



Let's talk about rates and services

A report on the community survey findings December 2018 – February 2019

At its meeting on December 3, 2018, Council resolved to notify the Essential Services Commission (ESC) of its intention to apply for a rates variation above the cap of 2.5 per cent set by the Victorian Government.

The notification did not constitute an application to vary rates above the cap but was a requirement of the ESC in the event that Council decides to proceed with a submission to vary rates above the cap.

Should Council apply for a cap the ESC requires that Council provides:

1. the proposed higher cap for each specified financial year;
2. the reasons why the council is seeking the higher cap;
- 3. how the views of ratepayers and the community have been considered in proposing the higher cap;**
4. how the higher cap is an efficient use of council resources and represents value for money;
5. whether other funding options have been considered and why those options are not adequate; and
6. that the assumptions and proposals in the application are consistent with the council's long term strategy and financial management policies.

In relation to item three Council resolved, at the December meeting to consider information it received through a "trade-off" engagement with the community "as additional information that will inform its decision whether to submit a rate cap variation to the Essential Services Commission and further aid its prioritisation of services through the 2019-2020 budget process."

The ESC requires that applications need to show that it has engaged effectively with ratepayers and communities about its services, infrastructure needs, financial outcomes and trade-offs.

The ESC reference to trade-offs relates to the choices presented to the community in which comparisons are made between financial impacts, service impacts and infrastructure impacts that arise from pursuing different options such as cutting services, increasing rates, increasing fees or seeking alternative service providers.

Council has an existing body of information that describes the community's aspirations for the future. This includes the Warrnambool 2040 community plan, the Green Warrnambool Plan, the Council Plan and

This survey examines the services delivering on the aspirations and objectives of those plans.

Community engagement process

Council sought quotes from suitably qualified and experienced companies for the design and delivery of a community engagement process that would satisfy the requirements of the Essential Services Commission.

Through this process Melbourne-based firm Capire was appointed.

Council staff working with Capire devised a survey – online and print – which asked the community to consider the full range of council services; the cost of providing those services; the importance of the services; whether some services should be reduced; and, alternative funding options for services in the event of a funding shortfall.

It was anticipated that in late February the findings of the survey would be the focus of a deliberative workshop involving up to 60 people who would be representative of the Warrnambool community.

Following the survey only 24 people were able to confirm their commitment to the survey and as a result the workshop was cancelled.

The workshop will be replaced with focus group sessions which it is anticipated will provide interested people with more convenient options to participate.

Survey design

The survey asked a range of questions to ascertain the importance and value respondents placed on Council services. It also asked respondents to indicate their preferred option to cover funding shortfalls with these options being increase fees, increase rates, cut the service, seek alternative provider or unsure.

A copy of the survey is contained in the appendix.

To assist people complete the survey respondents were provided with details on funding for each service, the contribution from the rates towards the service and some information on “hidden costs” such as unfunded staff time put towards a service e.g. Port of Warrnambool maintenance.

Comparisons between Warrnambool and other comparable municipalities were also provided with information sourced from the Know Your Council website.

While a number of services provided by Council are required by legislation and options to cut the service or find alternative funding sources are limited or not possible, they were included in the survey in order to gauge community perceptions around the knowledge of the service and the value to each household.

The survey was launched in late December 2018 and remained open until February 9, 2019.

It was promoted via media release, radio, Council’s main website, on social media and featured on page one of *The Standard* newspaper.

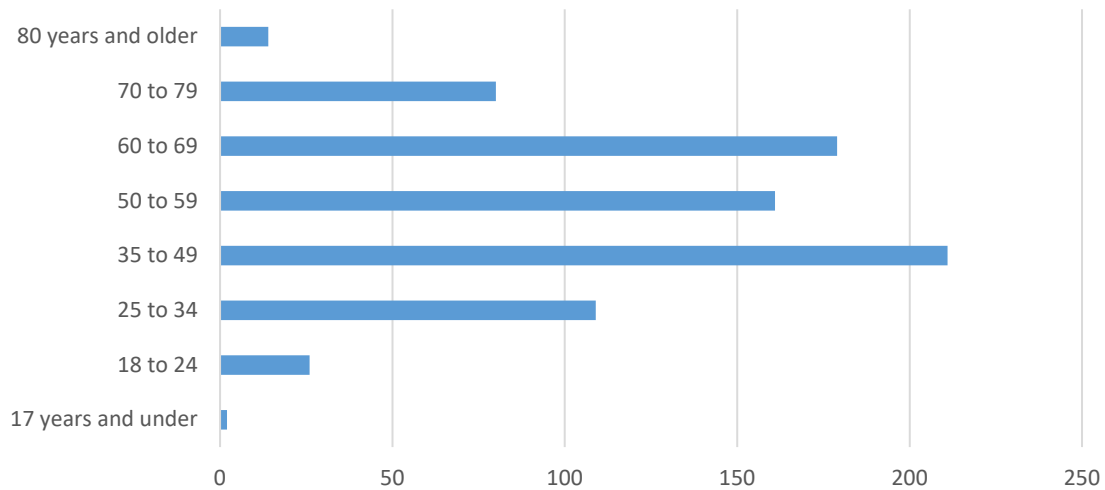
Who responded

A total of 782 survey responses were received, most of these were completed online via www.yoursaywarrnambool.com.au while a small number of hard copy survey forms were returned to Council.

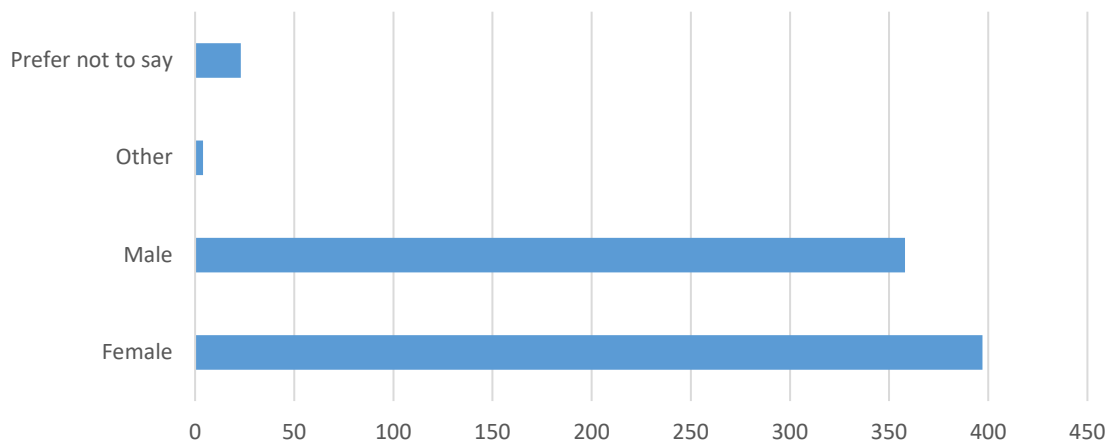
The majority of those who responded completed the survey in its entirety although there was more interest in responding to questions around valued services.

Of those who responded more than 90 per cent lived in Warrnambool with 7.4 per cent living in the region but either shopping, working and/or accessing services in Warrnambool. The remainder were visitors to Warrnambool, property owners or people planning to live in Warrnambool.

Responses by age group



Responses by gender



The findings

Synopsis

Overall, respondents indicated that increasing fees, finding alternative providers or cutting services were preferred over rate increases, although commentary and correspondence indicated a general reluctance to see services reduced.

Of the two options to raise more funds (increasing rates or fees) to cover services, increasing fees was clearly preferred over rates, particularly for those services generally considered to be of lower importance to respondents.

Relative to other options there was moderate support for rate increases to cover infrastructure including roads, parks and gardens, footpaths, street lighting and bridges and for the service of school crossing supervision.

The top three groups of people Council should prioritise service delivery for were older people, people with a disability and children while the service categories considered highest to lowest priority were: community health and wellbeing; caring for the environment; urban development, infrastructure and transport; sport, recreation and culture; economic development and regional leadership; and corporate services.

Value and importance of services

Highly valued services included the provision of tangible infrastructure and services such as roads, bridges, footpaths and parks and gardens. Waste management was considered the most important service by the greatest number of respondents.

Along with being asked to rate services as being of high, moderate or little value to their households, respondents were also asked to identify which services were *currently* of most importance to them.

The 10 most valued services were:

1. Waste management
2. Roads
3. Footpaths
4. Parks and gardens
5. Emergency management
6. Lighthouse Theatre
7. Sportsground management and maintenance
8. Drainage and stormwater tunnels
9. Warrnambool Library
10. Health Services

The 10 least valued services were:

1. Equipment and vehicles
2. Warrnambool Gymnastics Centre
3. Community Service
4. Family day care
5. Engineering services
6. After-school care and vacation care
7. Local Laws
8. Flagstaff Hill Maritime Village
9. Youth services
10. Building services

Generally there was little correlation between the value of services and whether they were funded by Council rates or by external funding. For example home and community care, in the top 15 most value services, sources just two per cent of its total budget from general rates. Conversely, the Warrnambool Gymnastics Centre, the least valued Council service, is funded by user fees, not general rates and therefore operates at no cost to general ratepayers.

Unsurprisingly those actively using or receiving a service placed greater importance on the service. For example FOGO (food organics, garden organics collection) drew polarised values with a number of respondents rating FOGO highly while others FOGO, including some who indicated they had yet to receive the service, considered to be of little value.

There appeared to be a greater correlation between respondents' ages and the value of services with older respondents attaching less value to after-school care and family day care and other early childhood-related services.

The greatest number of responses to the survey questions were for items relating to infrastructure (eg roads, parks and gardens, sportsgrounds) and community development (library, health services, Lighthouse Theatre).

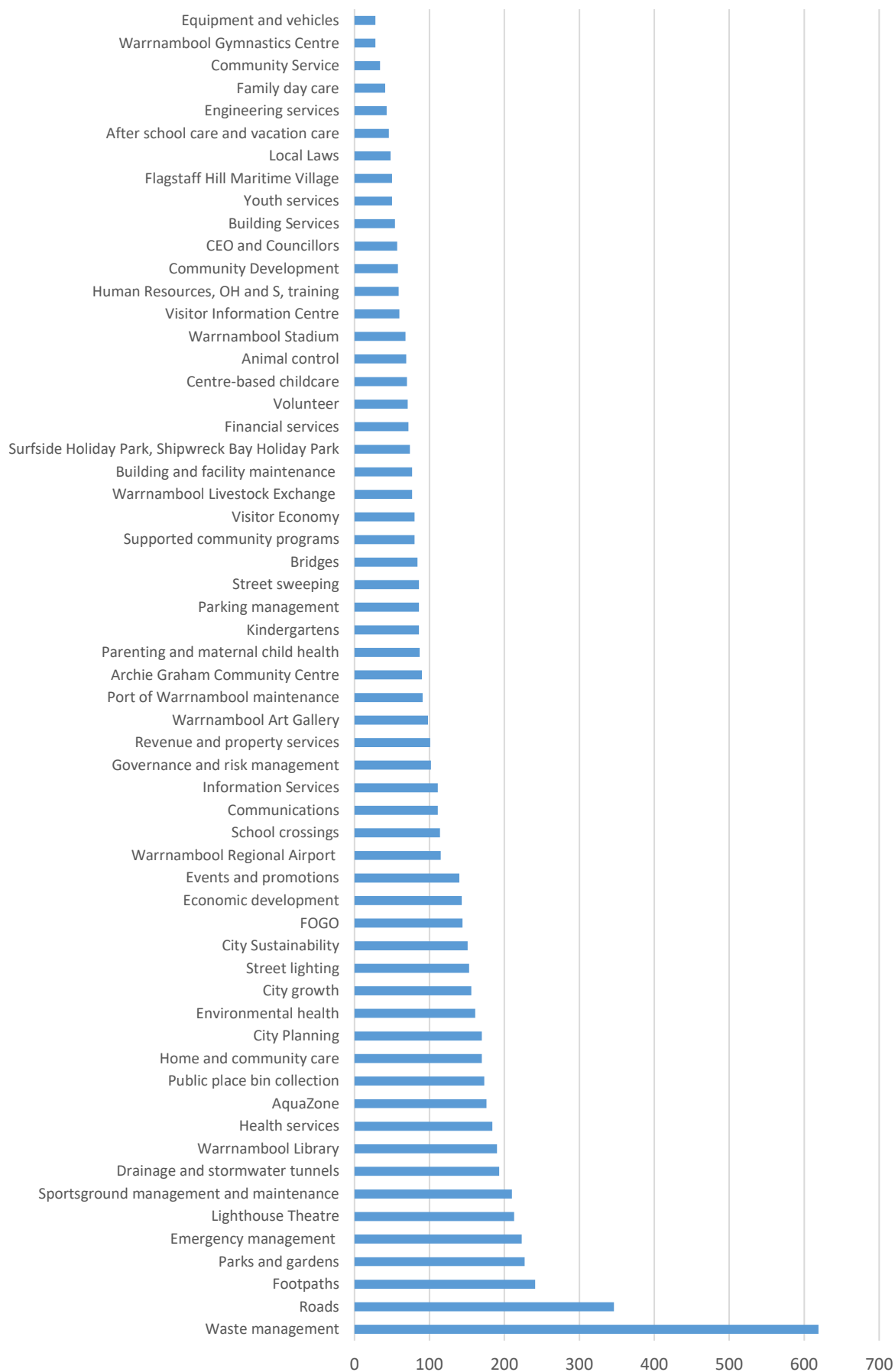
The cost of doing business

While a base level of corporate service – including human resources and financial management - is required to run an \$85 million operation a relatively large number of people indicated they wished to see corporate services reduced. Some commentary in the survey stated that Council's administration costs were excessive however a 2018 survey by the Victorian Auditor-General's Office indicated Warrnambool City Council's corporate costs were among the lowest in Victoria (10.7% of total expenditure compared to the "large shire" average of 14.7%). Council continues to seek efficiencies where possible and is currently investigating whether some corporate services could be shared across several municipalities.

Council equipment and vehicles, while considered of low value to most households, are required for the delivery of a number of the services which respondents valued highly such as the maintenance of parks, gardens and sportsgrounds.

A number of people also indicated they wished to see the CEO and councillors reduced although both are required under the Local Government Act.

Services considered important - all age groups



What people value by age group

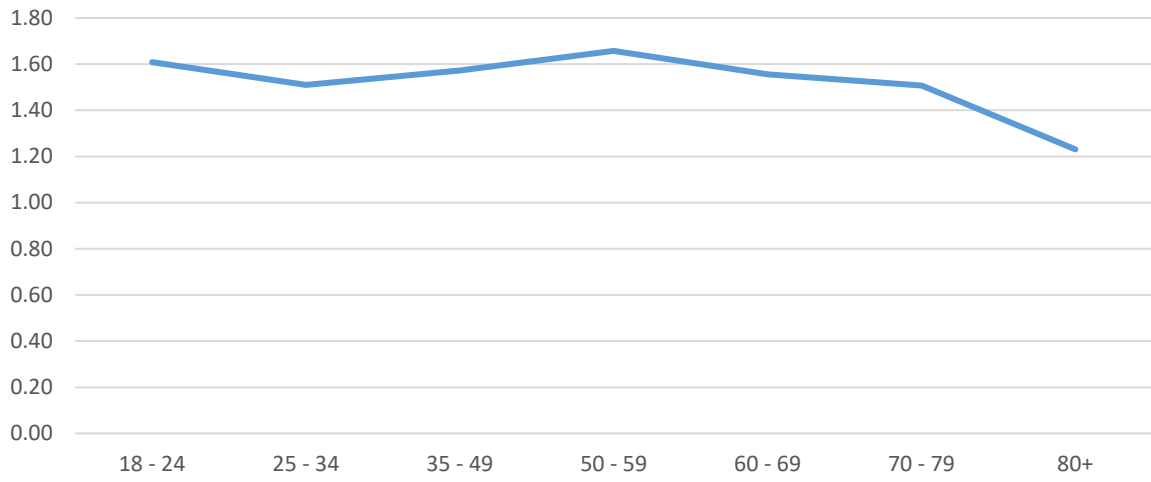
Age group	1st	2nd	3rd
18-24	Waste Management - 2.61	Roads - 2.3	Health Services - 2.22
25-34	Waste Management - 2.57	Roads - 2.51	Drainage - 2.16
35-49	Waste Management - 2.64	Roads - 2.5	Drainage - 2.35
50-59	Waste Management - 2.75	Roads - 2.43	Drainage - 2.34
60-69	Waste Management - 2.71	Roads - 2.5	Footpaths - 2.34
70-79	Waste Management - 2.77	Roads - 2.51	Street Lights - 2.38
80+	Waste Management - 2.64	Roads - 2.42	Drainage - 2.33

Values of each service by age group

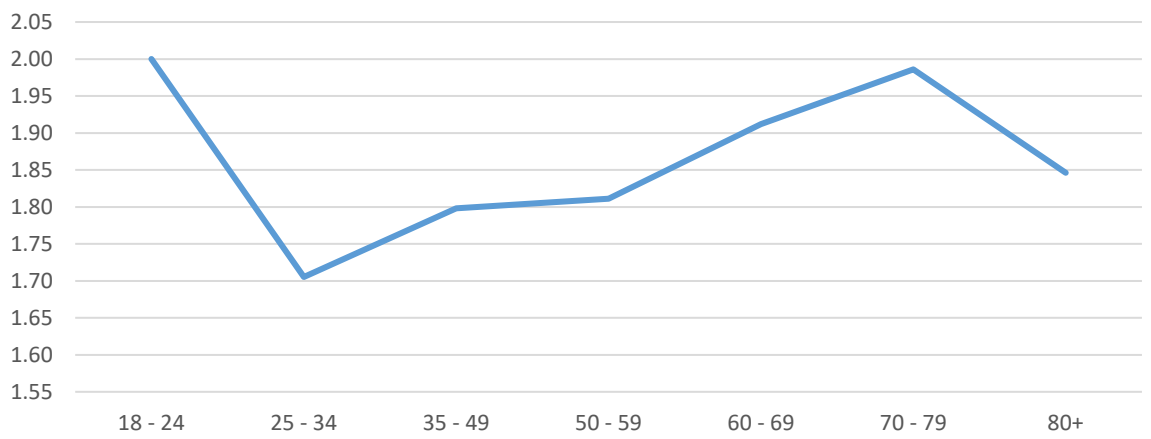
The graphs below show how each age group valued individual services based on rankings of high, moderate or low value. The higher the number the greater the value attached to the service.



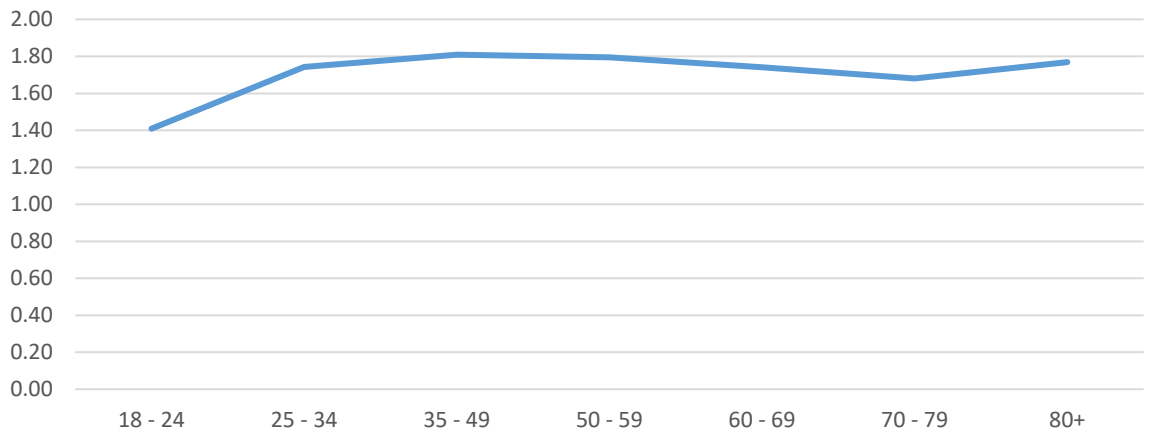
Animal management

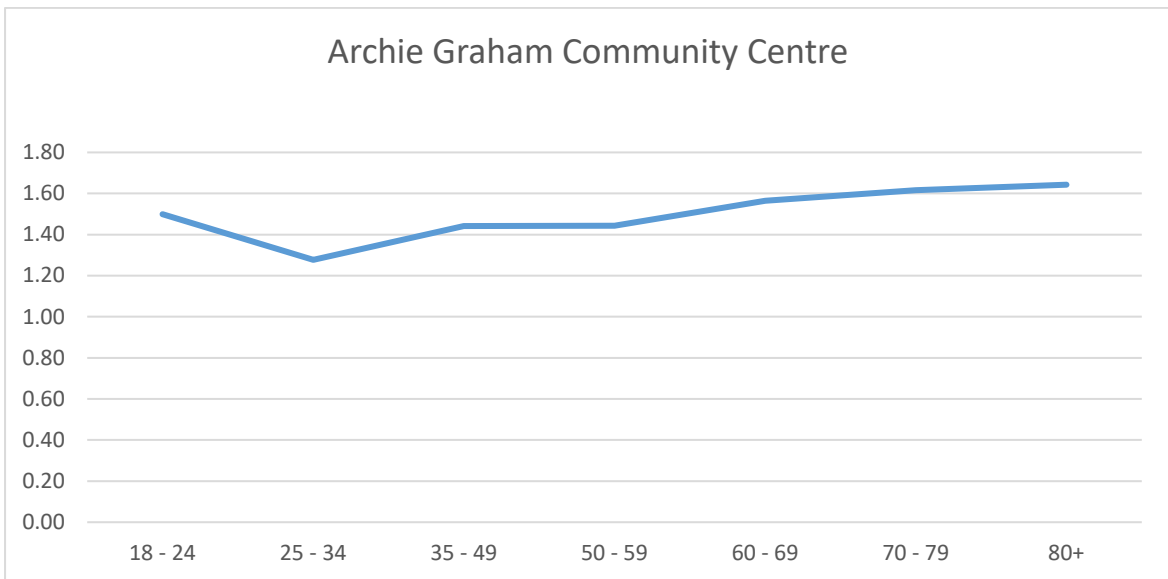
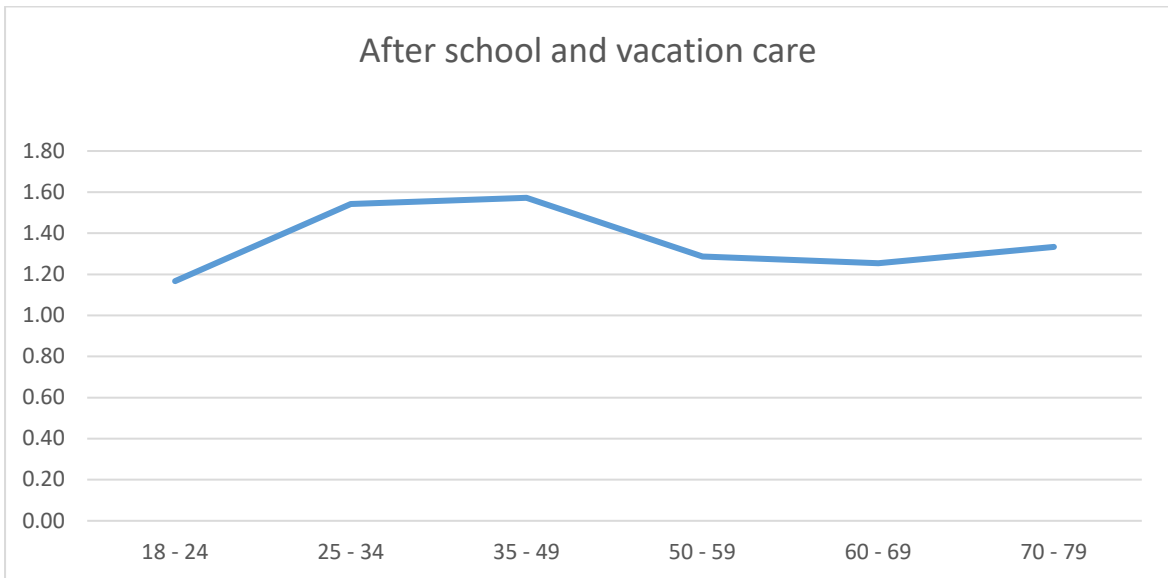
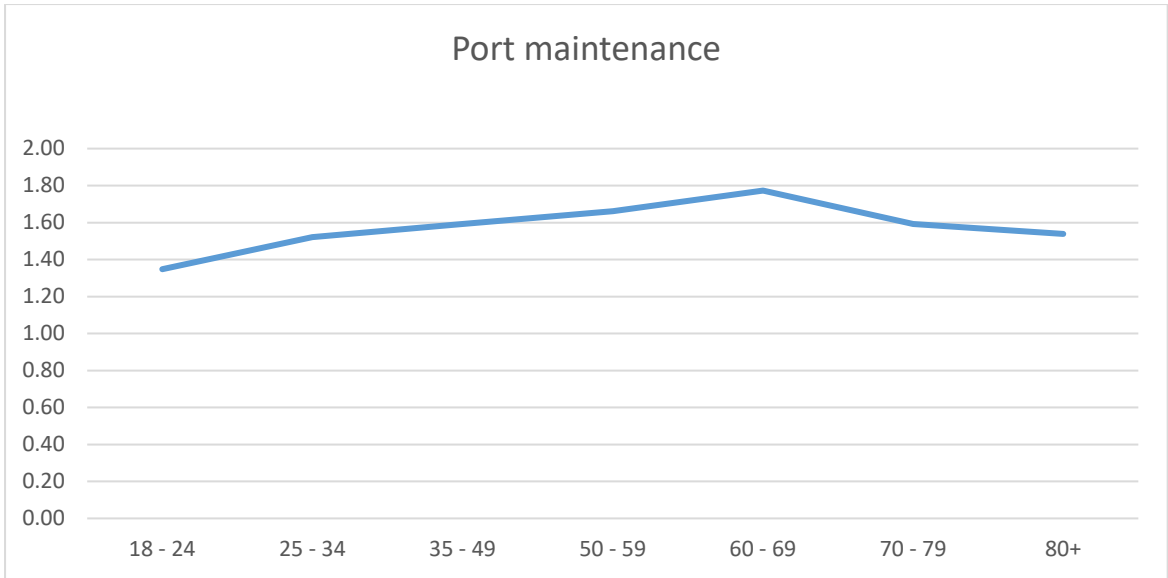


City sustainability

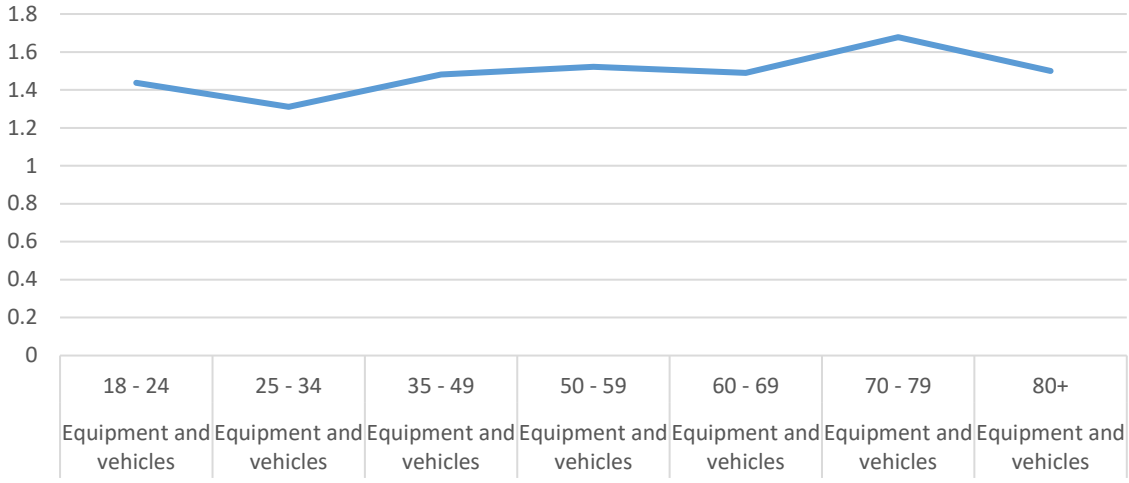


FOGO

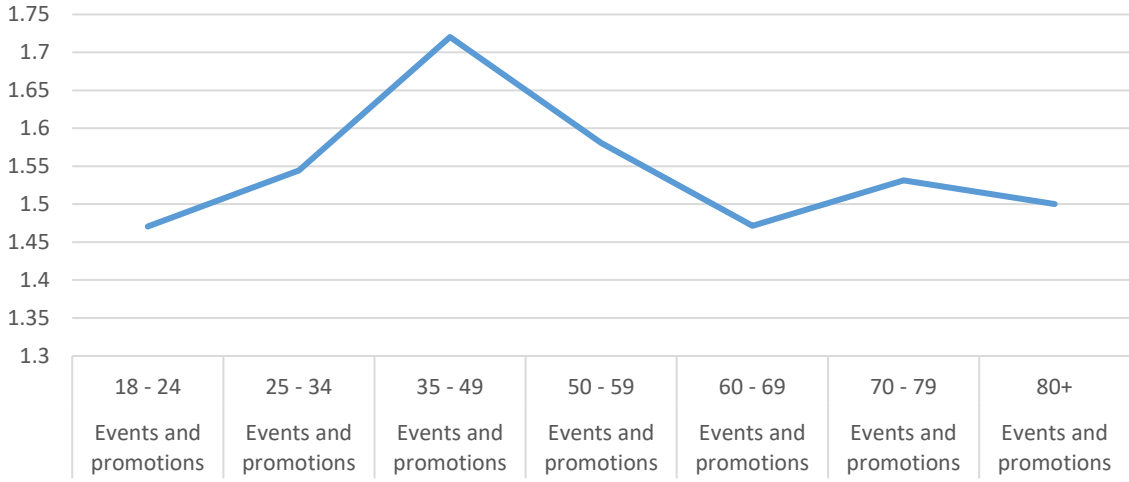




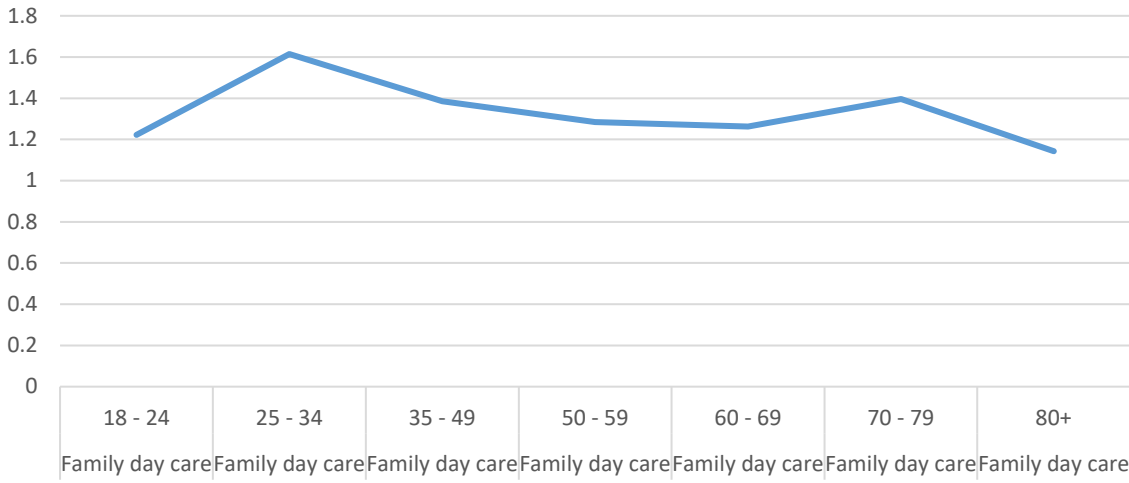
Equipment and vehicles

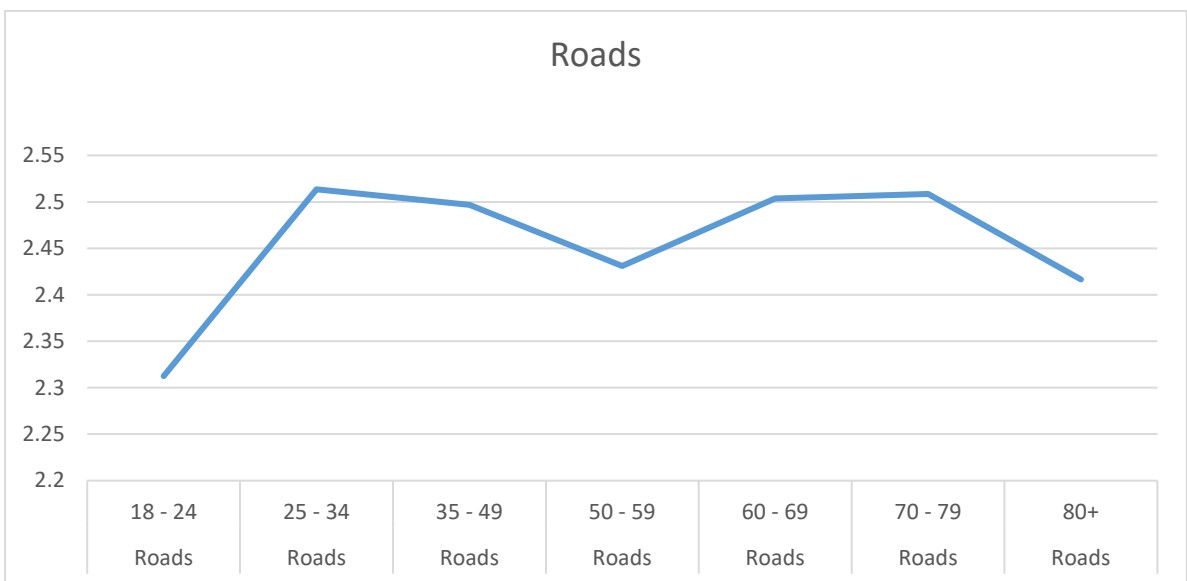
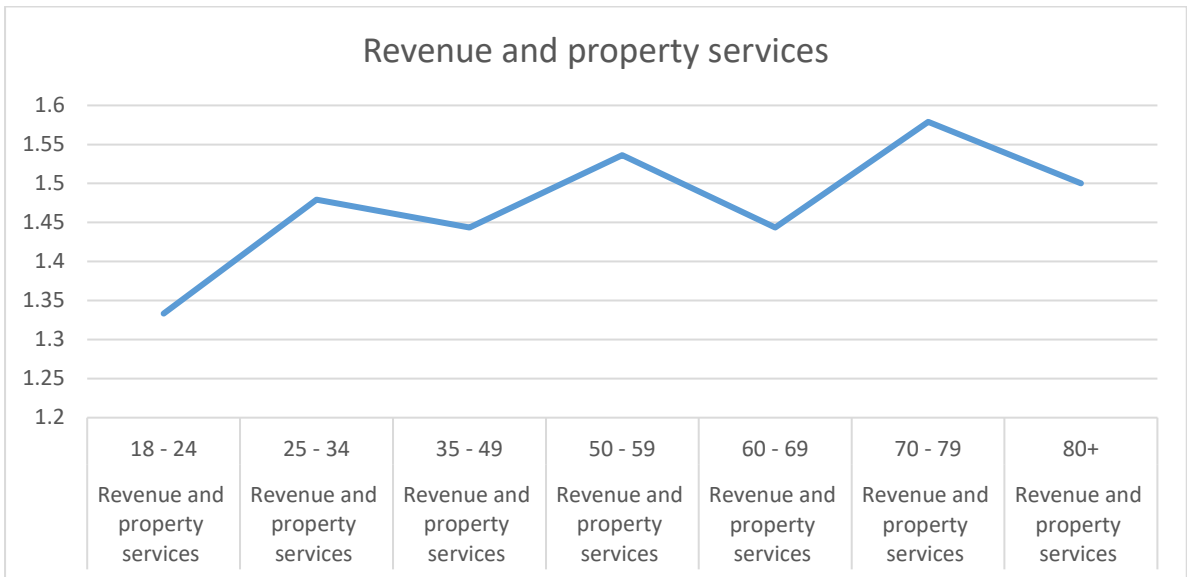
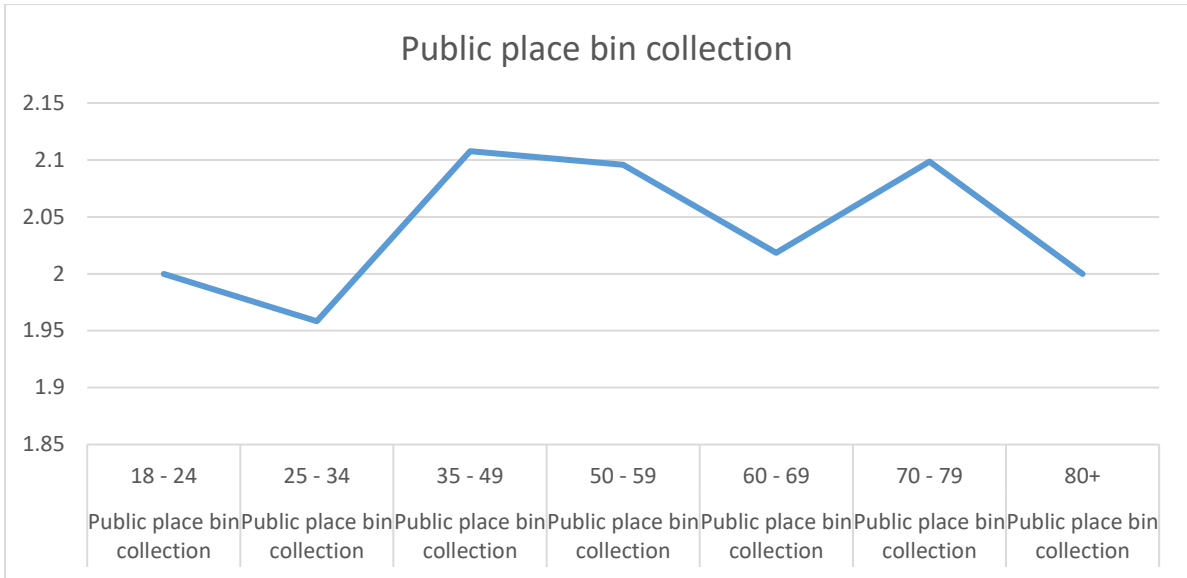


Events and promotions

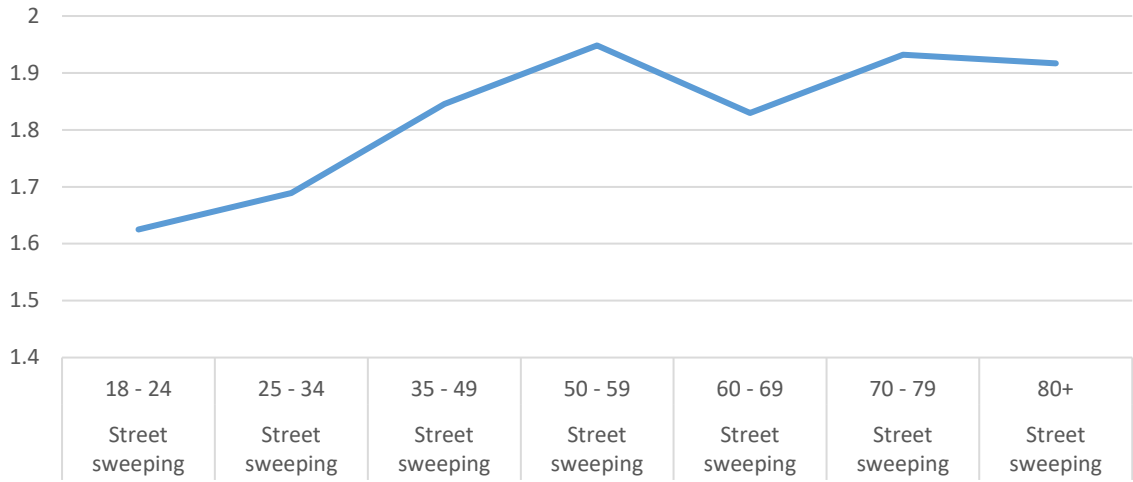


Family and daycare

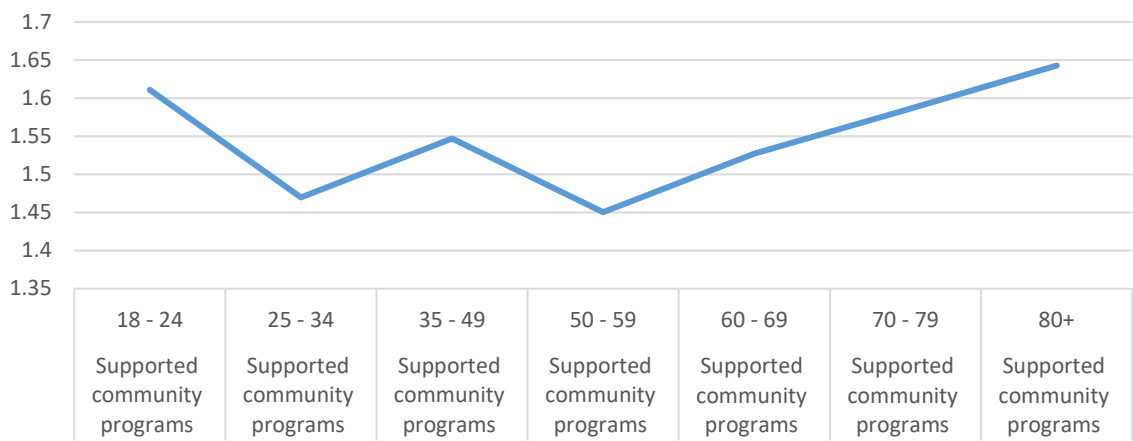




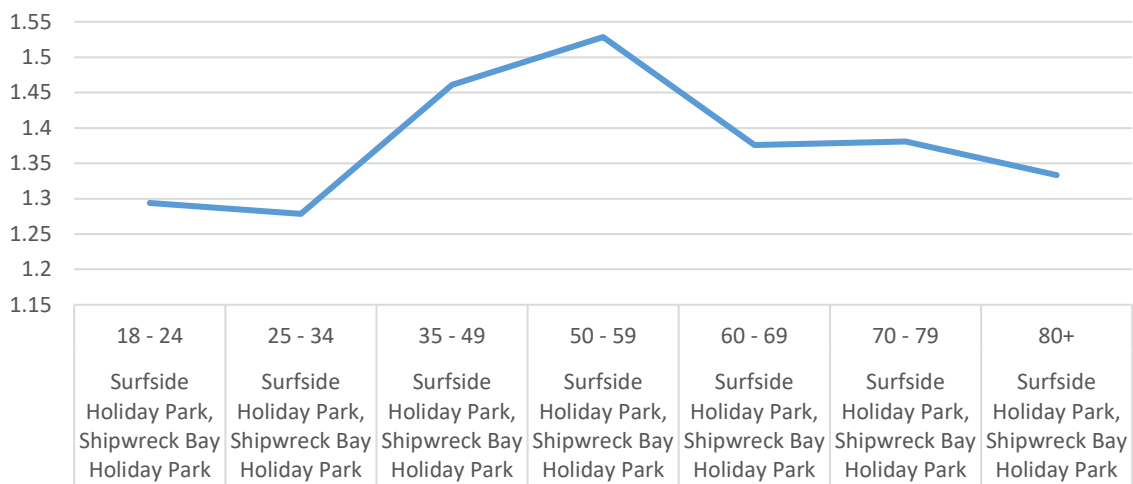
Street sweeping



Supported community programs



Holiday parks



Covering funding shortfalls

Cutting services – the contraction solution

Support for cuts to Council services existed in a small number of services. See graph below.

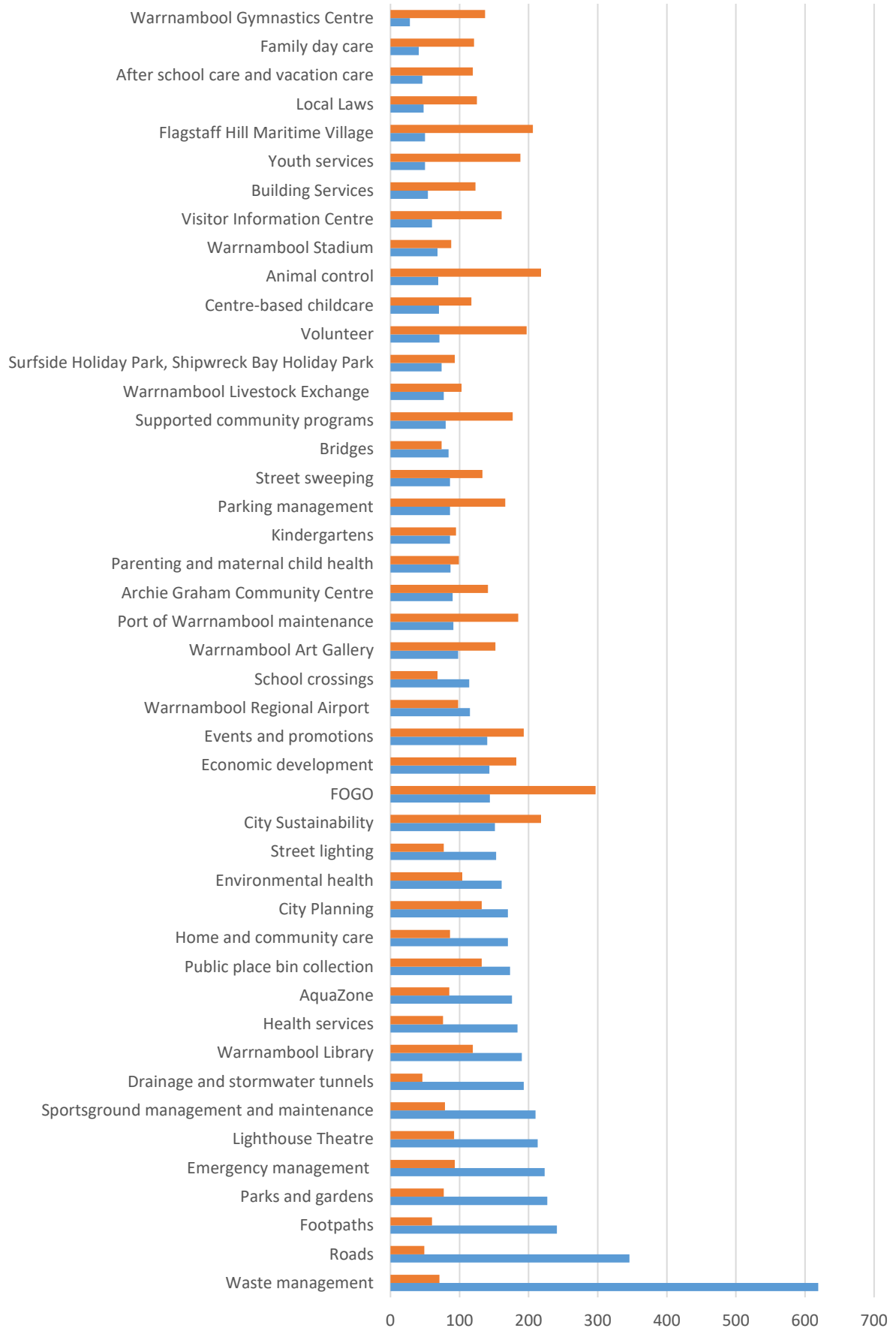
The service which the greatest number of respondents indicated they wished to see reduced was FOGO. Again this is likely to be the view held by those yet to receive the service. A separate 2018 survey by Council of those receiving the FOGO service revealed the service was used and had significantly reduced the volume of material entering landfill. It is expected that Council would receive similarly positive feedback as the service is rolled out across the remainder of the municipality.

Other services which attracted higher numbers in favour of cutting services included animal control, city sustainability and Flagstaff Hill Maritime Village.

In relation to animal control the Domestic Animals Act gives councils responsibility for registering and controlling dogs, cats and domestic animal businesses in their municipality. The Act requires Councils have a Domestic Animals Management Plan which then requires resourcing. The plan promotes responsible pet ownership and also requires dangerous dogs, menacing dogs and restricted breed dogs to be identified and kept in a way that reduces risk to the public. Pet registrations are put towards running the pound, which is operated by the RSPCA.

Survey commentary frequently suggested that Council should maintain services and reduce costs through efficiencies.

■ Cut the Service
 ■ Value the Service



Covering funding shortfalls

Increasing fees – the user pays solution

This funding solution saw a correlation between support for increasing fees and services considered of lower importance. See graph below.

For example, increasing fees at the Warrnambool Gymnastics Centre was seen as the best funding solution (as previously noted, this funding model is already in operation at the Gymnastics Centre).

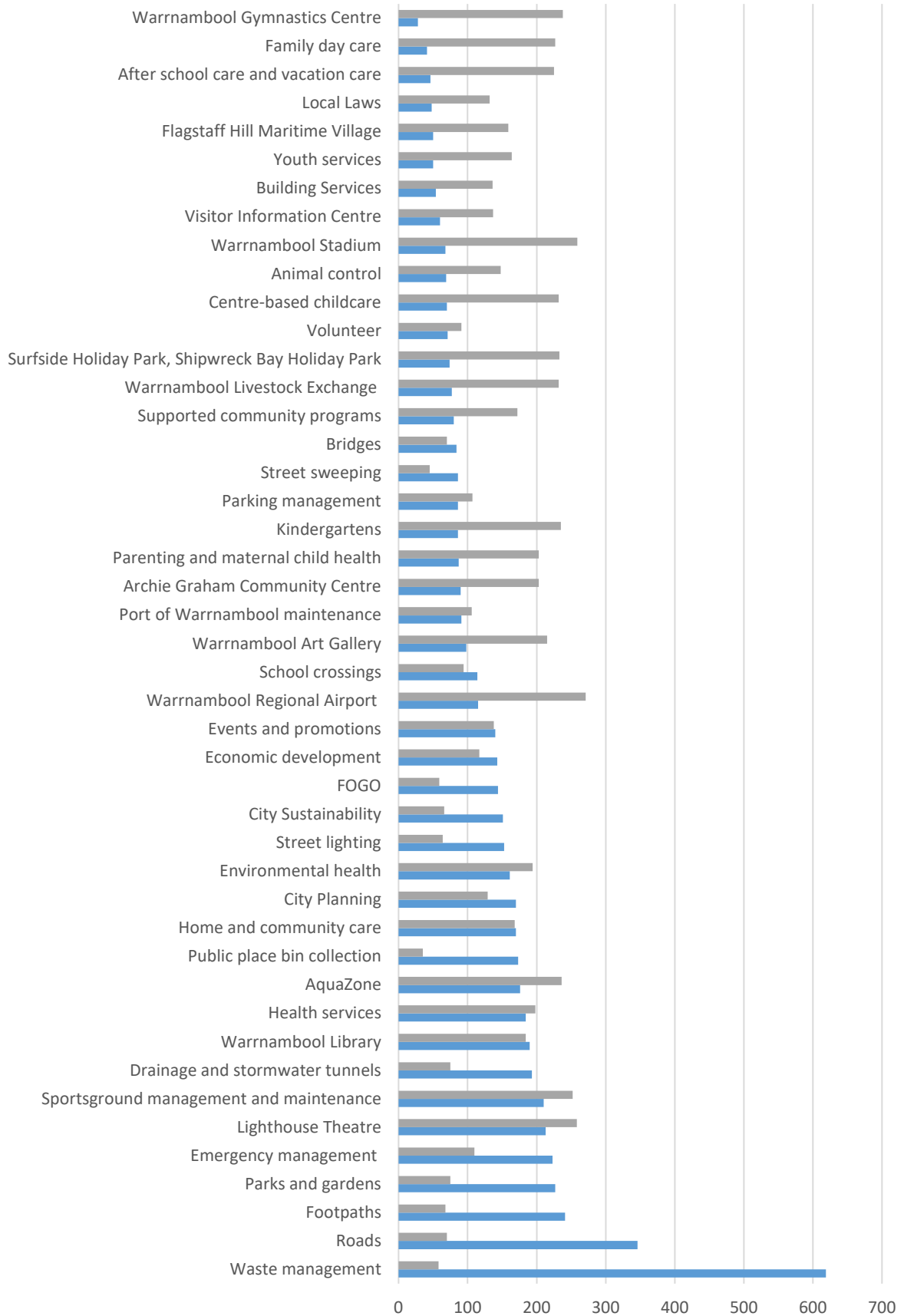
Similarly it was felt fees at the Warrnambool Stadium could be increased in preference to cutting the service.

The greatest support for an increase in fees was for the Warrnambool Regional Airport.

There were exceptions to the trend of least valued services being covered by fee increases and these applied to highly valued services including the Lighthouse Theatre, the Library and Aquazone.

Increasing fees was a popular funding solution for early childhood services including kindergartens, parenting and maternal child health, centre-based childcare, family day care and after school care and vacation care.

■ Increase fees ■ Value the Service

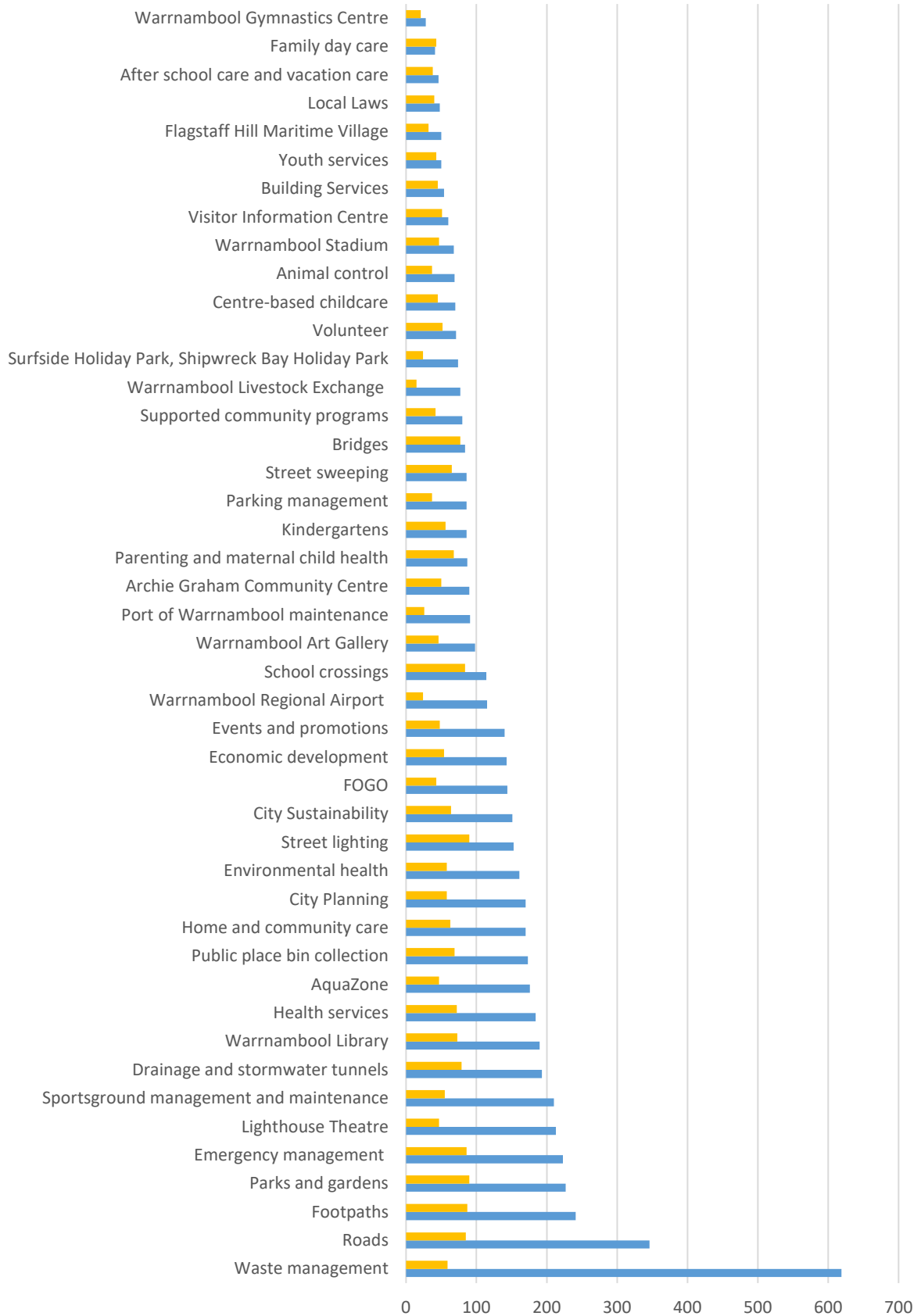


Covering funding shortfalls

Increasing rates – the shared solution

Compared to other cost solutions increasing rates was generally less popular although there was some support for increasing rates for infrastructure including street lighting, parks and gardens, roads, footpaths and bridges while services including emergency management and school crossing supervision drew some support for a rate increase. See graph below.

■ Increase rates ■ Value the Service



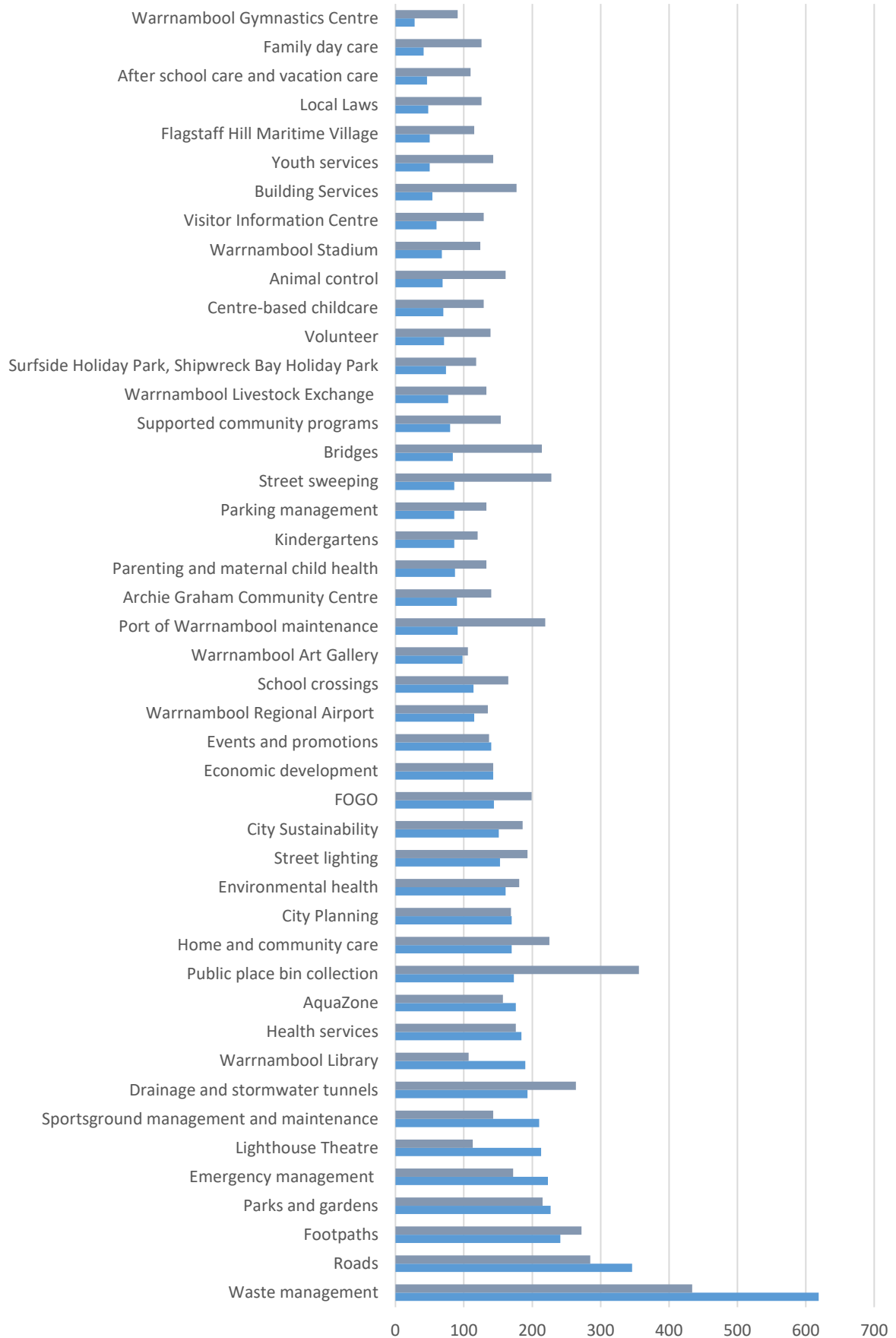
Covering funding shortfalls

Seek alternative provider – the outsourced solution

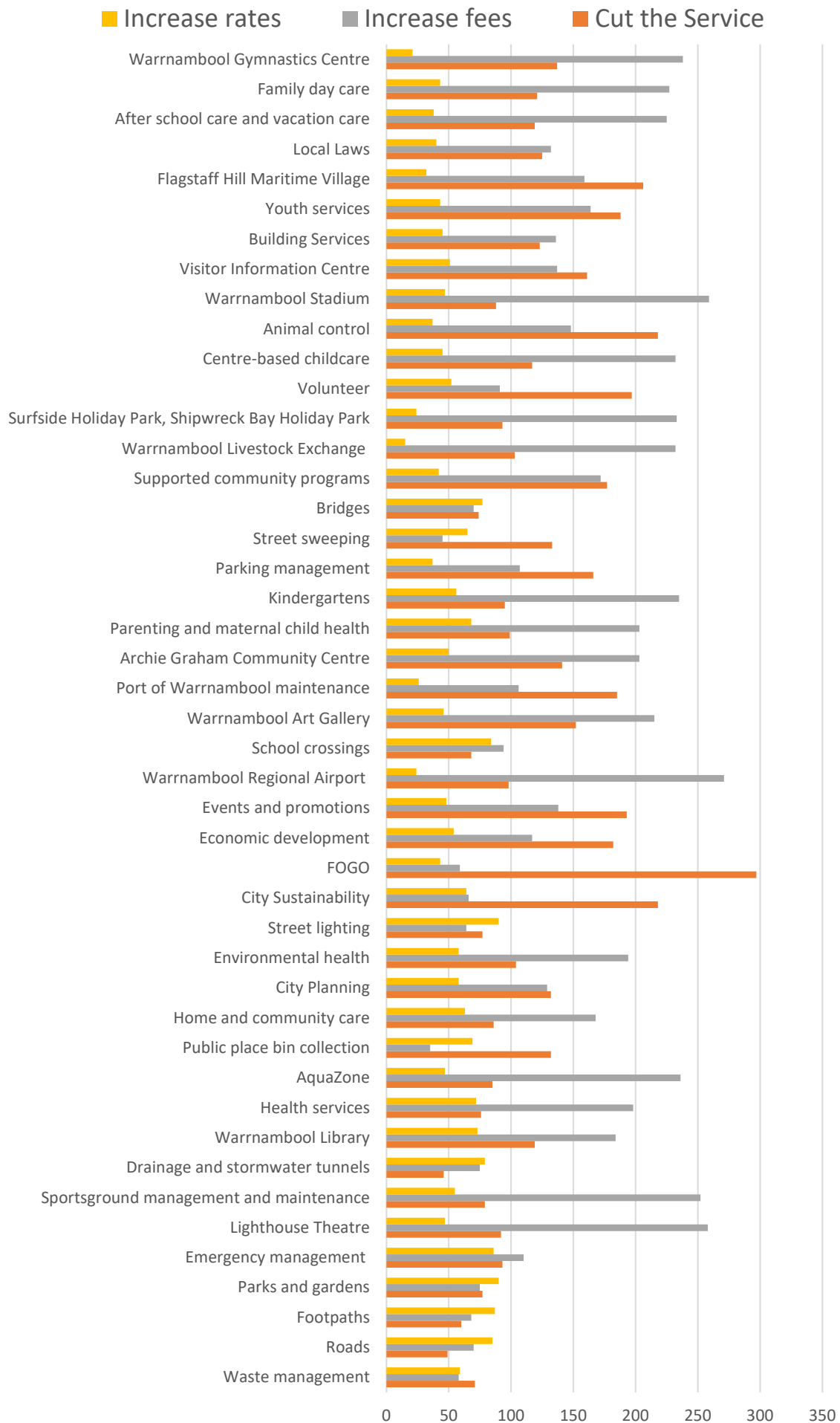
It is worth noting that a number of Council services are already delivered by alternative providers or contractors, notably the collection of waste and the building of roads.

There was considerable support for finding alternative providers to empty public place bins, provide stormwater and drainage tunnels, to maintain the Port of Warrnambool and to provide street sweeping and bridges. See graph below.

■ Seek Alternative Provider ■ Value the Service



Comparison of funding alternatives



Alternative funding preferences by age group

The table below shows the percentage within each age group and their preference for each funding alternative.

Younger people aged 18 to 49 years identified cutting services and seeking alternative providers as most preferred means of addressing funding shortfalls.

Those aged 50 years and older were more reluctant to see services cut and favoured increasing fees.

	18 - 24	25 - 34	35 - 49	50 - 59	60 - 69	70 - 79	80+	Average
Cut services	29.1	32.3	26.7	25.8	22.1	19.5	20.6	25.2
Seek alternative	33.4	31.0	32.7	27.5	27.4	26.3	16.6	27.9
Increase fees	10.4	14.1	20.6	22.3	31.1	29.3	39.9	24.0
Unsure	20.1	16.4	16.1	18.9	14.2	20.0	18.2	17.7
Increase rates	7.0	6.2	4.1	5.8	5.5	5.1	4.9	5.5

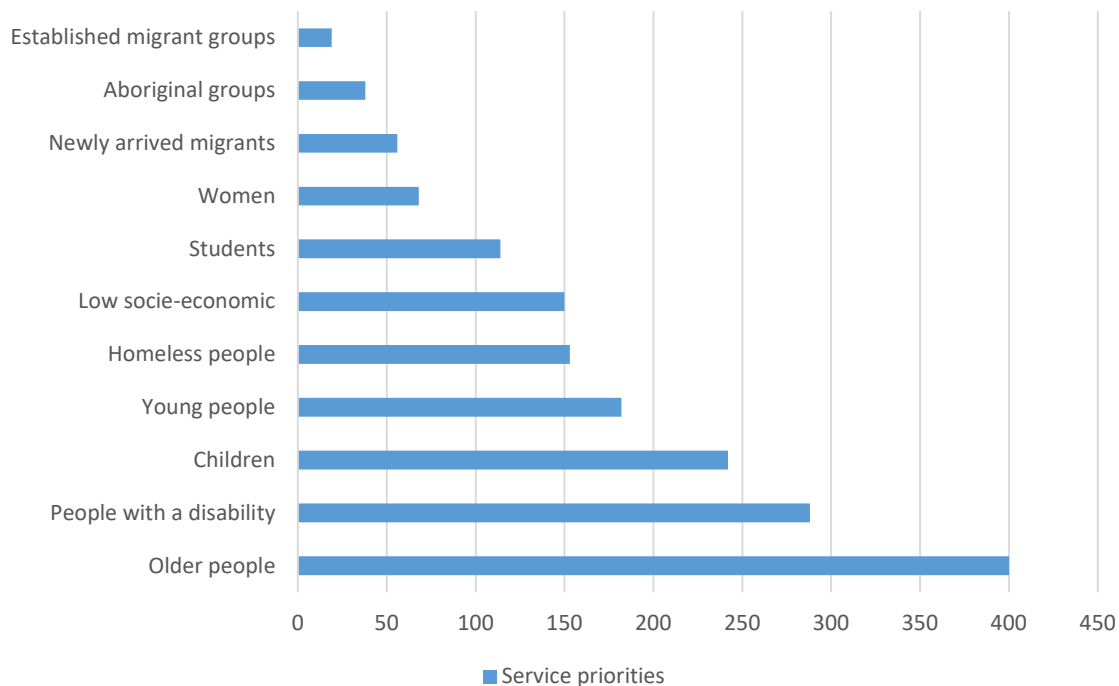
Red figures indicate most preferred option within each age group.

The future

Respondents were asked to select groups within the community which they considered Council should prioritise service delivery for.

Older people, people with a disability and children were the top three groups.

Service priorities



What services should Council prioritise over the next three years?



Written feedback

Much of the commentary focussed on urging Council to operate more efficiently, to retain services and to consider user pays.

Sample of commentary:

"Focus on the basic services ... a lot more user pays."

"I do not support any rate increases, given the increasing utility costs and general living costs, parking fees (which I do not support), lower salaries in the region, I would not afford a rate rise."

"No mention of any council officers/staff increasing work ethics, efficiencies, productivity!!"

"Reassess the budget and look at cost saving measures internally before engaging the community with a survey that is being used to pursue the easy path of raising the rates."

"I am an owner of a small business and always struggle to pay my rates in full and one time! Please don't raise the price of rates!"

"Council manages diverse activities well and I would rather increased rates than service cuts."

"You waste money on surveys then ask our opinions! Take a pay cut stop spending our money on ridiculous art work around the city and get on with the job. Be responsible for rate payers money instead of using council as an individual power fix."

"Like most surveys my responses are open to interpretation and can lead to the conclusion you want. NO rate rises; live within your means; I have to."

Council also received several letters in relation to the survey which are in the Appendix.

Summary

Overall the survey results and commentary indicate a reluctance on the part of most respondents to cover funding shortfalls through an increase in rates.

There was, however, some resistance to having Council reduce or cut services.

The option of fee increases received more support than a rate increase with some of the commentary suggesting Council should move towards more of a “user pays” model for some services.

This was evident with services such as the Gymnastics Centre with more respondents selecting the “increase fees” option for this service. The Gymnastics Centre is already an example of a service that has adopted a full cost-recovery financial model and operates at no additional cost to ratepayers outside maintenance of the building.

Many respondents asked for Council to operate more efficiently.

Significantly, there were differences in responses to questions about what was important to people currently and within their households and the question which asked respondents to identify three groups of people for which Council should prioritise service delivery. For example youth services was considered of lower value to people currently however when it came to prioritising services respondents placed children and young people third and fourth respectively.

Older age groups typically valued community services higher while younger groups in households with children were more inclined to value services for children.

All age groups placed a high value on waste management and roads

Appendix

1. Copy of survey

2. Correspondence received

REPORT



Council services discussion

Focus group findings report

Final, Version 1, 28 March 2019

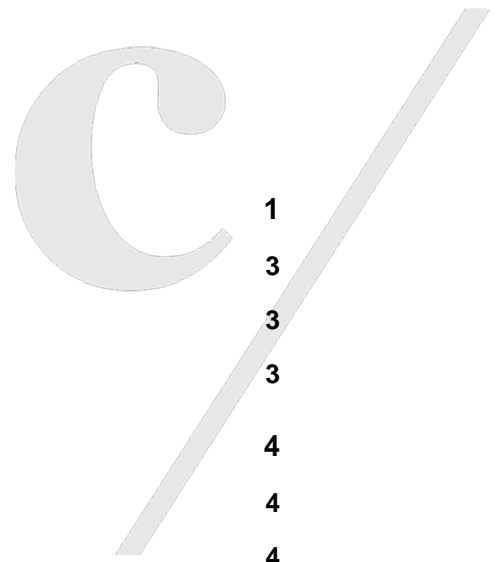
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1 Introduction	1
1.1 Project overview	3
1.2 Report overview	3
1.3 Focus group approach	3
2 Focus group findings	4
2.1 Participant overview	4
2.2 Increase rates	4
2.2.1 Survey findings	4
2.2.2 Focus group findings	2
2.3 Increase fees	3
2.3.1 Survey findings	3
2.3.2 Focus group findings	3
2.4 Cut service	2
2.4.1 Survey findings	2
2.4.2 Focus group results	2
3 Appendices	2
Appendix A: Summary of key discussion points and questions	2
Appendix B: Agenda	7

1 Executive Summary

Warrnambool City Council (Council) is applying to the Essential Services Commission (ESC) to seek a variation on its rates cap. As part of this process Council undertook engagement with the community in late 2018 through an online survey. The survey sought to understand household priorities and future need for Council services. The survey received 782 responses and Council has prepared a survey findings report which was released publicly.

Council have also undertaken face-to-face engagement with the community to have a deeper dive conversation into the survey response. The focus groups have provided Council with a helpful forum to unpack the 'why' behind respondents' survey answers regarding the shortfall methods through a two-way discussion.

The following four key-messages provide an overview of the key discussion themes across the three sessions:

Council should exhaust all other options before seeking a variation to the rate cap increase.

Council should increase user-pays fees for non-essential services

Council should not cut basic services that play an important part in health and well-being of the community

Council should use alternative providers where appropriate

The following table provides a snapshot of the levels of support for each of the shortfall methods. The table combines the responses where participants were asked to rank their level of support from one to five (one being 'very unlikely' and five 'very likely')

Table 1 Levels of support for each shortfall method

SHORTFALL METHOD	Focus group average score	Focus group most selected score number
Increase fees	3.2	5
Increase rates	1.9	1
Seek alternative provider	3.7	3
Cut services	3.2	3 & 4

Compared to the survey findings, the focus groups have provided Council with a greater insight into how decisions could be made about which services they do or do not continue to provide.

This is summarised by the following points:

- Prioritise the delivery of services which support the most vulnerable members of the community.
- Increase user-pays for services which benefit a smaller number of the community i.e. create airport user and landing fees
- Continue to lead the delivery and funding of public infrastructure such as roads, paths, bridges and parks.
- Strengthen how Council prioritises spending on what participants consider 'nice to have' items such a beautification projects.

This report provides a detailed analysis of the participants responses into each of the shortfall methods and their level of support for each.

2 Introduction

2.1 Project overview

Warrnambool City Council (Council) is applying to the Essential Services Commission (ESC) to seek a variation on its rates cap. As part of this process Council undertook engagement with the community in late 2018 through an online survey. The survey sought to understand household priorities and future need for Council services. The survey also explained the anticipated \$2.1 million-dollar deficit Council is facing over the next three years and sought to community preferences on different shortfall methods to bridge the deficit. The shortfall methods tested were: increasing fees, increasing rates, cutting services or seeking alternative providers.

The online survey received 782 responses and Council has prepared a survey findings report which was released publicly.

It was anticipated that in late February 2019 the findings of the survey would be the focus of a deliberative workshop involving up to 60 people who would be representative of the Warrnambool community.

Following the survey only 24 people were able to confirm their commitment to the workshop and as a result it was cancelled. In lieu of the workshop, Council convened three focus group meetings to further understand the community's shortfall method preferences.

2.2 Report overview

This document provides a findings summary of the three focus groups. The findings have been presented under each of the shortfall methods and includes the survey findings information that was presented to participants to support their responses.

2.3 Focus group approach

The purpose of the focus groups was to:

- inform participants about the survey findings
- update participants about Council's preliminary response to survey findings
- understand participant levels of acceptance regarding shortfall options
- capture detailed participant feedback using the workbooks provided.

Participants were provided a short context presentation about rates and services and asked to provide their feedback in a workbook. There were four distinct discussions about each of the shortfall methods. Each discussion included a brief overview of the survey findings, self-completion of workbook questions asking why participants would or would not support that particular shortfall method, and a group discussion exploring different responses.

The group discussions provided opportunity to ask questions to Council and have trade-off discussions about each shortfall option. A summary of these key discussion points and questions is at **Appendix A** and a copy of the focus group agenda is at **Appendix B**.

3 Focus group findings

The following section provides the focus group results by each shortfall methods, including the information presented to participants.

3.1 Participant overview

There were 31 participants present across the three focus groups. Participants represented a range of community views and groups within the community, such as sporting clubs and the ratepayers association. There was a notable absence of younger people in the room and people with young families.

3.2 Increase rates

3.2.1 Survey findings

Overall **nine per cent** of responses supported an increase in rates to cover the budget shortfall. When this figure is broken down by service area, the areas that received the most participant support for increasing rates were (in order of most selected):

- | | |
|---|----------------------------|
| 1. Urban development, infrastructure and transport services 12% | 4. Corporate services 8% |
| 2. Community health and well-being 9% | 5. Environment 7% |
| 3. Sport, recreation and culture 8% | 6. Economic development 6% |

At an individual service level, the following five services were the most selected for a rate increase (in order of most selected):

- | | |
|---|--|
| 1. Parks and gardens including playgrounds - total service cost of \$5.3 million of which 93% is funded through rates | 4. Emergency management (local disaster response, relief and recovery services) - total service cost of \$77,000 of which 22% is funded through rates (Council staff diverted from other duties to perform this role). |
| 2. Street lighting - total service cost of \$440,000 of which 100% is funded through rates | 5. Road building and maintenance - total service cost of \$7.67 million of which 64% is funded through rates |
| 3. Footpath building and maintenance - total service cost of \$3.21 million of which 50% is funded through rates | |

3.2.2 Focus group findings

Key message: Council should exhaust all other options before seeking a variation to the rate cap increase.

Participants feel other measures such as looking for internal efficiencies and expenditure on projects could be reduced to bridge the deficit. In all three of the sessions, participants recognised the breadth of services Council provides and suggested non-essential projects be put on hold until Council had a better financial position. There was a willingness for some participants to pay an increase in rates, where justified, however this should only be considered as a last option.

The table below provides a summary of the comments provided in the workbooks

Table 2: Summary of focus group workbook responses

Participants willing to pay more rates:	Participants <u>not</u> willing to pay more rates:
<ul style="list-style-type: none"> • Some services are essential and need to be Council run; a two per cent rise should cover this • Yes, for community and health as it benefits myself and my loved ones • If rate increase provides tangible value to the economy of service • For quality of service • Our parks and gardens need constant improvement and maintenance 	<ul style="list-style-type: none"> • Council needs to look at efficiencies • There is too much money being spent on the non-essential things • The cost of living sky rocketed; additional rates can't be afforded • Some Council works seem to be completed when not needed e.g. road and roundabout maintenance, new welcome sign etc.

Participants were also asked to rate their general level of support from one to five (one being very unlikely and five being very likely). The responses from the workbooks have been tallied and the table below provides the average and most selected score for each.

Table 3 Participant level of support for rates shortfall method

SHORTFALL METHOD	Average score	Most selected score
Increase rates	1.9	1

3.3 Increase fees

3.3.1 Survey findings

Overall **23 per cent** of responses supported an increase in fees to cover the budget shortfall. When this figure is broken down by service area, the areas that received the most participant support for increasing rates were (in order of most selected):

1. Sport, recreation and culture 40%
2. Economic development 29%
3. Community health and well-being 28%
4. Urban development, infrastructure and transport services 16%
5. Environment 11%
6. Corporate services 9%

At an individual service level, the following five services were the most selected for a fee increase (in order of most selected):

1. Warrnambool Regional Airport - total service cost of \$365,490 of which 61% is funded through rates
2. Warrnambool Stadium - total service cost of \$425,680 of which 15% is funded through rates
3. Lighthouse Theatre - total service cost of \$1.83 million of which 14% is funded through rates
4. Sportsground management and maintenance - total service cost of \$539,590 of which 77% is funded through rates
5. Warrnambool Gymnastics Centre - total service cost of \$360,400 of which 0% is funded through rates

3.3.2 Focus group findings

Key message: Council should increase user-pays fees for non-essential services

Participants were in agreement that fees should be increased for services. An example explored was the Airport, where currently there are no or limited user-pay fees to use the airport or for plane landings. When discussing access to sporting clubs there was some agreement these fees could increase, particularly if they had gaming machines attached to them, however fees for lower income and pensioners should not be increased to ensure equity of access.

The table below provides a summary of the comments provided in the workbooks

Table 4: Summary of focus group workbook responses

Participants willing to pay more fees:	Participants <u>not</u> willing to pay more fees:
<ul style="list-style-type: none"> • If the service is essential it should be included in rates • Happy to pay more to maintain facilities in a good condition • Community to help maintain their own facility e.g. club rooms, grounds 	<ul style="list-style-type: none"> • Not all residents use the facilities; people who use the facilities should pay to use them • Council should produce enough revenue to run facilities • Regional airport is only used by a few residents; the user could cover costs (e.g.

Participants willing to pay more fees:	Participants <u>not</u> willing to pay more fees:
<ul style="list-style-type: none"> Lighthouse Theater and sports are important; fees if necessary 	<p>people can pay more for the ticket to pay for the airport costs)</p> <ul style="list-style-type: none"> Users should personally pay for urban development, transport etc

Participants were also asked to rate their general level of support from one to five (one being very unlikely and five being very likely). The responses from the workbooks have been tallied and the table below provides the average and most selected score for each.

Table 5 Participant level of support for rates shortfall method

SHORTFALL METHOD	Average score	Most selected score
Increase fees	3.2	5

3.4 Cut service

3.4.1 Survey findings

Overall **24 per cent** of responses selected to cut services to cover the budget shortfall. When this figure is broken down by service area, the areas that received the most participant support for increasing rates were (in order of most selected):

- | | |
|---------------------------------------|--|
| 1 Corporate services 41% | 5 Urban development, infrastructure and transport services 19% |
| 2 Environment 27% | 6 Sport, recreation and culture 18% |
| 3 Economic development 26% | |
| 4 Community health and well-being 22% | |

At an individual service level, the following five services were the most selected to cut service (in order of most selected):

- | | |
|---|---|
| 1 Food Organics Garden Organics (FOGO) collection - total service cost of \$480,000 of which 100% is funded through rates | 4 Flagstaff Hill Maritime Village - total service cost of \$1.78 million of which 29% is funded through rates |
| 2 City Sustainability - total service cost of \$195,050 of which 100% of service is funded through rates | 5 Events and promotions - total service cost of \$589,090 of which 98% is funded through rates |
| 3 Animal control - total service cost of \$679,760 of which 28% is funded through rates | |

3.4.2 Focus group results

Key message: Council should not cut basic services that play an important part in health and well-being of the community

Participants agreed that services which support vulnerable segments of the community should not be cut. Participants were willing to see a cut or reduction in service levels of non-basic services which could be delivered by the private sector. Notionally participants supported the idea of sharing services with neighbouring local governments as an efficiency mechanism.

The table below provides a summary of the comments provided in the workbooks

Table 6: Summary of focus group workbook responses

Participants willing to accept cuts:	Participants <u>not</u> willing to accept cuts:
<ul style="list-style-type: none"> • Events, promotions, corporate services and economic development • Flagstaff Hill; runs at a loss • Food Organics Garden Organics is a luxury 	<ul style="list-style-type: none"> • Most services are needed and should not be cut • Sport and recreation; it is important for community engagement • Events and promotions as it's a valuable way of promoting Warrnambool

Participants were also asked to rate their general level of support from one to five (one being very unlikely and five being very likely). The responses from the workbooks have been tallied and the table below provides the average and most selected score for each.

Table 7 Participant level of support for rates shortfall method

SHORTFALL METHOD	Average score	Most selected score
Cut services	3.2	3 & 4

3.5 Seek alternative provider

3.5.1 Survey findings

Overall **28 per cent** of responses supported seek an alternative provider to cover the budget shortfall. When this figure is broken down by service area, the areas that received the most participant support for increasing rates were (in order of most selected):

- | | |
|--|---------------------------------------|
| 1 Environment 38% | 4 Community health and well-being 24% |
| 2 Urban development, infrastructure and transport services 36% | 5 Economic development 22% |
| 3 Corporate services 27% | 6 Sport, recreation and culture 21% |

At an individual service level, the following five services were the most selected to seek an alternative provider (in order of most selected):

- | | |
|--|--|
| <p>1 Waste management, rubbish collection, recycling - total service cost of \$3.17 million of which 100% funded through rates</p> <p>2 Public place bin collection service - total service cost of \$333,800 of which 100% is funded through rates</p> <p>3 Road building and maintenance - total service cost of \$7.67 million of which 64% is funded through rates</p> | <p>4 Footpath building and maintenance - total service cost of \$3.21 million of which 50% is funded through rates</p> <p>5 Drainage pipes, pits and stormwater tunnels - total service cost of \$4.75 million of which 24% of service is funded through rates</p> |
|--|--|

3.5.2 Focus group findings

Key message: Council should use alternative providers where appropriate

There was a shared view amongst participants that Council should seek alternative providers who can provide the same or better level of service at a reduced cost when possible. In all sessions there was questions raised about why Council was delivering particular services that may be better managed by the private sector, such as Flagstaff Hill.

The table below provides a summary of the comments provided in the workbooks

Table 8: Summary of focus group workbook responses

Participants would accept a change in these service providers:	Participants would <u>not</u> accept a change in these service providers:
<ul style="list-style-type: none"> • If services could be provided at a cheaper cost with no change to service. • Waste management; outsourced in certain areas with shorter contracts to create more competition 	<ul style="list-style-type: none"> • If the standard of service was to decrease • If it didn't show better value or was given to a non-local provider. • Road and building maintenance

Participants were also asked to rate their general level of support from one to five (one being very unlikely and five being very likely). The responses from the workbooks have been tallied and the table below provides the average and most selected score for each.

Table 9 Participant level of support for rates shortfall method

SHORTFALL METHOD	Average score	Most selected score
Seek alternative provider	3.7	3

4 Appendices

Appendix A: Summary of key discussion points and questions

Focus Group 1 – comments and questions

- Why were the saleyards, waste and meals on wheels in the survey?
- Why doesn't Council do less e.g. roundabouts, toilets?
- My rates went up 24 per cent in one year.
- Rates have gone up 59 per cent in 10 years.
- What percentage of efficiencies would cover the shortfall?

User fees

- Are there landing fees at the airport?
- Council should pay for the essentials. User fees should cover non-essentials.
- Council should provide some subsidy for the non-essentials because they are good for the community.

Increase rates

- Are roads repaired on a rolling schedule or on an 'as needs' basis?
- What are the finance arrangements for Council plant and equipment? Lease or purchase?
- There should be more emphasis on efficiencies, work within your means. Council is not working within its means.
- Look at ways to avoid a rate rise. If you can't afford to do it, don't do it.
- The roundabouts – stop, take a breath, think about the ratepayers, and think about the cost. There are a lot of struggling homeowners out there. They will struggle to pay their home loans.
- Governments look at \$40,000 or \$20,000 and think it's nothing out of an \$80 million budget. But these amounts add up.
- What about economic development, Cape Schanck?

Cut services

- Will compost from FOGO be used appropriately?
- I have a private green waste collection, what will happen to the company providing that service with the FOGO rollout?

- I didn't do the survey because I don't want to pay more rates or see services cut. Are staff willing to take cuts?
- Why run Flagstaff Hill? Close it or privatise it.
- Why run an airport? It's a State Government function.
- Efficiencies are not being acted on at Flagstaff Hill.

Seek alternative provider

- Contracts are issued and people miss out. What about the racecourse? A cheaper contractor missed out.
- What about the toilets? Can you negotiate contracts?
- If it can be done cheaper why not use alternative providers – on the proviso that it is done just as well.
- Put an emphasis on local jobs unless there is a massive saving.
- Some services you can't provide through an alternative provider – we need to look after the vulnerable.
- Don't do other work if there is no money to look after the vulnerable.
- I would have accepted a rate rise if Council had put the brakes on some projects.

Focus Group 2 – comments and questions

- No mention of growth in rates revenue because of residential growth.
- Doing nothing should be an option.

Increase fees

- Dennington Community Association has had services cut, rent is up, maintenance by Council is down, and the onus on the association is up.
- Questions in the survey were not detailed enough.
- There's a focus on services, what about discretionary spending?
- People might not have opted for an increase in fees if they knew sport and recreation fees had gone up 50 per cent in the past two years.
- I support the principle of user pays.
- With user pays you don't want to discourage children's participation in sport. Football clubs with gaming machines could contribute more
- Community services should be aimed at the young and vulnerable. If we don't allow easy access to these facilities our community could suffer.

- Users include visitors to the art gallery but visitors have skyrocketed without fees (admission cost).
- Rather than increase rates for everyone, why not look at user fees.
- With user fees sports groups could fold.
- With the airport, the percentage subsidy sounds horrendous until you look at the total figure. Context is important.

Increase rates

- Council is there to look after ratepayers, roads and rubbish are most important and parks. Handle these things first then handle the wants. I live on a park and it's a disgrace.
- Several rate increases and extra from property value increases. It's six per cent double dipping and a problem with Council.
- I support a rate increase for services that relate to safety and hazards, lighting, mowing, insurance costs would increase without investment.
- Cover essentials through the CPI increase.
- People have no capacity to increase their household incomes. We have to adjust living expenses to fit in with income.
- At a dinner party I went to eight people said they would be prepared to pay more rates but they didn't fill out the survey.

Cut services

- I don't want essential services to be cut too much but at the same time perhaps there are more efficient ways to do things.
- Cut services on some things. For example don't cut sport and the environment, the young ones would not allow us to cut the environment. Flagstaff Hill can go.
- Health must be maintained. Some services could be merged.
- FOGO. I'm not getting it yet but I don't want to see it cut though.
- Flagstaff Hill needs to be overhauled completely and should standalone and standalone through income from attendees.
- Events and promotions – what benefits do they bring?
- FOGO – there are opportunities on that page alone to find savings and avoid the rate increase.
- Flagstaff Hill, run it commercially, run it like another city precinct.

Seek alternative provider

- Waste contracts, are they fixed or do they rise annually?

- Some people have stopped private FOGO. Renters will benefit from landowners with this extra services.
- Unhappy about proposed market stall charges.
- Rubbish collection, it's sensible to put it out to tender.
- Road building – hard to get a competitive price when there is only one provider.
- Some services are done by alternative providers already, Council is good at doing the smaller jobs.
- Amalgamation has left us too small to do some things. It's a no-brainer to get alternative providers for some things but you must reach a point where you can't sustain some things (reference to Flagstaff Hill).
- Footpaths, drainage – Council should control that because of the risks associated with them.
- Belfast and the Port Fairy Shire combined resources to deliver work and a company formed from that. Looking at alternatives can create opportunities.
- We love in a small part of the world where there are limited alternative providers.
- Why do we resurface roads when it looks like we don't need it?
- I hate the cost of parking meters.

Focus Group 3 – comments and questions

- Warrnambool has double the staff numbers compared to Moyne and Corangamite.
- Survey should have had an explanation on items included that had a zero impact on rates, why were they included?

Increase fees

- There is an awful lot that should be user pays e.g... You get to use the airport, you pay for it. It's a luxury.
- Services not used by ratepayers – users pay for it.
- In some areas fees are too high because of how it is run, management etc. Some are under-charged, properties run by Council are under-rated (leasing arrangements).
- I would support fees in some areas. The question is too broad.

Increase rates

- People may have indicated support for increasing rates for roads but did not know that roads they wanted improved were VicRoads roads e.g. Mortlake Road, Raglan Parade.
- Meals and alcohol after Council meetings is not right, especially when Council is supporting WRAD, giving money to Sharp Airlines.
- Could be more efficiency, especially beach-cleaning. Seaweed removal could be done privately. It'd be a win-win. It's done in Tasmania.

- A rate increase but only after efficiencies have been checked. It has to be justified.
- Scrap one service then you will hurt someone or something.
- I agree with the 91 per cent that do not want to increase rates. These are core services.
- There is a lack of transparency.

Cut services

- Look at the services that could be reduced e.g. WAG, reduce hours, Lighthouse Theatre, should be user pays. If not breaking even should be privately operated.
- Essential services like roads should not be cut.
- If council can't make services efficient or profitable then cut or outsource.
- Flagstaff Hill, Lighthouse Theatre, could be outsourced.
- Flagstaff Hill, cutting it could impact on the economy. We don't know what might be lost to the economy.
- We don't want to shoot ourselves in the foot. Flagstaff Hill is very nice but we don't do it very well.
- The Lighthouse Theatre. It's essential but a bureaucracy doesn't do it well.
- Flagstaff Hill, it's losing money and it doesn't work. Fremantle and Geraldton do maritime history well. The Shipwreck Coast Museum should be built at Worm Bay. The museum part of Flagstaff Hill is appalling.
- Don't cut city sustainability, animal control or events and services.
- FOGO, you still pay for the service even if you don't want it.
- FOGO, I don't need it. To put out the bin would be moronic.

Seek alternative provider

- Seeking an alternative provider is normal business. If it's more economic, then do it.
- If it's better value, change your provider. Don't do it if it's nepotistic or less value.
- Get alternative providers but hopefully local providers
- It's a case-by-case basis
- Council should stick to the core things.
- Lease things out such as the caravan park or Flagstaff Hill with Council getting a return on investment.

Appendix B: Agenda

Item	Lead
Welcome and introductions ~ 10 mins	Sandra Jerkovic, Capire Consulting Group
Council presentation ~ 15 mins (Short Q&A)	Peter Utri, Warrnambool City Council
Discussion 1: Shortfall method - Increase fees ~ 15 mins	All
Discussion 2: Shortfall method - Increase rates ~ 15 mins	All
<i>BREAK ~ 5 mins</i>	All
Discussion 3: Shortfall method – Cut service ~ 15 mins	All
Discussion 4: Shortfall method – Seek alternative provider ~ 15 mins	All
Wrap up and next steps ~ 15 mins	Peter Utri, Warrnambool City Council