Hawkesbury City Council

special meeting business paper

date of meeting: 26 June 2006
location: council chambers
time: 7.00 p.m.

mission statement

"To create opportunities for a variety of work and lifestyle choices in a healthy, natural environment"

How Council Operates

Hawkesbury City Council supports and encourages the involvement and participation of local residents in issues that affect the City.

The 12 Councillors who represent Hawkesbury City Council are elected at Local Government elections held every four years. Voting at these elections is compulsory for residents who are aged 18 years and over and who reside permanently in the City.

Ordinary Meetings of Council are held on the second Tuesday of each month, except January, and the last Tuesday of each month, except December. The meetings start at 5:00pm with a break from 7:00pm to 7:30pm and are scheduled to conclude by 11:00pm. These meetings are open to the public.

When a Special Meeting of Council is held it will usually start at 7:00pm. These meetings are also open to the public.

Meeting Procedure

The Mayor is Chairperson of the meeting.

The business paper contains the agenda and information on the issues to be dealt with at the meeting. Matters before the Council will be dealt with by an exception process. This involves Councillors advising the General Manager at least two hours before the meeting of those matters they wish to discuss. A list will then be prepared of all matters to be discussed and this will be publicly displayed in the Chambers. At the appropriate stage of the meeting, the Chairperson will move for all those matters not listed for discussion to be adopted. The meeting then will proceed to deal with each item listed for discussion and decision.

Public Participation

Members of the public can request to speak about a matter raised in the business paper for the Council meeting. You must register to speak prior to 3:00pm on the day of the meeting by contacting Council. You will need to complete an application form and lodge it with the General Manager by this time, where possible. The application form is available on the Council's website, from reception, at the meeting, by contacting the Manager Corporate Services and Governance on 4560 4426 or by email at lmifsud@hawkesbury.nsw.gov.au.

The Mayor will invite interested persons to address the Council when the matter is being considered. Speakers have a maximum of five minutes to present their views. If there are a large number of responses in a matter, they may be asked to organise for three representatives to address the Council.

A Point of Interest

Voting on matters for consideration is operated electronically. Councillors have in front of them both a "Yes" and a "No" button with which they cast their vote. The results of the vote are displayed on the electronic voting board above the Minute Clerk. This was an innovation in Australian Local Government pioneered by Hawkesbury City Council.

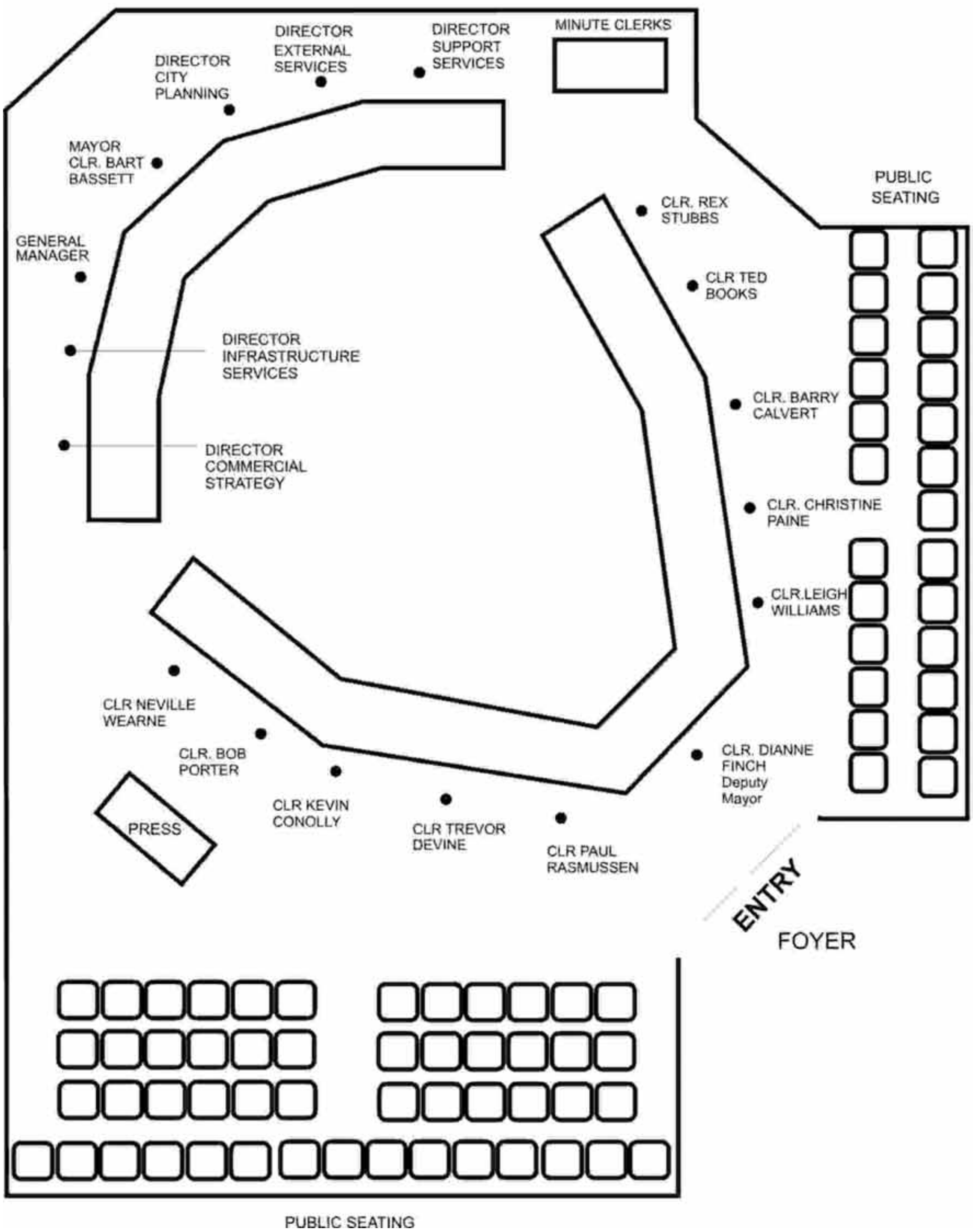
Website

Business Papers can be viewed on Council's website from noon on the Friday before each meeting. The website address is www.hawkesbury.nsw.gov.au.

Further Information

A guide to Council Meetings is available on the Council's website. If you require further information about meetings of Council, please contact the Manager, Corporate Services and Governance on, telephone 02 4560 4426.

council chambers



SPECIAL MEETING

Table of Contents

Meeting Date: 26 June 2006

AGENDA

- **WELCOME / EXPLANATIONS**
- **APOLOGIES**
- **DECLARATION OF INTERESTS**
- **AGENDA ITEMS SUBJECT TO PUBLIC ADDRESS**
- **SECTION 4 - Reports for Determination**

Support Services

SPECIAL MEETING

Table of Contents

Meeting Date: 26 June 2006

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE
SECTION 4 - Reports for Determination		**7**
SUPPORT SERVICES		**7**
Item: 121	SS - Adoption of the 2006/2007 Management Plan and Making and Levying of Rates and Fixing of Charge for the Period 1 July 2006 to 30 June 2007 - (95496, 96332, 107)	7

SPECIAL MEETING

Table of Contents

Meeting Date: 26 June 2006

special

section 4

reports for determination

SECTION 4 - Reports for Determination

SUPPORT SERVICES

Item: 121 **SS - Adoption of the 2006/2007 Management Plan and Making and Levying of Rates and Fixing of Charge for the Period 1 July 2006 to 30 June 2007 - (95496, 96332, 107)**

Previous Item: 85, Special (2 May 2006)

REPORT:

At the Special Meeting of Council held on 2 May 2006 consideration was given to a report by the General Manager in relation to the 2006/2007 draft Management Plan and it was subsequently resolved as follows:

"That:

1. *The General Manager's report regarding the 2006/2007 draft Management Plan and Budget be received.*

2. *The 2006/2007 draft Management Plan, incorporating Council's Strategic plan, Operational Plan, Budget estimates and Revenue Pricing Policy, be adopted with the following amendments*

   (a) the additional position within the CRU not be pursued and these funds be quarantined pending the outcome of the public exhibition period;
   (b) bus trips be maintained on a part subsidy basis.

3. *The amended 2006/2007 draft Management Plan be advertised in accordance with section 405 of the Local Government Act 1993.*

4. *A Special Meeting of Council be held on Monday 26 June 2006 to consider any public submissions received in respect of the 2006/2007 draft Management Plan and Budget and to consider the adoption of these documents and to make and fix rates and charges for the year ending 30 June 2007.*

5. *Consideration of differential rates for business as compared to residential properties not be proceeded with in the 2006/2007 financial year and consideration be deferred until a sensitivity analysis, which will include where possible but not be limited to a study between the commercial areas referred to in this report of:*

   (a) Escape expenditure in the various commercial areas;
   (b) Ability for Hawkesbury business to attract customers from outside the Hawkesbury;
   (c) Comparisons of net operating returns per dollar ($) of rent;
   (d) Comparison of commercial land values;
   (e) Turnover of businesses
   (f) Returns on investments to property owners.

6. *Council write to the state government to reaffirm its earlier requests for statutory fees to be subject to annual indexation.*

7. *Council write to the state government requesting that the pensioner subsidy for sewerage charges be subject to annual indexation and that this subsidy be extended to pensioners within the Sydney Water area of responsibility who are reliant on sullage pumpout.*

8. *Council write to the state government to highlight the impact of the 54% increase in the landfill levy on the waste charges payable by ratepayers of Hawkesbury City.*

9. *Council write to the Commonwealth Government seeking an increase in black spot funding based on our large road network and our suburban Council status in this regard.*

10. *Council write to the Commonwealth Government seeking an extension of the Roads to Recovery programme past its planned current programme to enable Council to forward plan in keeping with our 10 year Infrastructure Improvement Plan.*

11. *The General Manager reallocate priorities where necessary to achieve non-rate revenue generation outcomes."*

Additional Position Within the CRU

Part 2(a) of Council's resolution provides for funds provided within the draft Budget for an additional position within the CRU to be quarantined until the conclusion of the exhibition period. The report submitted to the meeting of Council held on 2 May 2006 provided the following comments in respect of this and other proposed new positions for 2006/2007:

> *"Given the financial constraints and the recent redundancies, Management proposes only one additional staff position in the 2006/07 draft budget for a Business Development Officer. This position will focus on identifying and investigating opportunities for future revenue generation. An amount of $75,000 has been provided in the draft budget for this position.*
>
> *During budget deliberations a number of other staff positions were requested, and although it is recognised that resources are limited across the board, to fund these positions existing staffing priorities and vacancies would need to be reviewed."*

Community Bus Trips

Part 2(b) of Council's resolution refers to bus trips organised by Council for the community to provide opportunities to visit other areas, both metropolitan and non-metropolitan, and are conducted approximately eight times per year depending upon costs and available funds.

In accordance with Council's resolution fees of $5.00 for trips in the metropolitan area and $10.00 for trips outside the metropolitan area were incorporated into the Fees and Charges component of the Revenue Pricing Policy section of the 2006/2007 draft Management Plan. This would represent a part payment by participants towards the cost of these trips.

A net additional amount of $8,050 has also been included within component 50 - Parks representing the estimated cost of this service following the payment of the proposed fee by participants.

Parts 5 to 10 of Council's Resolution

An appropriate report in respect of part 5 of Council's resolution will be submitted to Council in due course and the relevant officers have been requested to forward appropriate correspondence in respect of those issues canvassed in parts 6 to 10.

Public Submissions

The public exhibition for Council's 2006/2007 draft Management Plan concluded on 6 June 2006. At the conclusion of the advertising period a total of 11 submissions had been received, with a further submission being received the day following closure.

All submissions relate to Council's proposal for a Special Rate Variation (details concerning the Minister's determination of this submission are addressed later in this report) and details of the respondents and a summary of issues raised in the submissions in relation to this matter are provided below.

Respondents

1. Ms Lyn Baker
2. Mr Doug Bathersby
3. Ms Debbie Bennett
4. Mr Ray Bennett
5. Miss Margaret Betts
6. W S Hill & Co.
7. Mr Ron James
8. Mr Bill Sneddon (received day after closure)
9. Ms Jackie Verzi
10. Mr Nic Verzi
11. Hawkesbury Historical Society Inc.

Respondents 1 - 10 while essentially objecting to Council's proposed Special Rate Variation raise a number of issues and comments/suggestions in this regard. These include:

1. Council's current financial position is due to financial mismanagement;
2. Council's financial position is not in a perilous state with reference to comments by the Council's Auditor and suggested need for rate increase is due to changed accounting standards;
3. Object to 43% rate rise, Council should operate within 3.6% rate pegging limit;
4. Recent revaluation has increased Council's rate revenue;
5. Proposed IIP only maintains current position with no provision for improvements;
6. No provision for sealing currently unsealed roads;
7. The condition of Council's country roads is deteriorating;
8. The cost of the Cultural Precinct has contributed to the position;
9. Assets such as the Old Hospital and the Deerubbin Centre should be sold;
10. Twice yearly charge for Kerbside Bulk Waste Collection and Disposal Service;
11. The cost of the "Kurrajong Tree Issue";
12. Cost of cases lost in the Land & Environment Court;
13. Legal expenses and consultants costs;
14. Hawkesbury Leisure Centres previous cost of $300,000;
15. Failure to set Commercial Rates for businesses;
16. Viability of the CRU with suggestions that it should be disbanded;
17. Cost of appointment of two new Directors and associated staff;
18. Council only seems interested in employing internal staff instead of undertaking maintenance;
19. Council's involvement in a Stock Exchange;
20. Council should borrow for capital works, research long term investment possibilities and lobby for more grants;
21. Hawkesbury's high growth rate over many years should have been incorporated into Council's Business Plan;
22. Politics should be kept out of local government.

Comments

In respect of the various issues raised by respondents 1 - 10 (respondent 11 will be addressed after these issues) the following comments are offered:

Issues 1 & 2

Council's current financial position has been the subject of detailed reports to Council in the past in relation to the proposal for a Special Rate Variation.

A review of these reports shows that the current position is not due to "mismanagement" but a number of factors such as Council's costs increasing at a greater rate that allowable rate increases; Council adhering to government rate pegging policies as distinct from applying for increases in the past as has been done by a number of councils; Council being required by state and federal governments to undertake additional tasks or provide additional services without corresponding financial support (cost shifting), etc.

With regard to references to statements made by Council's Auditor it will be recalled that the Auditor's Report for the 2004/2005 Financial Year was submitted to Council on 15 November 2005. When addressing Council on the report and in reference to Council's financial position **as at 30 June 2005** the Auditor stated:

"……. I think Council is in a sound and stable financial position as at 30 June 2005."

However, when specifically referring to Council's future direction and maintenance of infrastructure the Auditor also stated:

"There are a couple of issues that you should address in terms of your strategic planning and your annual budgeting. Council has got an operating result before capital at deficit $775,000 this year and the Department of Local Government Minister and other external observers of Council's finances like to see a surplus at that level, so I would encourage you to try and work towards that in the future. Another part of these accounts which is not audited but which is important in terms of understanding Council's financial viability is Special Schedule 7 which deals with the condition of Council's infrastructure. That Schedule has stated that it would cost $65 million dollars to bring Council's infrastructure up to an acceptable standard. That we are currently spending about $6.6 million per annum in maintaining that infrastructure whereas to get it up to an acceptable level and keep it there it would actually be costing us $13.3 million, so there is a fairly large gap which will need to be addressed in the future. The current position in my view is fine but I think you've got a report from management before you which talks about future projections that have been made regarding Council's finances and some of those projections indicate that there may be concerns in the future and that Council will need to intervene to change the existing financial framework to some extent otherwise you will be in an unviable financial position going forward, so I would encourage you to take heed of that report and to take the necessary action to bring the recurrent budget back into a balanced result."

The need for an Infrastructure Improvement Program (IIP) does not relate to changed accounting standards as these standards do not affect the actual physical condition of Council's infrastructure network. The correct analysis of this network, which is not related to accounting standards, has shown a need for the IIP to address the situation and is not driven by changed standards.

Issue 3

Council has previously considered numerous submissions as part of the process utilised in the Special Rate Variation proposal that resulted in many issues/comments being raised, including many of those listed above. Council subsequently determined to proceed with the proposal forwarded to the Minister for consideration.

Reference is made to Council's proposal of 43% as compared to rate pegging of 3.6%. This, in effect, is not a correct comparison as Council's proposal is over a period of four years whereas a reference to 3.6% only represents a single year rate pegging increase.

A correct comparison is Council's proposal of an accumulative increase of 42.57% over four year whereas rate pegging would result in an accumulative increase of 15.2% over the same period, based upon a continuation of this years' rate pegging limit of 3.6%.

Issue 4

As previously reported to Council the average value of properties across the city area increased by approximately 78% as a result of the recent revaluation with Council being required to utilise these new valuations for rating purposes in the 2006/2007 financial year. This is the same period it would be proposed that any Special Rate Variation received by the Council would commence.

However, as previously indicated to Council the increase in valuations for land within the City area as a result of this revaluation **does not** equate to a corresponding increase in the rate revenue available to Council. Future rate revenue to be raised by Council is based upon the total rate revenue received for 2005/2006 together with the rate pegging or other approved increase limit set by the Minister.

Issues 5, 6 & 7

It has previously been highlighted to both the Council and the community during the earlier extensive consultation process that the IIP essentially only provides for the maintenance of Council's infrastructure network. Had new or further works such as additional sealing currently unsealed roads been incorporated in the final IIP, additional funds would have been required necessitating a possible greater rate increase.

Issues 8

Construction of the Cultural Precinct was funded from a combination of property sales (mainly non income producing vacant land), Section 94 contribution funds, revenue and interest from the property development in Bligh Park and other property reserve funds.

A portion of the total amount was required to be spent on community facilities for the area and this was fulfilled through the provision of a larger library space and the space for the Regional Gallery. This funding cannot be used for general roads and other infrastructure of this nature (Section 94 requirements). The Centre also provides a large area of commercial space for leasing which provides an income stream to the Council.

Even if the funding used to build the Cultural Precinct was used for the Infrastructure Improvement Program, it would not have been sufficient to prevent the projected long-term financial situation of the Council.

Issues 9

As Council is aware there is currently a program of sales of effectively non-income producing properties to finalise the financial arrangements for the Cultural Precinct and that pending the finalisation of the program the project has been supported by way of an internal loan.

The suggestion for the sale of assets such as the Deerubbin Centre, the Old Hospital or the Johnson Wing would not be appropriate and could not be supported as, in fact, these are income producing properties. The estimated rental income from these three properties, based on current leases, for the 2006/2007 financial year will be $525,000, which is not an insignificant contribution to Council's income.

Issues 10

An "at call" Kerbside Bulk Waste Collection and Disposal Service was introduced in 2004/2005 following inclusion, as required, in the draft 2004/2005 Management Plan placed on public exhibition. The service is available to approximately 14,455 residential type properties throughout the city. Property owners or occupiers are entitled to 2 (two) collections per year on an "at call" basis, i.e., the owner or occupier phones the call centre to book in a collection.

The cost of the service is "cost shared" between all residential type properties within the designated service areas and is shown as a separate charge on the rate notice for the affected properties.

When introduced (2004/2005) the charge was set at $32.80; was subsequently reduced to $15.10 for 2005/2006 with the draft Management Plan indicating a proposed charge of $16.00 for 2006/2007.

Issues 11

This issue has been the subject of previous reports to Council and the costs incurred in the preparation of the report in question resulted from a Council resolution for an independent investigation.

Issues 12

This issue raised in submissions refers to the cost of cases lost in the Land & Environment Court. The following information relates to the period between July 2005 to 8 June 2006. During this time, Council has had thirteen (13) matters in the Land & Environment Court. Council has not lost a single matter.

During the above period Council has expended $288,924.13 on legal services relating to planning matters. Of this amount, $250,179.36 was expended on Land & Environment Court appeals. Of the twelve (12) appeals:

- Five (5) were dismissed in Council's favour;
- In two (2) cases, the applicants submitted modified plans that were acceptable to Council;
- One (1) matter is ongoing;
- One (1) matter was withdrawn and the costs awarded in Council's favour;
- One (1) Class 4 action where Council was an observer;
- One (1) Class 4 action where Council prosecuted illegal works, was successful and had costs awarded; and
- One (1) tree prosecution matter where Council was successful and costs awarded.

Issues 13

In addition to the legal costs referred to in response to the above issue Council does incur legal costs in a number of other areas such as property transactions (leases, sales, acquisitions, gaining easements, etc.); insurance related issues (defence of claims relating to public liability, professional indemnity, damages, etc.); obtaining advice in relation to the legal requirements imposed upon Council by legislation and/or regulations and debt recover actions being a number of examples.

With regard to consultants, these are only utilised to undertake work or assessments where the expertise is not available internally; Council's resources require supplementing due to workloads; where it may not be appropriate to undertake the work internally (such as an assessment of a Council proposal); where it is necessary for an independent assessment to be undertaken in support of or required in association with legal proceedings involving the Council, etc.

Having regard to the above it is suggested that when utilising these type of services that Council's staff are very aware of the costs involved and do not utilise the services unless necessary or required (particularly in relation to the various types of legal proceedings) or in accordance with a Council direction on a particular issue.

Issues 14

For some time until 30 June 2004 Council's facility known as the Hawkesbury Leisure Centres was operated, on Council's behalf, by Hawkesbury Leisure Centres Inc. This was an incorporated body established by Council in association with the operation of the Leisure Centres, with Leisure Co

Australia also being appointed to manage the facility, with such appointment also concluding on 30 June 2004.

As the body established as Hawkesbury Leisure Centres Inc managed the facility as a separate entity on Council's behalf (with Council ultimately bearing the costs associated with the operation of the Centres) in order to improve the financial performance of that separate entity the Council, over a period of time, wrote off an amount of $300,000 and initiated an annual contribution towards the Centres. In addition Leisure Co Australia also wrote off an amount of $100,000. Hawkesbury Leisure Centres Inc has since been unincorporated.

In addition, Leisure Co Australia also made payments to Council totalling $525,000 being an amount agreed to between this organisation and the Council to settle a disagreement relating to the terms of the management agreement for the Centres between Council and that organisation.

In effect this agreement included an underwriting clause that provided "underwriting means the provision of start up funding, initial operation cash flow, support and payment of any operating losses at the termination of this deed or any expansion thereof before deduction of non-cash items such as depreciation, provision and the like".

Whilst Council placed an interpretation on that clause which suggested that the losses to be underwritten by Leisure Co Australia could have been in excess of $700,000, Leisure Co Australia indicated that in their view due to significant changes that occurred to the contract since it was entered into in 1995, they considered their liability was much less than that claimed by Council and in fact was limited to the $100,000 seed funding provided to the Centres as referred to above.

In view of the significant variation between the position taken by Council and that of Leisure Co Australia, and the significant expense that would be incurred in defending Council's position during possible arbitration of the matter and any subsequent legal action, Council negotiated a settlement with Leisure Co Australia of $525,000 to be paid off between October 2003 and March 2006. Council has now received the final payment of this amount.

<u>Issues 15</u>

As indicated previously in this report, at the Special Meeting held on 2 May 2006 the Council considered the question of the possible introduction of differential rates for business properties and was provided with information regarding the effects of varying rates on both the business and residential rates in the event of a differential rate being introduced. Subsequently, the Council resolved as follows:

"Consideration of differential rates for business as compared to residential properties not be proceeded with in the 2006/2007 financial year and consideration be deferred until a sensitivity analysis, which will include where possible but not be limited to a study between the commercial areas referred to in this report of:

(g) Escape expenditure in the various commercial areas;
(h) Ability for Hawkesbury business to attract customers from outside the Hawkesbury;
(i) Comparisons of net operating returns per dollar ($) of rent;
(j) Comparison of commercial land values;
(k) Turnover of businesses
(l) Returns on investments to property owners."

Appropriate investigations will now be undertaken in accordance with Council's resolution and a further report will ultimately be submitted to Council to enable it to further consider this issue. In the event that Council subsequently decided that it wished to introduce a differential rate for business properties details could then be included in the draft Management Plan for 2007/2008 with a view to the possible introduction of such a rate in that year.

Issues 16

The Commercial Response Unit (CRU) was established on 22 July 2004 with the appointment of a new director. Support staff appointed to the unit comprised an administrative assistant and a strategic planner; existing staff filled both of these positions. The initial budget of the CRU was set at $1.04M, which represented the consolidated expenditure by Council on economic development and related activities (including Sister City Programs and Scholarship Programs) up to that point in time.

Total expenditure by the CRU for the 2004/2005 Financial Year was approximately $649,000, which represented an operating saving to Council of $391,000.

The established budget for the CRU for the 2005/2006 Financial Year was $834,000. However actual expenditure for the CRU has been approximately $495,000, representing an operating saving to Council of around $338,000 for the current Financial Year. Over the last 2 years the CRU has delivered savings to Council of approximately $729,950 in terms of actual operating expenditure. The proposed operating budget for the CRU for the 2006/2007 Financial Year is approximately $764,000. Again this represents an operating saving to Council of some $275,000 when compared with Council's original budget for local economic development prior to the CRU and a total saving of approximately $1.01M since the CRU was established.

The CRU has also changed the way Council engages with the business community by fundamentally restructuring former mainstreet programs and payments to third party providers such as Hawkesbury Harvest and tourism to reduce future cost pressures. These initiatives will realise savings to Council of some $904,000 over the next 3 years in terms of avoided costs.

Apart from CRU, the Commercial Strategy directorate also includes Information Technology (IT) and Records. Over the last 12 months the directorate has delivered operating savings in the order of $120,000 arising from staff rationalisation and the introduction of a new software-licensing regime. This is in addition to capital cost savings to the IT Reserve of $200,000. In terms of avoided costs, IT will achieve operating savings to Council of some $375,000 over the next 3 years through a new licensing agreement with our vendors.

At the divisional level, total operating savings to Council of approximately $1.3M has been achieved in a little less than 2 years, with savings through avoided costs of approximately $1.2M forecast to accrue over the next 3 years.

Issues 17

The appointment of two new Directors has not, as previously indicated to Council, resulted in the appointment of any additional staff. Staffing of the areas concerned has been achieved by the reallocation of existing staff resources available within the organisation at the time, not the appointment of additional staff. This is highlighted by the comments in response to the following issue 19 that show a significant reduction in staff numbers rather than an increase.

The creation of the areas concerned by Council was aimed at and has enabled the organisations activities to become more commercially and customer focused. Some of the benefits achieved as a result of the creation of the CRU are detailed in the comments to the previous issue 16.

In addition, this action has also enabled in-depth forward planning to be undertaken that has assisted in identifying our long-term financial situation and infrastructure needs. Without these long term plans, Council would constantly be budgeting annually and gradually slipping behind in providing and maintaining quality assets for the community.

The new Directorates have been instrumental in working with other sections of Council, by using current resources to assist in formulating Council’s strategic direction for the future.

Issues 18

The comment in relation to this issue suggests that *"Council seems only interested in getting more internal staff instead of outside maintenance"* is not, as Council is aware, a correct view.

As part of the review and rationalisation of costs and services that has occurred over the last 12 months, in association with the development of the IIP a total of 20 positions within Council's overall staffing structure have been made redundant. Initially, eight positions that had become vacant during the year were declared redundant. In addition, a further 12 positions subsequently made redundant through a combination of voluntary redundancies and vacancies. This has resulted in a total annual saving in employee costs of approximately $1m.

The 20 positions in total referred to in the above paragraph were:

1. Building & Development Officer
2. Admin. Officer, Cultural Planning
3. Data Administration Officer
4. Finance Officer
5. Administration Officer, Purchasing
6. Road Works O.H. & Safety Officer
7. Internal Auditor
8. Corporate Systems Support Officer
9. Child Development Officer
10. Nurse
11. Community Access Worker
12. Admin. Officer, E&D
13. Engineering Surveyor
14. Executive Manager
15. Finance Officer
16. Town Planning Assistant
17. Building Surveyor
18. Intermediate Plant Operator
19. Mechanic
20. Word Processing Operator

In addition, Council implemented a process to further define its service levels across the organisation in order to determine appropriate levels for those services and to identify and implement rationalisation and/or reductions in those areas where further savings and cost reductions to the operational budget could be achieved. To date, it is estimated that savings in the order of $920,000, on an ongoing basis, have been achieved through this process.

Issues 19

The concept of a Hawkesbury Stock Exchange (HSX) arose from feedback from the business community, which identified 'lack of access to venture capital' as one impediment to local business growth and succession planning.

While Council has facilitated some information sessions for local businesses to assist the Newcastle Stock Exchange (NSX) in promoting their small business offering, Council is not itself involved, or proposing to be involved in any stock exchange operation. It is interesting to note however, that since Council floated the concept of a local bourse, there is some interest being shown by other councils for a similar scheme.

Issues 20

As will be recalled, it has previously been strongly suggested to Council it should not consider loan borrowings at this stage for two reasons: firstly, it is a generally accepted principle that loan borrowings should not be utilised for maintenance or operational purposes and a major component of the 10 year Capital Works Program concentrates on maintaining infrastructure. Secondly, in order to borrow, a Council must be satisfied that it can appropriately service the debt. It is suggested that Council is not in any position to be assured of this at this point in time. In addition, it is proposed that a report will be submitted to Council in the near future to enable it to consider, and adopt if appropriate, a "Debt Management Policy" for the future guidance of the organisation in this regard.

However, should appropriate opportunities occur for revenue generating projects that would be able to repay loans, either by the ongoing revenue generated or capital return, then it would be considered an appropriate use of loan borrowings.

The above position was highlighted in the draft 2006/2007 Management Plan where it was indicated that Council had resolved to incorporate into the Plan reference to the opportunity of establishing a loan facility to fund future revenue generating projects. The purpose for establishing this facility is to provide flexibility for investigating new revenue streams that will not only service the loan payments but ultimately provide a return on investment in the long term to supplement normal revenue streams and reduce Council's dependency on rates income.

With regard to the suggestion of researching long term investment opportunities a number of internal Working Groups have previously been established to investigate potential entrepreneurial and revenue generation possibilities and to develop such concepts to the stage where it is anticipated that reports will be submitted to Council by the end of the year.

In relation to grants, an internal Grants Committee has been formed with the aim of establishing a database of available grant sources for references purposes; to establish a standard grant submission guidelines and a recording and monitoring process and to record the results of Council submissions with a view to the ongoing improvement of the process.

While the above are all very appropriate activities for the long term benefit of the organisation they will not address the immediate problems with and deterioration of Council's infrastructure network as is proposed in Council's IIP.

Issues 21

In respect of growth rates since 2001, these had been anticipated and growth has been projected to range between 1.1% p.a. to 1.6% p.a. The 1.1% is based on projections of the growth rates calculated between 1996 and 2001, and the 1.6% is an adjusted projection for maximum migration due to new lot potential having been reached. It cannot be argued that this is an excessive or extreme growth rate; indeed it is quite conservative and can be described as slow. The provision of services to accommodate this new population has been met by the Section 94 Contribution Plans and needs to be augmented next year by the Section 94A Contributions Plan.

Issues 22

Comment from Management on a suggestion/issue such as this is not appropriate.

The submission by respondent 11, namely the Hawkesbury Historical Society Inc., was in relation to the Hawkesbury Regional Museum and was in the following terms:

"With reference to our previous correspondence in April 2006 regarding the extension to the museum in Baker Street Windsor, we are now aware of the success of Council in gaining funding of $500,000.00 from the GROW grants scheme. We congratulate Council on the success of the application and we now hope that the museum extension may proceed as planned.

We are still very committed to assisting Council in every possible way including:

1. *The raising of extra funding towards the setting up of the extension and the ongoing costs of the museum.*

2. *Providing volunteer labour in the day to day running of the complex. The current museum has been running for the past 44 years, being successfully operated by the volunteer members from the Historical Society. They are still committed to assisting in this regard and we hope to attract new volunteers in the future with the completion of the extension.*

3. *Agreeing to the completion of the new interiors and refurbishment in planned stages, to keep initial costs to a minimum and furnishing the theatrette at a later date.*

4. *Implementing a 'Schools Programme' that would give immediate and ongoing financial return. The archaeological remains, being of such high importance would attract thousands of additional visitors annually with such a programme. Hundreds of Sydney and north-western*

region schools would avail themselves of a unique resource that answers curriculum requirements not only for archaeological sites but for historical contexts at both primary and secondary levels, with conventionally available adjacent walking tours or driving visits within the Hawkesbury district. Such a 'Schools Programme' would be highly profitable from its instigation, netting an annual return of $40,000 or more, irrespective of museum entry fees and it could offer package tours that include entry to the Hawkesbury Regional Art Gallery.

Therefore, in response to the Draft Budget Estimates 2006-7 which have been on public exhibition, Hawkesbury Historical Society would like to submit a request to Council to revise the forthcoming budget to include any costs still to be met to complete the extension (including any work needed with regard to archaeology) apart from previous grants and Council allocations.

These archaeological findings are of significance to the Hawkesbury and will be a considerable asset to district tourism and the Regional Museum and we ask that inclusion in the budget of funding for this work be considered prior to council's determination to proceed with the project during 2006.

Thank you for your consideration in these matters."

In connection with the question as to whether or not the actual construction of the proposed museum will proceed it is proposed, in accordance with earlier resolutions of Council, that this will be the subject of a separate report to Council in the near future. In view of the nature of the matter; possible alternate sources of funding and the fact that significant tied grant funds have been provided towards the project it is considered that the decision as to whether or not the project proceeds, as well as resulting funding implications, can be considered independent from the current Management Plan/Budget process.

In connection with the ongoing operational costs of the museum, in the event of the project proceeding, it should be noted that while it is likely that actual construction would be substantially completed in the 2006/2007 financial year it would be unlikely to commence operations and, therefore, provision has not be made for any costs in this regard. However, should the project proceed it will be necessary for the operational costs in the 2007/2008 financial year to be provided for and this may require a re-evaluation of priorities and reallocation of funds for other areas to meet these ongoing costs.

Special Rate Variation

At the meeting of Council held on 28 February 2006 consideration was given to a report in relation to Council's financial position and addressed the possibility, following an extensive community consultation process, of applying for a Special Rate Variation for the purposes of enabling the implementation of Council's proposed IIP. Subsequently, the Council resolved as follows:

That:

1 *Council receive the information contained within the report in relation to the results of the community consultation process undertaken in relation to the Council's proposals to apply to the Minister for Local Government for a Special Rate Variation under the provisions of Section 508A and 548 of the Local Government Act 1993.*

2 *Council submit an application to the Minister for Local Government for a Special Rate Variation under the provisions of Sections 508A and 548 of the Local Government Act 1993 based upon Option 1 as referred to in the report in this regard, including a corresponding increase to the level of the minimum rate, as opposed to a possible rate variation of 9% over seven years that would produce the same Infrastructure Improvement Program as Option 1 but at a higher cost to the community.*

3 *As required under the Departmental Guidelines in relation to applications under of Section 508A of the Act that Council, by the terms of this resolution, indicate its commitment to the long-term plan that forms part of its submission to the Minister for a Special Rate Variation and its commitment to implement Special Rate Variations as may be approved by the Minister as a result of Council's submission."*

Option 1 as referred to in the second part of Council's resolution provided for possible rate increases over the next four financial years, including a corresponding increase to the level of the minimum rate, as follows:

Year	Rate Pegging	Option 1 *
2006/2007	3.60%	14.00%
2007/2008	3.60% **	8.75%
2008/2009	3.60% **	9.00%
2009/2100	3.60% **	5.50%

* The percentages shown for Option 1 include the rate pegging increase for the year indicated.
** Assumed rate pegging increase for the years indicated.

Council's submission for a Special Rate Variation, in accordance with Council's resolution, was lodged with the Department of Local Government on 29 March 2006. In addition, as required the Department has also been provided with details of the submissions received by Council, as referred to in this report, during the public exhibition period of Council's 2006/2007 draft Management Plan.

Advice has now been received from the Department that it was likely that announcements in respect of the applications submitted by a large number of councils would not be made until the last week of June, namely during the week commencing 26 June 2006.

As indicated above the Council's submission was lodged with the Department on 29 March 2006 with Council's schedule in this regard, including the date of the Special Council meeting to adopt the draft Management Plan and set rates by 26 June 2006, being incorporated in this submission and subsequent correspondence.

In view of the apparent lateness of the Minister's announcement, and the subsequent difficulties in relation to Council's schedule; as well as bookings made for the actual production and despatch of Council's Rate Notices, the matter was discussed by Management with a representative of the Department.

As a result of these discussions it was suggested that Council, at this meeting, could adopt the Management Plan; incorporating Council's Strategic Plan, Operational Plan, Budget and Revenue Pricing Policy for 2006/2007, subject to any adjustments that may be necessary as a result of the Minister's determination of Council's submission for a Special Rate Variation for 2006/2007. In addition, the Council could also make and fix Rates and Charges for 2006/2007, excluding fixing the level of the Ordinary Rate (Residential, Farmland and Business Rates) which cannot be set until such time as the Minister has determined Council's Special Rate Variation submission.

Council's proposed Rates and Charges for the period 1 July 2006 to 30 June 2007 were published in Council's Revenue Pricing Policy as part of the 2006/2007 Draft Management Plan which has recently been on public exhibition. The only section of this particular policy that was dependent upon the Minister's determination was the Ordinary Rates (these incorporated options based upon the approved rate pegging increase and Council's Special Rate Variation submission), as referred to above and, therefore, the above course of action is considered appropriate.

Given that it is anticipated that the Minister's determination of Council's submission will be advised within the week commencing 26 June 2006, this course of action is required to ensure that Council complies with the provisions of the *Local Government Act.*

In this regard the Section 406 of the Act requires the Council to adopt its Management Plan for the subsequent year by 30 June and as the actual date that the Minister will advise Council of his determination is unknown it would be appropriate for it to be adopted at this meeting, subject to the proviso referred to above.

If the Minister's determination is not available on 26 June 2006 for this meeting it is then suggested that the Council adjourn this meeting to 5.00 pm on Wednesday 28 June 2006 to enable it to further consider the action of fixing Ordinary Rates in the light of any determination handed down by the Minister in the intervening period.

As the only order of business for this adjourned meeting would be the actual setting of the Rates in accordance with the Minister's determination, should advice not be received by 28 June 2006, the Council could again adjourn the reconvened meeting to a subsequent date, pending receipt of advice of the Minister's determination of Council's submission. If subsequent events do not enable Council to set the Ordinary Rate until after 30 June 2006 it will have complied with the requirements of the Act by adopting the Management Plan prior to this date.

Accordingly, the recommendation attached to this report has been framed with a view to Council adopting the 2006/2007 Management Plan on the basis of it being amended as required to reflect the Minister's determination of Council's Special Rate Variation submission, setting Rates and Charges, excluding the Ordinary Rate, for 2006/2007 and adjourning the meeting to 28 June 2006 to enable Council to set the Ordinary Rate for that year should the Minister's determination be known at that time.

Other Budget Related Matters

Other than the relocation of some income and expenditure items between components that do not effect the actual budget figures no changes have been made or proposed to the budget as presented to Council on and amended as a result of Council's resolution of 2 May 2006 that require Council's further consideration.

RECOMMENDATION:

That:

1. The draft Management Plan, incorporating Council's Strategic Plan, Operational Plan, Budget Estimates and Revenue Pricing Policy, for 2006/2007 be adopted subject to any subsequent adjustments required to be made as a result of the determination of Council's Special Rate Variation submission under Sections 508A and 548 of the *Local Government Act 1993* by the Minister and in the event that the Minister determines Council's submission at a lower rate than that sought for 2006/2007 a further report be submitted to Council regarding adjustments required to the Plan as a result of the determination in relevant areas such as the proposed Works Program, etc.

2. That Council Make and Levy the following Rates and Fix the following Charges for the 2006/2007 financial period:

   A. Environmental Stormwater Management Special Rate

   That in accordance with the approval given by the Minister for Local Government for a Special Variation to General Income in 2002/2003 an Environmental Stormwater Management Special Rate be applied to all rateable assessments in 2006/2007 at the rate of $42.00 per assessment.

   B. Domestic Waste Management Service

   That in accordance with Section 496 of the *Local Government Act, 1993*:

   - A Domestic Waste Management Service annual charge of $259.30 be made for a 240 litre bin, and an annual charge of $158.00 be made for a 120 litre bin for each weekly domestic waste service to an occupied property which is categorised as residential or farmland, and for which a weekly domestic waste service is available.

   - A Domestic Waste Management Service annual charge of $158.00 be made for a 240 litre bin, and an annual charge of $107.00 be made for a 120 litre bin for each fortnightly domestic waste service to an occupied property which is categorised as residential or farmland, and for which a fortnightly domestic waste service is available.

- A Domestic Waste Management Service availability charge of $80.60 be made for parcels of land where a weekly domestic waste service is available but the service is not utilised.
- A Domestic Waste Management Service availability charge of $40.80 be made for parcels of land where a fortnightly domestic waste service is available but the service is not utilised.

That in accordance with section 575 of the *Local Government Act, 1993* where a property is owned and occupied by eligible pensioner(s), a rebate amounting to 50% (fifty percent) of the combined rates and domestic waste service charges up to a maximum of $250.00 (two hundred and fifty dollars) in annual subsidy will be granted for 2006/2007.

C. Kerbside Bulk Waste Collection

That for 2006/2007 in accordance with section 496 of the *Local Government Act, 1993* a Domestic Waste Management Service annual charge of $16.00 be made for parcels of land where the kerbside bulk waste collection and disposal service is available.

D. Waste Management Service

That for 2006/2007, in accordance with section 501 of the *Local Government Act, 1993* a Waste Management Service annual charge of $259.30 be made for a 240 litre bin, and an annual charge of $158.00 be made for a 120 litre bin for each weekly waste service to a property which is categorised as business and for which a weekly waste service is utilised.

E. Sewerage Service

That for 2006/2007, in accordance with section 501 of the *Local Government Act, 1993*, the following range of annual charges be made for the provision of sewerage services.

- Connected Residential Properties $398.00
- Unconnected Residential Properties.. $266.00
- Unconnected Business Properties.. $266.00
- Business - Category 1 (<1,000 litres per day) $465.00
- Business - Category 2 (1,001 - 5,000 litres per day) $2,330.00
- Business - Category 3 (5,001 - 10,000 litres per day) $4,640.00
- Business - Category 4 (10,001 - 20,000 litres per day) $9,250.00
- Business - Category 5 (>20,000 litres per day) $9,250.00
- Additionally, a trade waste volume charge of $1.65 per kilometre be charged to category 5 properties for each kilolitre in excess of 20,000.

Where a residential property receiving this service is owned by pensioner(s) eligible for an Ordinary Rate pensioner rebate, then a rebate amounting to $199.00 be granted to the owner(s) in annual subsidy for 2006/2007.

F. Sullage Pump-Out Services

That for 2006/2007, in accordance with section 501 of the *Local Government Act, 1993*:

- A Sullage Pump-out Service annual charge of $1,393.00 will be made for the provision of a fortnightly sullage pump-out service to residential properties.
- A Sullage Pump-out Service annual charge of $2,786.00 will be made for the provision of a weekly sullage pump-out service to residential properties.
- Where a property receiving a sullage pump-out service is owned by pensioner(s) eligible for an Ordinary Rate pensioner rebate, and the property is occupied solely by the eligible pensioner(s), then a rebate amounting to $625.00 be granted to the owner(s) in annual subsidy for 2005/2006. Rebates are not available to properties occupied by adults who are ineligible for the Ordinary Rate pensioner rebate.
- Additional pump-outs can be requested at a cost of $86.00 per extra service. Emergency after hours pump-outs be charged at $108.00 per service.
- In accordance with section 502 of the *Local Government Act, 1993*, that a charge of $15.50 be made for each 1,000 (one thousand) litres of effluent pumped out from commercial and industrial properties for services being conducted at the request of the owner or occupier.

G. Interest Charges

That in accordance with section 566 of the *Local Government Act, 1993*, simple interest charges at 9.00% per annum, accrued on a daily basis be charged on rates and charges that remain unpaid and have become due and payable.

3. The Council meeting be adjourned until 5:00pm on Wednesday, 28 June 2006 pending receipt of advice concerning the Ministers determination of it's submission for a Special Rate Variation to enable Council to make and fix the Ordinary Rate for 2006/2007 in the light of that determination and in the event of the determination not being available by that date the meeting again be adjourned to a later date for this purpose.

4. The persons who made submissions in response to the exhibition of Council's 2006/2007 draft Management Plan be advised of Council decision in this regard.

oooO END OF REPORT Oooo

special

meeting

end of business paper

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