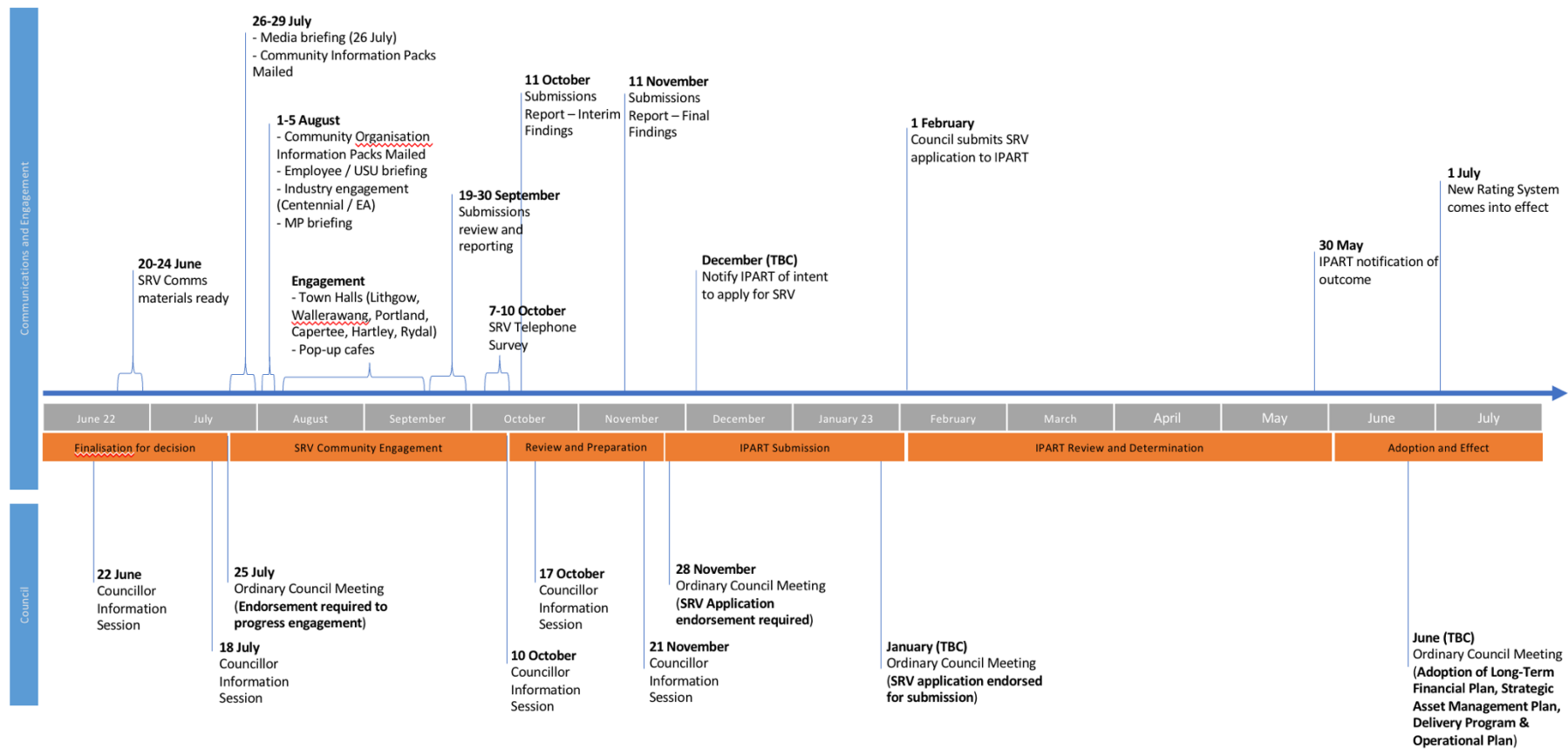
This Strategy and documentation have been developed to support Council's community engagement and demonstrates a commitment to seeking feedback on the issues facing the community and proposed SRV application process.

The Strategy supports Council's commitment outlined in its Community Engagement Plan to:

1. Avoid Shocks – Council is pro-actively implementing sound financial planning to ensure we live responsibly within our means, manage risks and prioritise resources to achieve best outcomes.
2. Balance the Budget – given that costs are rising in real terms more than income, the Council is taking action to balance its budget by finding efficiencies and cost savings.
3. Responsible borrowing – Council is committed to borrowing only for key infrastructure projects which are assessed on a business case basis including consideration of life cycle costs. The Council manages its borrowings within industry benchmarks, which measure borrowing and repayment capacity.
4. Maximise opportunities to leverage funding from the State and Federal governments by ensuring a close alignment of goals and the sharing of resources.
5. Maximise opportunities to leverage support and growth from the private sector by ensuring close infrastructure alignment planning, clear land use planning, and the identification and resolution of constraints to sustainable growth.
6. Review and adjust services – Council is committed to ongoing review of its services to ensure we are providing quality, value for money services responsive to the changing requirements of the community over time.
7. Advocate for a fair deal for the Lithgow community – this involves advocating to other levels of government for a fair share of funding and reduced cost shifting onto local government and building partnerships to achieve positive outcomes.

We understand the needs of our business and industry rate payers are different to our household ratepayers. Council will tailor our engagement to key industry sectors, including mining, quarrying and power generation to ensure we receive feedback in relation to the proposed SRV application.

Communications and Engagement Timeline



Evaluate, Review and Monitor

This Strategy has been developed in conjunction with Council stakeholders and based on previous communication and engagement methodologies and improved practices. Many of the actions are part of Council's ongoing feedback loop with the community.

Feedback received through Council's community engagement at Town Halls, direct engagement with residents, and on social media, will be two-way and will inform our proposed SRV application.

Items listed in these plans will be monitored and reported on to Council, General Manager and Steering Committee on a regular basis.

Specific market research may also be undertaken as part of developing various elements of the action and development plans.

Appendices

1. Core Messages
2. Ratepayer Letter – Household (1-page)
3. Ratepayer Letter – Household (2-page from the General Manager)
4. Ratepayer Letter – Business (Mining and Power Generation)
5. Ratepayer Letter – Business (Quarries)
6. Community Information Pack
7. Website
8. Frequently Asked Questions (FAQs)

1. Core Messages

Consulting about proposed changes to commence on 1 July 2023

Important decisions about our community assets and services

There are some important decisions that Council must make about the future of our assets and services. We need your input.

- Through our community surveys, Council has heard what is important to you.
- Residents want to see a greater focus on road maintenance, economic development and diversification and provision of services and facilities for our youth.
- Over the last twelve months, Council has undertaken a comprehensive review of its finances and the assets and services it provides to our community.
- Council's ability to maintain our local community's assets and deliver the outcomes residents want is constrained by our financial resources.

Secondary

- Compared to very similar councils, Lithgow City Council collects considerably less rating income.

Council's proposed options

- Council faces growing challenges to maintain community assets and services at existing levels.
- Rising costs have not kept pace with income and Council has experienced a decade of deficits in its financial operating results and expects deficits to continue in all future periods.
- Over recent years, Council has taken decisive action to contain costs and increase its own-source revenue.
- Council has a responsibility to 'live within its means' over the long-term.
- In 2021/22, an external review of our financial position assessed that Council requires an additional \$4.75 million annually to meet existing levels of service – mostly related to roads.
- Council also believes it requires a further \$1.25 million annually to provide additional economic and other services that will put our community in the strongest possible position to respond to the local economic challenges and grasp local economic opportunities.
- Council is seeking community input on two options to ensure a financially sustainable future for Lithgow local government area.

Secondary

- In 2021/22, we achieved net savings of \$1.2 million against budgeted employment costs. Other expense budgets have been held at the same levels year-on-year.
- Despite these constraints, Council has endeavoured to minimise impacts on service levels.

What is the Special Rate Variation we are seeking?

- Importantly, the increase relates solely to land rates
- Whilst the overall increase Council is considering is 42% plus expected rate peg, considerable care has been taken to distribute the rating amongst the various rating categories to better align our rating collection with the cost to Council of delivering services to the people and businesses in each rating category in an efficient and affordable way.
- Council has carefully considered the impacts of affordability and recognises that the residential category has less capacity to pay than other categories. For this reason, it is proposed that the increase in the residential category is 26.5% (or approximately an additional \$150 per year on the typical land rating bill).
- The precise amount may vary depending on increases or falls in individual property values.

What are the options?

Option 1 – Service Levels Maintained

- The external review identified a shortfall of \$6 million in Council's general revenues which equates to a 42% overall increase in rates.
- Council would apply for a permanent increase, in our general rate income (a Special Rate Variation) above the existing rate peg set by IPART.
- Considerable care has been taken to distribute the rating amongst the various rating categories to better align our rating collection with the cost to Council of delivering services to the people and businesses in each rating category in an efficient and affordable way.

Option 2 Service Levels Reduced

- Council understands that it is a difficult decision to substantially increase rates.
- If Council chooses not to proceed with a rating increase or IPART determines not to approve Council's application, Council will undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service.
- The plan will prioritise the maintenance of essential services over more discretionary services.
- Council anticipates that this process would take approximately twelve months and will again involve extensive community engagement.

Put simply, Council's available funding is insufficient to continue current service levels into the future.

What does this mean?

Option 1 – Service Levels Maintained

- Under Option 1, we can continue to maintain Council's services and \$530 million infrastructure assets.

- We can also build capacity in Council's organisation to improve its financial sustainability, capacity and performance in future years.
- **If you prefer Option 1 'Maintained', Council can:**
 - Maintain roads, footpaths, town centres, and buildings to a level agreed with the community.
 - Address Council's infrastructure renewal backlog over time.
 - Maintain services to the community, including playing fields, parks, aquatic centre, libraries, community facilities.
 - Improve its financial sustainability and performance, including supporting local economic diversification.

Option 2 – Service Levels Reduced

- Under Option 2, Council would put a plan prioritising essential services and reducing more discretionary services.
- The focus would be managing risk, including closure or removal of unsafe infrastructure.
- This plan would be developed and finalised with deep consultation with the community.
- If you prefer Option 2 'Reduced', Council will:
 - Present a plan that scales back the provision of infrastructure and services to align with existing Council revenues.
 - Reduce services for community and recreation facilities and services and close unsafe facilities.
 - Continue to reduce services over future years as short-term service level reductions will not be sufficient to ensure essential assets reach assumed asset lives.

What is a Special Rate Variation and why are we considering one?

- A Special Rate Variation allows a council to apply to increase its general income above the rate peg, under the provisions of the Local Government Act 1993 (NSW).
- All Councils in NSW are required to meet a series of benchmarks and validate their future sustainability on a regular basis.
- This is to ensure we have the financial capacity to fund the cost of community services and infrastructure that we manage on your behalf.
- This is not a new requirement. It is a requirement faced by all levels of government, not just local councils, and not just Lithgow.
- Revenue constraints have meant that we have not been able to spend as much as we need on maintaining and renewing our assets.
- Over the past several years, Council has continued to review its operations and maintenance programs, reducing costs where possible, and looking to diversify its revenue streams.
- Through our long-term financial planning, we have identified Council is not financially sustainable to continue provide existing levels of service in either the short or long term.
- Council considers seeking a Special Rate Variation to be in the best interests for community.

How will a proposed Special Rates Variation affect my rates?

- Council has developed a Rates Calculator which is available on the Our Place Our Future webpage, <https://ourplaceourfuture.lithgow.com>.
- To use the calculator, you will need to know the valuation of your property that is set by the Valuer General. This value is based on the land value only and does not include any improvements such as buildings. The valuation of your property can be found in the financial details section of your rate notice.
- Council has carefully considered the impacts of affordability and recognises that the residential category has less capacity to pay than other categories. For this reason, it is proposed that the increase in the residential category is 26.5% (or approximately an additional \$150 per year on the typical land rating bill).
- The precise amount may vary depending on increases or falls in individual property values.
- Council has a Hardship Policy to accommodate the special needs of those unable to pay their rates in full on time.

What will happen if Council chooses not to proceed with a rating increase after hearing from you, or IPART chooses not to approve Council's application?

- Council understands that this is a difficult decision.
- If Council chooses not to proceed with a rating increase or IPART chooses not to approve Council's application, Council will undertake a comprehensive review of its services and present a plan to the community for a reduction in service levels.
- The plan will prioritise the maintenance of essential services over more discretionary services.
- Council anticipates that this process would take approximately twelve months and will again involve extensive community engagement.

How to Have Your Say

- Your feedback is important to us.
- Please take the time to review the information in this pack and have your say.
- You can do this by completing feedback form and mailing to Council with reply-paid envelopes provided, or by using the website form.
- Council will be holding town halls throughout the LGA from early August through to mid-September.
- You can also schedule a one-on-one session with a Council officer at a café pop-up stand.
- Alternatively, you can send Council an email, or contact the Mayor or your local Councillor.
- Council has also engaged Micromex, an independent research team, to conduct a telephone survey of a sample of residents to assess views on the options. This will take place in October 2022.

2. Rate Payer Letter – Household

AN IMPORTANT MESSAGE FROM THE MAYOR

Consulting about proposed changes to commence on 1 July 2023

I am writing to you in relation to important decisions that this Council must take about the city's future, including the levels to which community infrastructure is maintained and the services we are able to offer to the community.

The background is that, in preparing for this term of Council, the General Manager commissioned a significant piece of research about Council's financial capacity. This was undertaken by independent experts who are external to the Council. The research was necessary because, despite decisive action being taken to reduce costs and increase revenue, the Council has experienced a sustained period of deficits in its financial operating results for approximately two decades. Furthermore, it has been explained to the Council that these deficits will continue in the future unless even more significant actions are taken.

Put simply, the Council has received clear advice that the current available funding received is insufficient to continue the existing service levels into the future.

The research found that Council requires an additional \$4.75 million annually to meet existing levels of service – mostly related to roads. Council also believes it requires a further \$1.25 million annually to provide additional economic and other services that will put our community in the strongest possible position to respond to the local economic challenges and grasp other opportunities.

This means that there are some important decisions that Council must make about the future. We need your input.

Council is seeking your input on two options. The detail of the two options is explained in the attachments. To summarise, one option involves an increase in rates to address the abovementioned identified shortfall. The other option would require service levels to be reduced.

I emphasise that the Council has not chosen one of these options over the other. That decision will be informed by public opinion. Consultation on these proposals has commenced. It will be extensive and provide many opportunities for you to participate and offer your opinion.

I assure you that Council is committed to both meeting the needs of our community and ensuring a successful future for the city. I also assure you that the Council is very alert to the issue of the capacity for our community to pay. The information pack accompanying this advice explains how this has been addressed.

To help us to make the best decision for this city and its community, current and future, I encourage you to have your say on the options put forward.

3. Rate Payer Letter – Household (2-page from the General Manager)

Consulting about proposed changes to commence on 1 July 2023

Important decisions about our community assets and services

There are some important decisions that Council must make about the future of our assets and services.

In 2021/22, an external review of our financial position assessed that Council requires an additional \$4.75 million annually to meet existing levels of service – mostly related to roads. Council also believes it requires a further \$1.25 million annually to provide additional economic and other services that will put our community in the strongest possible position to respond to the local economic challenges and grasp local economic opportunities.

Council is seeking your input on two options about our future.

What are the options?

Option 1 – Service Levels Maintained

Council would apply for a permanent increase in our land rates income (a Special Rate Variation) above the peg rate set by IPART. Land rates excludes water, sewer and waste charges.

The external review identified a shortfall of \$6 million in Council's annual general revenues which equates to a 42% overall increase in rates.

Care has been taken to distribute the rating as fairly as possible amongst the various rating categories, and the impact on residential rating under this proposal would be 26.5% (including expected rate peg).

Water, sewer and waste charges are not included in a Special Rate Variation.

Option 2 Service Levels Reduced

Council understands that it is a difficult decision to substantially increase rates.

If Council chooses not to proceed with a rating increase or IPART determines not to approve Council's application, Council will undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service.

The plan will prioritise the maintenance of essential services over discretionary services. Council anticipates that this process would take approximately twelve months and will again involve extensive community engagement.

Why now?

Council faces growing challenges to maintain community assets and services at existing levels. Rising costs have not kept pace with income. Council has experienced a decade of deficits in its financial operating results. As a result, decisive action has been taken to contain costs and increase revenue. Notwithstanding, deficits will continue if nothing changes into the future. Council has a responsibility to 'live within its means' over the long-term.

Put simply, Council's available funding is insufficient to continue current service levels into the future.

How will a proposed Special Rates Variation affect my rates?

Council has developed a Rates Calculator which is available on the Our Place Our Future webpage - www.ourplaceourfuture.lithgow.com.

To use the calculator, you will need to know the valuation of your property that is set by the Valuer General. This value is based on the land value only and does not include any improvements such as buildings. The valuation of your property can be found in the financial details section of your rate notice.

Council has a Hardship Policy to accommodate the special needs of those unable to pay their rates in full on time. Council is pleased to confirm that the pensioner rebate scheme will be maintained.

How to Have Your Say

- Review the information in this pack. There is a more detailed Our Place Our Future report at - www.ourplaceourfuture.lithgow.com.
- Complete the feedback form and return it to Council or use the website form at www.ourplaceourfuture.lithgow.com.
- Attend a town hall session - these will be held throughout the area from early August to mid-September.
- Schedule a one-on-one meeting with a Council officer at a café pop-up stand.
- Alternatively, you can send Council an email – srv@lithgow.nsw.gov.au or telephone 6354 9988.

Council will conduct a telephone survey of a sample of residents to assess views on the options. This will take place in October 2022.

I would like to assure you that Council is committed to both meeting the needs of our community and ensuring a successful future for the city. To help us to make the best decision for the Lithgow LGA, I encourage you to have your say on the options put forward.

4. Rate Payer Letter – Business (Mining and Power Generation)

CONSIDERATION OF SPECIAL RATE VARIATION

Council is considering applying to the NSW Independent Pricing and Regulatory Commission for a permanent increase to its Notional General Income commencing from the 2023/2024 financial year.

Council faces growing challenges to maintain community assets and services at existing levels. Rising costs have not kept pace with income and Council has experienced a decade of deficits in its financial operating results and expects deficits to continue in all future periods.

An external review of our financial position assessed that Council requires an additional \$4.75 million annually to meet existing levels of service. Council also believes it requires a further \$1.25 million annually to provide additional services that will put our community in the strongest possible position to meet local challenges and grasp economic opportunities. The options we are considering are:

- Option 1 – Service Levels Maintained: Council would apply for a permanent increase of **44.5%** overall increase in rates to maintain existing services and create additional capacity within the organisation in areas such as economic development and new employment creation.
- Option 2 – Service Levels Reduced: Council will **reduce existing service levels** in line with current revenue.

Council has identified your organisation as a key stakeholder for the purpose of our community consultations and would welcome an opportunity to meet with you in person to discuss the proposals being considered. It has been recommended that the mining and business (power generation) sub-categories make a proportionally larger contribution to the proposed increase than the residential, farming and business categories after considering capacity to pay, inter-generational equity and other matters.

Part of the additional services Council is considering also includes a \$500,000 (indexed) annual expenditure on transitions management. The expenditure represents Council's commitment to meeting the significant socio-economic challenges that lie ahead as our economy transitions to a low-carbon future. An external review has recommended that this sum be levied against the mining and business (power generation) sub-categories of Council's Rating Policy.

As you may appreciate, early planning can greatly reduce the costs of managing economic transition. Whilst we have assumed that the State and Federal governments will make some contribution to these efforts, Council also has a responsibility to contribute to efforts which ensure the most vulnerable in our community are supported during the period of transition ahead.

I would like to assure you that Council is committed to both meeting the needs of our community and ensuring a sustainable future for the City.

5. Rate Payer Letter – Business (Quarries)

CONSIDERATION OF SPECIAL RATE VARIATION

Council is considering applying to the NSW Independent Pricing and Regulatory Commission for a permanent increase to its Notional General Income commencing from the 2023/2024 financial year.

Council faces growing challenges to maintain community assets and services at existing levels. Rising costs have not kept pace with income and Council has experienced a decade of deficits in its financial operating results and expects deficits to continue in all future periods.

An external review of our financial position assessed that Council requires an additional \$4.75 million annually to meet existing levels of service. Council also believes it requires a further \$1.25 million annually to provide additional services that will put our community in the strongest possible position to meet local challenges and grasp economic opportunities. The options we are considering are:

- Option 1 – Service Levels Maintained: Council would apply for a permanent increase of **44.5%** overall increase in rates to maintain existing services and create additional capacity within the organisation in areas such as economic development and new employment creation.
- Option 2 – Service Levels Reduced: Council will **reduce existing service levels** in line with current revenue.

Council has identified your organisation as a key stakeholder for the purpose of our community consultations and would welcome an opportunity to meet with you in person to discuss the proposals being considered. It has been recommended that a new sub-category business (quarrying) be introduced and make a proportionally larger contribution to the proposed increase than the residential, farming and business categories after considering capacity to pay, inter-generational equity and other matters. This is to correct what is considered to be a significant cross-subsidy of quarrying businesses by other categories and sub-categories.

It is planned that the majority of additional expenditures will be allocated to roads funding.

I would like to assure you that Council is committed to both meeting the needs of our community and ensuring a sustainable future for the City.

6. Community Information Pack

Options for a sustainable Lithgow

[TOP SECTION]

Consulting about proposed changes to commence on 1 July 2023

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Over the last twelve months, Council has undertaken a comprehensive review of its finances, as well as the assets and services it provides to our community.

Through our community surveys, Council has heard what is important to you. Residents want to see a greater focus on road maintenance, economic development and diversification and provision of services and facilities for our youth.

Council's ability to maintain our local community's assets and deliver the outcomes residents want is constrained by our financial resources. Compared to very similar councils, Lithgow City Council collects considerably less rating income. An external review of our financial position assesses that Council requires an additional \$4.75 million annually to meet existing levels of service – mostly related to roads.

Council also believes it requires a further \$1.25 million annually to provide additional economic and other services that will put our community in the strongest possible position to respond to the local economic challenges and grasp local opportunities.

What this brochure is about

This brochure provides two different options for you to consider for a successful future. We encourage you to review each option detailed below and 'Have Your Say' on which option you prefer.

- OPTION 1 proposes a rate increase to MAINTAIN service levels
- OPTION 2 proposes increasing rates ONLY by the annual rate peg increase set by IPART – which will require REDUCED service levels

[MIDDLE SECTION]

Option 1 – Service Levels Maintained

Under OPTION 1, we can continue to maintain Council's services and \$530 million infrastructure assets. We can also build capacity in Council's organisation to improve its financial sustainability, capacity and performance in future years.

IF YOU PREFER OPTION 1 'MAINTAINED' WE:

- Maintain roads, footpaths, town centres and buildings to a level agreed with the community.
- Address Council's infrastructure renewal backlog over time.
- Maintain services to the community, including playing fields, parks, Aquatic Centre, libraries, and community facilities.
- Improvement in Council's financial sustainability and performance, including supporting local economic diversification.

Option 2 – Service Levels Reduced

Under OPTION 2, Council would put a plan prioritising essential services and reduce more discretionary services. The focus would be managing risk, including closure or removal of unsafe infrastructure. This plan would be developed and finalised with extensive community consultation.

IF YOU PREFER OPTION 2 'REDUCED', COUNCIL WILL:

- Present a plan that prioritises essential services that scales back the provision of infrastructure and services to align with existing Council revenues.
- Reduce services for community and recreation facilities, less capacity to support and advocate for community services, closure of unsafe facilities.
- Continue to reduce services required with future years as service levels will not be sufficient to ensure assets reach assumed asset lives.

[BOTTOM SECTION]**HOW WILL OPTION 1 AFFECT YOUR RATES?****Residential, Farmland and Business****Annual Rate Increase (%) 2023/24**

Rate peg (expected annual increase) 2.5%

Special Rate Variation (SRV) 24%

Total Annual Increase 26.5%**For Residential Ratepayers**

Residential	
Average Rates 2022/23	\$869.26
Add Rate peg 2.5%	\$21.73
Add SRV 24%	\$208.62
Average Rates 2023/24	\$1,099.61
Annual Change	\$230.35
Weekly Change	\$4.43

For Farmland Ratepayers

Farmland	
Average Rates 2022/23	\$1,705.50
Add Rate peg 2.5%	\$42.64
Add SRV 24%	\$409.32
Average Rates 2023/24	\$2,157.45
Annual Change	\$451.96
Weekly Change	\$8.69

For Business Ratepayers

Business	
Average Rates 2022/23	\$4,214.67
Add Rate peg 2.5%	\$105.37
Add SRV 24%	\$1,011.52
Average Rates 2023/24	\$5,331.56
Annual Change	\$1,116.89
Weekly Change	\$21.48

** Calculations are an estimate based on a typical rates notice using 2019 land values. The precise amount may vary depending on increases or falls in individual property values following 2022 valuations by the Valuer-General.*

The total increase to residential, business and farmland rates under OPTION 1 is 24% or 26.5% above the allowed increase (rate peg).

This option raises an additional \$6.5 million (including rate peg) for our City and revenue is retained permanently.

HOW WILL OPTION 2 AFFECT YOUR RATES?

Residential, Farmland and Business

Annual Rate Increase (%) **2023/24**

Rate peg only (expected annual increase) 2.5%

Total Annual Increase **2.5%**

For Residential Ratepayers

Residential	
Average Rates 2022/23	\$869.26
Add Rate peg 2.5%	\$21.73
Average Rates 2023/24	\$890.99
Annual Change	\$21.73
Weekly Change	\$0.42

For Farmland Ratepayers

Farmland	
Average Rates 2022/23	\$1705.50
Add Rate peg 2.5%	\$42.64
Average Rates 2023/24	\$1748.13
Annual Change	\$42.64
Weekly Change	\$0.82

For Business Ratepayers

Business	
Average Rates 2022/23	\$4214.67
Add Rate peg 2.5%	\$105.37
Average Rates 2023/24	\$4320.04
Annual Change	\$105.37
Weekly Change	\$2.03

The total increase to rates under OPTION 2 is 2.5% (rate peg only). An initial \$4.7m of service reductions will be required from 2023/24 for the City to live within its means. Annual revisions will be required & further service reductions will be necessary service levels are not sufficient to ensure assets reached assumed asset lives.

7. Website Communications

[Communications to be updated on *Our Place Our Future – Financial Sustainability* webpage and replace existing material: <https://ourplaceourfuture.lithgow.com/financial-sustainability/>]

Building a sustainable future

Over the last twelve months we've undertaken a comprehensive review of our financial situation, and conducted a number of resident surveys to better understand how the Council is performing and what's important to our community.

Results have shown that Council will face growing challenges in maintaining our assets and services, so to remediate this, and to build a sustainable future together, we will be consulting with you on two proposed options as a way forward.

The two options will have very different impacts on our assets and service quality.

Option 1 – Service Levels Maintained

For *Option 1*, Council would apply for a permanent increase in our general rate income - a Special Rate Variation - in order to maintain current service levels and future focused new services in line with evolving community expectations.

It is essential that our community assets are safe, in working order and meet agreed service levels. Increasing the level of funding for these assets will allow us to maintain and renew assets when due and ensure that the number of assets in poor condition does not continue to grow.

Option 2 - Service Levels Reduced

We understand that it is a difficult decision to increase rates, so for *Option 2* Council will undertake a comprehensive review of its services and present a plan to the community for a reduction in levels of service.

The plan will prioritise the maintenance of essential services over discretionary services. Council anticipates that this process would take approximately twelve months and will again involve extensive community engagement.

Council has a high level of commitment to engaging with the community and actively seeks your input on both options. In communicating these options, the Council will provide more detail and outline the following:

- *The magnitude of the financial challenges and infrastructure funding shortfall facing the LGA over the next 10 years and its impact on service levels;*
- *The fairness and equity of the rating structure and the capacity of all ratepayers to pay additional rates; and*
- *The need for residents to be able to have their say on whether or not they are prepared to pay additional rates to improve service levels.*

Resourcing Strategy

Our resourcing strategy clearly articulates how Council will implement and resource the community's vision for the Lithgow local government area identified in the Community Strategic Plan. The resourcing strategy consists of three components:

[3 thumbnails]

We're taking many other steps to address our financial challenges and be more efficient.

[image]

1. **Resilience:** Through sound financial planning, this strategy positions us to manage risks and cope with unexpected events, such as natural disasters and lower interest income.
2. **Balanced resourcing strategy:** Council's resourcing strategy implements and resources the vision of the Community Strategic Plan with clear priorities. For example - the Long-Term Financial Plan identifies how additional assets will be funded, or existing assets renewed or upgraded and what provisions are made for changes to services.
3. **Match income to expenses:** Costs have been rising faster than revenue and Council must efficiently deliver the services which can be provided within our means. For example - services reviews will need to consider available funding.
4. **Set service levels:** Council has commenced reviews of its service delivery to ensure it is meeting community needs and providing value for money. Council will work with the community to set affordable levels of service. Areas recently reviewed include Waste Management, Library Services and Ranger Services.
5. **Strong advocacy:** Council will continue to advocate for a fair share of resources for the Lithgow area. We will continue to build partnerships with neighbouring and Western Sydney Councils as well as State and Federal Governments. For example - advocacy efforts have assisted Council to obtain over \$15 million in grants in 2020/21 and to gain health support for the COVID-19 pandemic.

8. Frequently Asked Questions (FAQs)

[Communications to be updated on *Our Place Our Future – Financial Sustainability* webpage and replace existing material: <https://ourplaceourfuture.lithgow.com/financial-sustainability/>]

If I prefer Option 2, will I still have an increase in my rates?

Yes. If Option 1 is ultimately approved all residents and rate payers will see an increase in their rates. Care has been taken to distribute the rating as fairly as possible between residential, farming, business and industry rate payers.

Will there be transparency around how the new rates are spent or distributed across different areas?

Yes. Each year Councils are required to publish their draft Operational Plan for community review and feedback. The Operational Plan outlines where all Council revenues are spent.

If Option 1 gets voted in, will we get a say on the ‘future focused new services’?

Yes. Council engages with the community and residents to understand how they see Council performing, and what services can be improved. Council is committed to engaging further with the community on how it can improve Council’s financial sustainability and performance, including supporting local economic diversification.

How are the rates calculated for businesses in the LGA versus homes?

The rating categories across the LGA are structured on:

- a base amount – an amount paid by every rateable property in each rating category, regardless of land value, **plus**
- an ad-valorem amount – a cents in the dollar amount calculated in addition to the base amount, based on the land valuation as determined by the NSW Valuer General.

The ad-valorem amount varies between the residential and business categories. Based on average land valuations, the average rating increase under Option 1 for residential households will be \$4.43 per week, while for business rate payers, it will be an average of \$21.48 per week.

Council has developed a Rates Calculator which is available on the Our Place Our Future webpage.

What will Council do to support people who can’t afford a rate increase?

Council understands that it is a difficult decision to substantially increase rates and has carefully considered rating increases across all rate categories.

Council has a Hardship Policy to accommodate the special needs of those unable to pay their rates in full on time and will support those who request assistance.

Council is also very pleased to maintain the Pensioner Rebate Scheme which financially supports this important cohort in our community.

What other strategies has Council attempted to remediate the situation?

Over the past several years, Council has reviewed its operations and maintenance programs, reducing costs wherever possible, and continues to diversify its revenue streams.

The asset maintenance backlog coupled with the need to support the community and diversify the local economy has identified that Council is not financially sustainable to continue to provide existing levels of service in either the short or the long term.

Council considers seeking a Special Rate Variation to be in the best interests for community.

How have our rates been calculated previously? Why haven't our rates been slowly increasing at the right rate over the years to accommodate the changing needs of the Council?

There has been no change to the structure of rate calculations for some time. Rate-pegging deprives Councils of the opportunity to readily align their rates income with their costs.

In July, Councillors endorsed the need to commence broad community consultation as part of Council's proposed Special Rate Variation application. This is a critical conversation that requires community input to ensure the communities have a sustainable future in the LGA.

How can we get involved and have our say apart from responding via a feedback form or website?

Council will be holding town halls throughout the LGA from early August to mid-September. You can also schedule a one-on-one with a Council officer at a café pop-up stand.

Alternatively, you can send Council an email, or contact the Mayor or your local Councillor.

An independent telephone survey has been arranged to assess residents' views on the proposed options. This will take place in October 2022.

Other potential questions

We feel we pay a lot for our rates already, where have you spent the money?

Council revenues fund the work required on roads, bridges, footpaths in our main streets, parks, civic centres, and sporting facilities. We support our community through ageing and disability services, youth and Aboriginal programs, building and developing connections. We support events across our LGA and provide essential services to large parts of our community.

We are also focused on planning for the future, as much as we are on today.

We pay our rates and trust Council to be doing the right things with our money – how did we get in this situation?

Through our long-term financial planning, we have identified Council is not financially sustainable to continue providing existing levels of service in either the short or long term.

Rising costs have not kept pace with income and Council has experienced a decade of deficits in its financial operating results and expects deficits to continue in all future periods.

An external review assessed that Council requires an additional \$4.75 million annually to meet existing maintenance and operating requirements – mostly related to roads.

It looks like the financial situation has been bad for years, why did you wait so long to think about how to fix it?

Over recent years, Council has taken decisive action to contain costs and increase its own-source revenue.

Rising costs have not kept pace with income that is set by IPART and challenged Council's ability to maintain our local community's assets and deliver the outcomes residents want.

Council has carefully assessed all options and considers seeking a Special Rate Variation to be in the best interests for community.

How will we know that the extra money will be spent on the right things?

Each year Councils are required to publish their draft Operational Plan for community review and feedback. The Operational Plan outlines where all Council revenues are spent.

Will there be an independent person involved so that we know our money is going to the right things?

Council is both independently internally and externally audited. Additionally, Council is regulated by the NSW Department of Planning, Infrastructure and Environment which has a mandate to assist councils with continual improvement and to monitor council performance. IPART also requires Council to report on the expenditure of any SRV annually to its community.

Who is responsible for getting us into this mess? Is the council making staff changes to address this?

There are many reasons why Council is in the position it is today. Some of these reasons include an historical unwillingness to address the growing shortfall in roads funding, the unmet expectation that Council would receive a fairer share of road funding from other levels of government and a poorer understanding of the assets Council manages on behalf of the community than modern techniques allow us to have today. Council continues to review its operations to ensure that it is as effective and efficient as possible. Part of the SRV expenditure is planned to improve Council's strategic and financial capacity to ensure that the issue we face today will not be faced by future generations.

Why don't the council staff all take pay cuts to pay for getting us into this situation?

Council's staff officers are paid commensurately with employees in the local government sector in regional and rural NSW. Our goal is to attract and retain the best possible employee base within a very tight budget. Our focus is on employing people who live locally and contribute to the liveability of our City.

With the cost of living going up so much now, how can we be expected to manage such a huge increase?

Council understands this is a difficult decision to substantially increase rates.

Council understands that it is a difficult decision to substantially increase rates and has carefully considered rating increases across all rate categories.

Council offers the Pensioner Rebate Scheme which financially supports this important cohort in our community. Council also has a Hardship Policy to accommodate the special needs of those unable to pay their rates in full on time.

Why haven't our rates been slowly increased at the right rate over the years to accommodate the changing needs of the council – having such a big increase suddenly will be hard to manage

There are many reasons why Council is in the position it is today. Some of these reasons include an historical unwillingness to address the growing shortfall in roads funding, the unmet expectation that Council would receive a fairer share of road funding from other levels of government and a poorer understanding of the assets Council manages on behalf of the community than modern techniques allow us to have today.

If we do not resolve the issue now, the gap between what is necessary to run the City and what Council collects will continue to widen putting an even greater burden on future generations. Our rates are comparatively very low compared with similar councils and every attempt has been made to minimise the impact of the proposed SRV increase on those in our community who can least afford it.

If we choose to go with option 2, what sort of discretionary items will we be saying no to?

Under OPTION 2, Council would put a plan prioritising essential services and reduce more discretionary services. The focus would be managing risk, including closure or removal of unsafe infrastructure. This plan would be developed and finalised with extensive community consultation.

It is likely Council would reduce services for community and recreation facilities, have less capacity to support and advocate for community services, and close unsafe facilities.

Council would continue to reduce services required with future years as revenues will not be sufficient to ensure assets reach assumed asset lives.

I only want the basics in terms of council assets and services – will I have to pay for an increase irrespective?

If Option 1 is ultimately approved all residents and rate payers will see an increase in their rates. Care has been taken to distribute the rating as fairly as possible between residential, farming, business and industry rate payers.

In the council's vision it states that a priority for the council is developing community confidence in the organisation by the way it is directed, controlled, and managed. How can I have any confidence in the Council now that I understand it has been going backwards financially for years without doing anything different?

There are many reasons why Council is in the position it is today. Some of these reasons include an historical unwillingness to address the growing shortfall in roads funding, the unmet expectation that Council would receive a fairer share of road funding from other levels of government and a poorer understanding of the assets Council manages on behalf of the community than modern techniques allow us to have today.

Council is walking up to the issue and facing it head on. We intend to be absolutely frank about the extent of the problem and how we intend to fix it.

How much did the review cost?

In 2021/22, Council engaged external consultants to conduct a comprehensive review of Council's financial position, operations and provide independent recommendations for consideration. The review cost \$45,360.



Lithgow
CITY COUNCIL

