

Our Vision:
Connected - Sustainable - Creative

Bellinghen Shire
COUNCIL



A G E N D A

Extraordinary Meeting

Monday 11 November, 2013

Bellinghen Council Chambers

Commencing 1.00pm

CONFLICT OF INTEREST

- 1 Councillors are under an obligation to disclose any interest they may have in any matter before the Council and to refrain from being involved in any consideration or to vote on any such matter.
- 2 Councillors must disclose any interest in any matter listed in the Business Paper fully and in writing prior to or at the opening of the meeting.
- 3 The nature of interest shall be included in the disclosure.
- 4 All declarations of interests shall be recorded by the General Manager.
- 5 Councillors shall immediately and during the meeting disclose any interest in respect of any matter arising during the meeting which is not referred to in the Business Paper.
- 6 Any Councillor having an interest shall leave the meeting room and be out of sight of the meeting and not participate in discussions or voting on the matter.
- 7 Senior staff are required to declare interests in a similar manner to Council.

BELLINGEN SHIRE COUNCIL
DISCLOSURE OF INTEREST AT MEETINGS

Name of Meeting:

Meeting Date:

Item/Report Number:

Item/Report Title:

I declare the following interest:
(name)

- Pecuniary** – must leave chamber, take no part in discussion and voting.

- Non Pecuniary – Significant Conflict** – Recommended that Councillor/Member leaves chamber, takes no part in discussion or voting.

- Non-Pecuniary – Less Significant Conflict** – Councillor/Member may choose to remain in Chamber and participate in discussion and voting.

*(Definitions are provided on the next page).

For the reason that -

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Signed Date

Council’s Email Address – council@bellingen.nsw.gov.au

Council’s Facsimile Number – (02) 6655 2310

DEFINITIONS

(Local Government Act and Code of Conduct)

Pecuniary – An interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.

(Local Government Act, 1993 section 442 and 443)

A Councillor or other member of a Council Committee who is present at a meeting and has a pecuniary interest in any matter which is being considered must disclose the nature of that interest to the meeting as soon as practicable.

The Council or other member must not take part in the consideration or discussion on the matter and must not vote on any question relating to that matter. *(Section 451)*.

Non-pecuniary – A private or personal interest the council official has that does not amount to a pecuniary interest as defined in the Act (for example; a friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature).

If you have declared a non-pecuniary conflict of interest you have a broad range of options for managing the conflict. The option you choose will depend on an assessment of the circumstances of the matter, the nature of your interest and the significance of the issue being dealt with. You must deal with a non-pecuniary conflict of interest in at least one of these ways.

- It may be appropriate that no action is taken where the potential for conflict is minimal. However, council officials should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (for example, participate in discussion but not in decision making or visa-versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (for example, relinquishing or divesting the personal interest that creates the conflict or reallocating the conflicting duties to another officer).
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as if the provisions in section 451(2) of the Act apply (particularly if you have a significant non-pecuniary conflict of interest).

AGENDA

1	APOLOGIES	
2	DECLARATION OF PECUNIARY AND NON-PECUNIARY INTEREST	
3	MINUTES	
	• NIL	
4	PUBLIC ACCESS/PRESENTATIONS	6
5	MAYORAL MINUTE.....	6
6	NOTICE OF MOTIONS	6
7	REPORTS BY GENERAL MANAGER.....	7
7.1	SPECIAL RATE VARIATION 2014/2015.....	7
8	REPORTS BY DEPUTY GENERAL MANAGER OPERATIONS	19
9	REPORTS BY DEPUTY GENERAL MANAGER CORPORATE AND COMMUNITY... 	19
10	MINUTES FROM ADVISORY COMMITTEES	19
11	CORRESPONDENCE	19
12	AUTHORITY TO AFFIX THE COMMON SEAL OF COUNCIL FOR ITEMS NOT INCLUDED IN REPORTS	19
13	ITEMS FOR INFORMATION	19
14	MATTERS OF AN URGENT NATURE.....	19
16	QUESTIONS WITH NOTICE	19
17	COMMITTEE OF THE WHOLE.....	19
18	REPORT ATTACHMENTS.....	20

4 PUBLIC ACCESS/PRESENTATIONS

There were no public access or presentations requested at the time of preparation of this Agenda.

5 MAYORAL MINUTE

There are no Mayor Minutes for this meeting.

6 NOTICE OF MOTIONS

There were no Notices of Motions received at the time of preparation of this Agenda.

7 REPORTS BY GENERAL MANAGER

7.1 SPECIAL RATE VARIATION 2014/2015

File/Index: Special Rate Variation

Author: Liz Jeremy, General Manager

REPORT SUMMARY:

Roads and bridges are vital infrastructure that connect and support communities in the Bellingen Shire. All Local Governments are faced with infrastructure backlogs as a result of underspending on certain assets over many years. NSW Local Governments have been restricted in their ability to match revenue to funding needs for a number of reasons, primarily rate pegging which has been in place for over 30 years. While significant progress has been made over the past couple of years in terms of financial efficiencies and discipline to support long term financial sustainability, there is an urgent need for capital funding for road and bridge projects.

This report provides background information in relation to options for financing investment for roads and bridges by means of loans, utilising the Local Infrastructure Renewal Scheme (LIRS) to offset loan costs, potential grant programs and through a Special Rate Variation (SRV) application to fund repayments on any such loan.

REPORT DETAIL:

1. Background

Independent Local Government Review Panel

The Independent Local Government Review Panel (the Panel) has been finalising its report in relation to NSW Local Government following consultation with Local Governments across the State. The Panel's work includes a broad range of initiatives including focusing on a different funding formula for local government in relation to concerns regarding the infrastructure backlog and the need for other measures such as structural reform, a potential local government financing authority and regional roads groups.

T-Corp Report

Treasury Corporation (T-Corp) conducted an assessment of the sustainability of NSW councils during 2011/12. The findings of this assessment as they relate to Bellingen Shire Council recommended that council only borrow funds if it could secure additional revenue. This matter was the subject of a report to council in April 2013. Additional detail in terms of the findings from the T-Corp report is provided in section three of this report.

NSW Infrastructure Report

In June 2013 the NSW Department of Premier and Cabinet, Division of Local Government completed a Local Government Infrastructure Audit. This report found that Councils in NSW are responsible for \$131 billion worth of assets. Infrastructure assets are the systems and networks that provide services to communities such as roads, buildings, water supply, sewer networks and stormwater drainage. Infrastructure assets account for \$81 billion of councils' assets.

The Division of Local Government undertook this infrastructure audit as it was identified as an action in the NSW 2021 State Plan. The key objectives of this audit were to:

- Provide information in relation to the infrastructure backlog in NSW
- Assess the reliability of the information provided by councils to determine the backlog
- Identify trends in infrastructure needs by area and asset type
- Identify current infrastructure risk exposure.

It is understood that information in relation to the infrastructure backlog in NSW was collated from the Special Schedule 7 reports in the 2011/12 Annual Reports of Councils across the State.

The key findings of the infrastructure audit were:

- The total infrastructure backlog for all NSW councils was estimated to be \$7.4 billion at 30 June 2012, of which \$4.5 billion relates to roads and related assets and \$1 billion relates to buildings
- The backlog in the northern coastal area of NSW equates to 29% of the State total
- The infrastructure backlog is over \$1,000 per head of the NSW population.

Of the thirteen councils in the northern coastal area (Greater Taree to Tweed) only Tweed had a strong asset rating with the remaining being moderate to very weak. Bellingen rated weak with a reported costs to bring the assets to a satisfactory standard of \$22.4 million (\$1,739/capita). It should be noted that Council's Asset Management Plans are to be reviewed as part of this current year's Operation Plan tasks. This review will include an emphasis on condition rating to provide more refined data.

The factors affecting the north coast region were found to be:

- Highly prone to floods and storms
- High tourist numbers
- Popular areas for retirees
- Larger variety of services demanded by differing populations

Overall the report does not reveal any unexpected information however it does quantify and provide a comparison between councils.

The results of this audit, together with the NSW Treasury Corporation's Report on the Financial Sustainability of NSW Local Government Sector and the work of the Independent Local Government Review Panel and the Local Government Acts Taskforce, are providing a platform for all councils in NSW to establish strong communities through partnerships with the NSW Government, the Federal Government, councils and other key stakeholders.

Organisational Review

In December 2011 Bellingen Shire Council embarked on a process of organisational review. The imperatives to conduct the organisational review related to a range of challenges facing Bellingen Shire and Local Government in the wider context. These challenges included broader economic circumstances, Destination 2036 expectations and outcomes (Future Directions process for the NSW Local Government Sector), cost shifting from other levels of Government to Local Government, the expectations contained within the Shire of Bellingen 2036 Community Strategic Plan, the need to ensure effective and efficient service delivery and within that quality and allocation of resources, as well as broader drivers around financial sustainability, asset management, community needs and customer service.

The Organisational Review is being carried out in two stages.

- Stage 1: Reorganising for improved efficiency, team work and community service levels as well as to support the achievement of Council's 4 year Delivery Program.
- Stage 2: Establishing commercial ventures, alliances, strategic partnerships and/or outsourcing opportunities.

Work completed to date has primarily focussed on Stage One. Stage Two is being canvassed via the Service Delivery Review process which is currently underway and has been the subject of a briefing to Councillors in January 2013. In addition, Stage two will be informed by the outcomes of the NSW Local Government Independent Review Panel and work being

undertaken in partnership with the Mid North Coast Region of Councils, which has also been the subject of a separate briefing to council.

The Organisation Review - Implementation Plan, developed in support of the outcomes of Stage 1, was endorsed by the 2008-2012 Council on 22 August, 2012. Quarterly updates on Council's progress against the Implementation Plan key actions have since been reported to meetings of Council on 7 November 2012, 27 February 2013, 22 May 2013 and 23 October 2013.

A separate report to Council on the re-determination of Council's structure was also reported to the 24 July 2013 meeting and was subsequently endorsed by the Council. This followed a detailed briefing provided to Councillors at a workshop on 8 May 2013 on the background to Council's structure and the implementation of the organisation review.

Council has made significant progress in embedding the "new" structure, formalising the changes and communicating these to the relevant stakeholders, as well as progressing the other recommendations made by the Blackadder Associates Review. These include the various customer service initiatives, improvements to asset management, improved management of overtime, time in lieu, casual staffing arrangements, commencement of a trainee program and volunteer program, team building and improved internal communication.

In addition a review of our services is underway which to date has evaluated roads, bridges, Bellingen Pool and our weeds program.

These reviews are variously subject to briefings and separate reports to council.

In terms of the various initiatives the Executive Team continues to actively monitor Council's financial position including the ongoing implementation and impact of cost management actions across a range of areas along with other efficiency measures.

As a result of the foregoing, the anticipated \$50000 recurrent costs associated with the implementation of the organisation review were accommodated within the 2012/13 budget and subsequently reflected in the current year's budget.

Further the draw down from internal reserves originally anticipated and approved by council to fund the anticipated non recurrent \$270 000 implementation costs has not been required primarily as a direct consequent of the cost management and efficiency initiatives that have been implemented through the process.

2. Asset Management – Roads and Bridges

Bellingen Shire has 567 km of roads and 153 bridges to maintain and renew as assets. NSW Treasury Corporation estimated that in 2011/12 council's road infrastructure backlog was \$11.5m and on an upward trend. Council estimates that for sealed roads an annual budget of \$1.95m is required for resealing and rehabilitation, compared to an actual budget of \$580,000.

Road and Bridge Infrastructure Review

As part of Council's overall management of Shire assets a major review of processes and programs relating to roads and bridges has been conducted. These reviews seek to improve our efficiency and effectiveness.

Within this context infrastructure renewal and community priorities are currently being actively addressed. This process involves a review of our roads, programs and priorities.

Our Bridges

A key component of this body of work has involved a comprehensive program of bridge inspections. Council has recently inspected 45 bridges across our Shire that were considered a priority and identified 13 that are in need of major repair work.

As a consequence the program has been prioritised and works have already been undertaken on five of these bridges with an additional two bridges programmed for repairs by the end of 2013/14. The remaining 6 require investment of between \$1.823m - \$3.822m.

Temporary load restrictions will be applied until required repairs can be undertaken in order to ensure the safety of bridge users.

Additionally, these limits are necessary to prolong the longevity of existing structures while still enabling reasonable usage and ensuring access for residents and motorists. Wherever possible, Council has taken into consideration local transport needs including any school bus movements.

The bridges that require temporary loads restrictions include:

- Browns Bridge – Valery Road
- McFadyens Bridge – Gordonville Road
- Tallowood Point Bridge – Promised Land Road
- Joyces Bridge – Darkwood Road
- Reids Creek Bridge – Kalang Road
- Cooks Creek Bridge– Kalang Road
- Newry Island Bridge- Newry Island Drive

Newry Island Bridge requires a significant investment to remove the load restriction. It is anticipated that a temporary bridge will be installed during 2013/14 at a cost of approximately \$1 million which will allow council to comprehensively consider its long term options. Any work will involve managing the service pipes (water and sewer). Preliminary estimates indicate that this replacement will cost \$1m for a single lane timber superstructure bridge.

Our Roads

The condition of the sealed road network is currently being assessed. The assessment to date has identified at least 20 kilometres of road that require rehabilitation and/or resealing as soon as possible. The priority for this rehabilitation and resealing work has allowed the formulation of an indicative program of work for the next 7 years as shown in Attachment D. It should be noted that as with all Rolling Capital Works Programs, priorities are reassessed annually as part of the annual budget process.

In addition to the sealed road network a number other road improvement projects have been identified through staff assessment and raised as community concerns. These include seal extension projects, drainage improvements, urban road improvement and retaining wall replacements.

3. Council's Financial Position

In March 2013 NSW Treasury Corporation (TCorp) published its financial assessment, sustainability, and benchmarking report for Bellingen Shire Council which was subsequently reported to council in April 2013. While the report indicated council had been adequately managed over the review period (2008/09-2011/12), it made the following observations:

- Council has sufficient liquidity
- Eight flood events over the past four years has affected operating expenses and the ability to fund asset renewal

- Council reported \$22.4m of infrastructure backlog, the backlog is on an upward trend, and council has been unable to fund asset renewal over the review period
- A significant proportion of the backlog (51.5%) is related to roads
- The council is forecast to consistently record operating deficits for its general fund (10 year)
- The forecast capital expenditure is insufficient to meet the cost of forecast asset renewal
- The council does not have capacity to undertake any additional borrowings in the short to medium term

In respect of sustainability TCorp concluded that council is in a moderately sustainable position in the short to medium term, that this position is deteriorating, and that continuation of past trends will place long term sustainability at risk. The report provided the following observations:

- Council is heavily reliant on grants from other areas of government and would not be sustainable without the continued provision of these grants
- Council is expected to lodge a submission for a SRV in 2014/15
- The flood events in recent years have negatively affected council’s capacity to invest in capital expenditure.

Council’s long term financial plan (LTFP) adopted in June 2013 balances revenue and expenses over the ten year period in the knowledge that asset renewal is under-funded. It also indicated that a SRV report would be submitted to council proposing options for 2 scenarios – Scenario A 6% and Scenario B 9.5% increases above the peg rate, with the rate variation to be used to fund council’s capital works backlog.

Round three of the Local Infrastructure Renewal Scheme, an interest rate subsidy program provided by the NSW Government, is currently open and is an option for council in relation to leveraging loan funding from the income generated from a SRV. This program provides for a reduction of 3% of the interest on an infrastructure loan. The timeframes for the LIRS program require council to apply under this scheme by 31 December 2013 with notification of success or otherwise occurring in May 2014. In this regard, if council determined to leverage an SRV in this way, application would be made dependant on a successful application for a SRV.

Scenario B (9.5% above rate peg) would provide additional general income of \$560k in 2014/15, and scenario C (6% above rate peg) would provide \$354k. If applied to interest and principal payments for a 10 year loan for capital projects, with and without the Local Infrastructure Renewal Scheme (LIRS) rebates, the following capital funding options are possible:

Rate Variation (above peg rate)	Local Infrastructure Renewal Scheme	SRV income	Capital loan funded
SRV 6%	No LIRS	\$353,477	\$2,675,000
SRV 9.5%	No LIRS	\$559,672	\$4,225,000
SRV 6%	LIRS	\$353,477	\$3,075,000
SRV 9.5%	LIRS	\$559,672	\$4,850,000

Assumes 10 year loan @ 5.8%, LIRS rebate of 3%

Application of SRV income to a capital loan would enable council to bring forward essential capital projects that have been identified by the review process undertaken and outlined in section two of this report.

It has been anticipated that the Federal Government may introduce a Timber Bridge Replacement Program, however at this time there is no detail or confirmation of such. This report provides an outline of the essential, priority capital works and the required funding to achieve these works through a potential SRV. Should there be the introduction of a Timber Bridge Replacement Program in the future, this would allow council the potential to bring

forward more essential infrastructure projects on timber bridges and/or leverage the SRV further to provide for more efficient undertaking of these works.

4. The Community’s Capacity to Pay

The Socio-Economic Indexes for Areas (SEIFA) of disadvantage measures the relative level of socio economic disadvantage based on a range of census characteristics. The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations. A higher score on the index means a lower level of disadvantage. A table of Bellingen and neighbouring council SEIFA follows:

Council/Area	Bellingen LGA	Graeter Taree LGA	Kempsey LGA	Port Macquarie Hastings LGA	Nambucca LGA	Coffs Harbour LGA	Mid-North Coast
SEIFA Index 2011	950.1	913.7	879.7	968.8	900.0	958.4	930.4

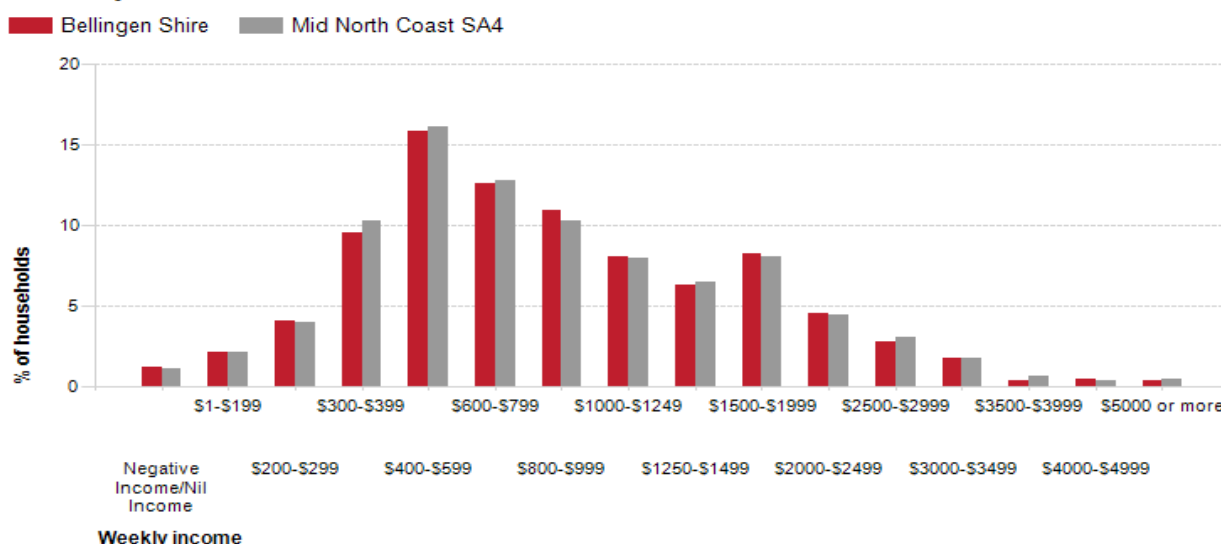
Source: Australian Bureau of Statistics, Census of Population and Housing 2011. Compiled and presented in profile.id

The SEIFA index of Bellingen Shire indicates a relatively good capacity to pay in comparison to other councils in the Mid North Coast Region of councils.

Please note: SEIFA scores are standardised against a mean of 1000 with a standard deviation of 100. This means the average SEIFA score will be 1000 and the middle two thirds of SEIFA scores will fall between 900 and 1100 (approximately).

Households form the common 'economic unit' in our society. Bellingen Shire's Household Income is one of the most important indicators of socio-economic status. The following graph shows income band comparison of Bellingen Shire to the Mid North Coast area.

Weekly household income, 2011



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 (Enumerated data) Compiled and presented in profile.id by .id, the population experts.



Analysis of household income levels in Bellingen Shire in 2011 compared to Mid North Coast shows that there was a smaller proportion of high income households (those earning \$2,500 per week or more) and a lower proportion of low income households (those earning less than \$600 per week).

Overall, 5.5% of the households earned a high income, and 32.6% were low income households, compared with 6.2% and 33.5% respectively for Mid North Coast.

The following table shows average rates and fees for Bellingen and neighbouring councils, and the group average from local government comparative data.

Council/Area	Bellingen LGA	Greater Taree LGA	Kempsey LGA	Port Macquarie Hastings LGA	Nambucca LGA	Coffs Harbour LGA	Group Average (11)*
Average Residential Rate	\$779.21	\$477.47	\$668.22	\$907.27	\$736.15	\$804.18	\$632.67
Average Business Rate	\$899.74	\$553.72	\$1,464.02	\$3,000.48	\$1,489.43	\$3,589.73	\$1,728.02
Average Farmland Rate	\$1,693.58	\$1669.25	\$1,307.64	\$1,583.46	\$1,566.12	\$1,462.94	\$2,370.31
Average Water and Sewer Bill	\$931.00	\$765.00	\$1,137.00	\$1,108.00	\$800.00	\$1,219.00	\$1,038.05
Average Domestic Waste Charge	\$346.53	\$137.72	\$271.93	\$301.68	\$360.43	\$373.51	\$246.46

Source: Comparative Information on NSW Local Government 2011/2012

*Group 11 councils are of the type "Large Rural": "Bellingen, Cabonne, Cooma-Monaro, Corowa, Cowra, Greater Hume, Gunnedah, Inverell, Leeton, Moree Plains, Muswellbrook, Nambucca, Narrabri, Palerang, Parkes, Tumut, Upper Hunter, Warrumbungle, Yass Valley, Young as defined in the publication entitled "Comparative Information on NSW Local Government" NSW Division of Local Government October 2013.

Comparing Bellingen Shire with Port Macquarie and Coffs Harbour, Bellingen Shire's average residential and business rates are lower, farmland higher, water and sewer are lower, domestic waste charges mixed.

In comparison with Nambucca Shire, while average residential rates are 6% higher in Bellingen Shire, average business rates are 40% lower (with a similar ratio of business/residential rateable properties of 7-8% in 2010/11).

The level of outstanding rates and charges also gives an indication of the community's ability to pay. The following table provides comparisons of outstanding rates and charges.

Council/Area	Bellingen LGA	Greater Taree LGA	Kempsey LGA	Port Macquarie Hastings LGA	Nambucca LGA	Coffs Harbour LGA	NSW Average
Outstanding Rates and Annual Charges 2010/2011 (%)	7.24	6.16	4.86	8.70	6.16	6.12	5.26

Source: Comparative Information on NSW Local Government 2010/11

5. Impact of Proposed Rate Variations on Ratepayers

Following a teleconference with IPART representatives, council has been advised that the likely rate peg for the coming year will be 2.4%. IPART require that when council is considering a SRV that they do so as a cumulative percentage which incorporates the proposed rate peg (in this case 2.4%) to ensure the community is aware of the total potential rate variation.

In terms of process, it is proposed that Council apply for a one-off, permanent percentage increase under section 508(2) of the Local Government Act to fund a ten year loan for capital

improvements. This will improve the long term financial sustainability of council as the additional funds become available after the period of the loan to reduce operational deficit.

Council levies an annual general rate and any SRV relates to the general rate only. Water, sewer and waste are levied separately. The table below outlines projected figures associated with a 2.4% (rate peg only), 8.4% (2.4% rate peg plus SRV of 6%) and 11.9% (2.4% rate peg plus SRV of 9.5%)

Rates:

Rating Type	Average increase per scenario (annual)		
	Rate peg (2.4%)	8.40%	11.90%
Residential Rural	\$ 25.00	\$ 87.72	\$ 124.45
Business	\$ 20.00	\$ 68.91	\$ 97.52
Farmland	\$ 44.00	\$ 154.82	\$ 219.45
Residential Dorrigo	\$ 16.00	\$ 55.85	\$ 79.23
Business Dorrigo	\$ 17.00	\$ 57.98	\$ 82.07
Residential Bellingén	\$ 19.00	\$ 65.11	\$ 92.24
Business Bellingén	\$ 27.00	\$ 93.34	\$ 132.04
Residential Urunga	\$ 21.00	\$ 73.86	\$ 104.59
Business Urunga	\$ 34.00	\$ 118.67	\$ 168.29
Residential Mylestom	\$ 26.00	\$ 75.97	\$ 107.51

The following table outlines typical rates notice based on averages:

	2.40%				8.40%			11.90%		
	2013/14 (\$)	2014/15 (\$)	Increase (\$)	Increase %	2014/15 (\$)	Increase (\$)	Increase %	2014/15 (\$)	Increase (\$)	Increase %
RESIDENTIAL										
Residential Ordinary Rate Average	806	825	19	2.36%	873	67	8.31%	902	96	11.91%
Water - Annual Charge	131	112	-19	-14.50%	112	-19	-14.50%	112	-19	-14.50%
Sewerage - Annual Charge	725	842	117	16.14%	842	117	16.14%	842	117	16.14%
Domestic Waste Management Charge	579	596	17	2.94%	596	17	2.94%	596	17	2.94%
Total	2241	2375	134	5.98%	2423	182	8.12%	2452	211	9.42%

It should be noted that significant work has been undertaken on council's waste function as outlined in a Waste Services Review and report to council at its meeting of 22 May 2013.

Further, a 10 year modelling process has been undertaken in relation to water and sewer relative to the SRV option in the context of current reserves held by council, projected capital expenditure estimated to be associated with the upgrade of the Dorrigo sewerage treatment plant, and future capital works relative to the provision of the water supply. The estimates provided above reflect this process and specifically an increase in the sewer charge and a decrease in the water charge. The Dorrigo sewerage treatment plant and the waste, sewer and water charges will be subject to further detailed reports as part of the annual budget process.

6. Priority Capital Works Enabled by SRV

The proposed capital works program is shown in Attachment D. This program has been prepared using the following assumptions.

- Special Rate Variation of 11.9% or 8.4% (which is rate peg estimate of 2.4% plus either 6% or 9.5%)
- Continuation of the Roads to Recovery Program (\$394,000/year) to the end of the proposed program.

- RMS Flood Damage funding of \$199,000 is received for bridge repair programmed for 2014/15.
- REPAIR program funding is only received for regional roads for 2013/14 year.
- LIRS loan of \$4.85 million is received with an 11.9% SRV and \$3.075 million with an 8.4% SRV.
- No allowance has been made for any funding from a timber bridge replacement program.

The loan funds will provide sufficient funds to finance the first seven years of the program with a 11.9% SRV and the first four years of the program with a 8.4% SRV.

If no SRV is obtained this program will need to be recalculated with only the Roads to Recovery funding and RMS Flood Damage and REPAIR program funds available to undertake any work. It is probable that some sealed roads may fail and need to have the sealed surface removed to make them safe for use.

If the LIRS loan is not received the capital road works program will need to be reduced by approximately \$600,000 for the 11.9% SRV and \$400,000 for the 8.4% SRV. Years 1 to 3 of the program will not be affected but the remaining years program will need to be reduced.

7. SRV and LIRS Processes

The SRV application process for 2014/2015 culminates in applications to the Independent Pricing and Regulatory Tribunal (IPART) closing in February 2014, with subsequent assessment by IPART by mid-June 2014. Determinations are made and published soon after.

The LIRS application process 2014/2015 culminates in applications to the Division of Local Government (DLG) closing 31 December 2013 with determinations made and announced mid-May 2014.

Prerequisite activities must commence immediately, the timeframes being:

- Council resolution (to notify intent to apply) – 11 Nov 2013
- Community engagement and consultation – mid-Nov to mid-Dec 2013
- IPART notification – by 13 Dec 2013
- LIRS application – by 20 Dec 2013
- IPR Revision – to mid-Jan 2014
- Council resolution (preferred SRV option) – early to mid-Jan 2014
- IPR exhibition and consultation – mid-Jan to mid-Feb 2014
- Council resolution (IPR adoption, SRV application) – mid-Feb 2014
- SRV Application – by 24 Feb 2014

When assessing SRV applications IPART considers a number of criteria from council's adopted IPR documents, as well as particular circumstances of council. These include:

- The need and purpose of a rate variation
- Evidence of community engagement in determining priorities and willingness to pay
- The impact on ratepayers
- Realistic assumptions and modelling for the delivery program and long term financial plan
- Existing and planned productivity improvements and cost containment strategies
- The size and resources of the council
- Size of the increase requested, current rate levels and previous rate rises
- Any other matter considered relevant

Attachments 7.1A, 7.1B, 7.1C and 7.1D are provided as background and additional information.

8. Community Engagement and Involvement

Council has an adopted Community Engagement Strategy and Framework which forms the basis of the development of a specific community engagement plan for the SRV project. In order to meet the IPART Criteria for a SRV council must demonstrate that they have consulted broadly with the community. The SRV project engagement plan calls for two periods of community engagement, as well as a number of other engagement activities for other key stakeholders. The community engagement schedule is as follows:

Method	Phase 1 – Nov/Dec 2013	Phase 2 – Dec 2013/Jan 2014	Phase - 3 Jan/Feb 2014	Phase 4 – Mar-Jul 2014
Inform				
Mail out to all residents	x		x	
Notice/newspaper advertisement	x		x	
Media Release/s	x	x	x	x
Information sessions/Public Meetings	x			
Website	x	x	x	x
Consult				
Self-selection survey	x			
Invite submissions	x		x	
Public exhibition	x		x	

Community engagement is a key activity for this project, and demonstration of appropriate community engagement is a key criterion in assessment of an SRV application. It is important that Councillors and senior staff are actively involved in the engagement activities.

SHIRE OF BELLINGEN 2030 COMMUNITY VISION ALIGNMENT

This project/initiative aligns with the following strategic directions within the Shire of Bellingeen 2030 Community Vision:

Community Wellbeing: We are connected, safe and healthy with a strong sense of community:

- We have programs, services and infrastructure to ensure a safe and healthy community

Places for People: We have services, infrastructure, and development that connects, supports and strengthens our community for the future:

- We have a system of safe, well-maintained roads including car calming infrastructure

Civic Leadership: Council is open and transparent and provides leadership and advocacy on behalf of our community:

- Financial sustainability is maintained through effective short and long term financial management
- High quality services to the community and cost effective solutions are delivered
- The community is engaged in decision-making and implementation using modern communication methods

RESOURCING IMPLICATIONS

Project financial requirements relate primarily to community engagement and project management, as follows:

- Engagement, including online surveying, facility hire, project management and advertising is estimated at \$22,000

Project resourcing, apart from project management, will be using existing staff and will require a focus on the SRV project through until early in 2014.

SUSTAINABILITY ASSESSMENT

The project will result in rate increases for ratepayers if the SVR application is successful. The potential economic impact has been summarised above, and the economic impact will be modelled and assessed in detail following community engagement and options provided to Council in January 2014 for consideration.

ENGAGEMENT

The Bellingen Shire Council Community Engagement Strategy was adopted by Council at its meeting of 22 February 2012. This Strategy is designed to outline the approach Bellingen Shire takes towards engaging with our community

Having regard to the Community Engagement Strategy, it is considered that the SRV project is appropriately categorised as having a LEVEL 1 impact (i.e. high Impact – shire Wide).

Essential engagement measures for Level 1 impact are listed in the schedule above.

To address the requirements of Council's Community Engagement Strategy and the NSW Local Government Act 1993, Council proposes to carry out the actions listed above.

CONCLUSION

For the past two and a half years Council has embarked on a process of major organisational reforms which have aimed at improving our effectiveness and efficiency, and importantly our service to the community. This has involved a major structural review, reform of a series of processes and programs, embarking on a process of service reviews and most recently the adoption of a Customer Service Charter and establishment of an Internal Audit Committee.

Our Service Review Process to date has looked in detail at a number of areas of Council services including pools, weeds, roads and bridges. This process will continue in 2014 to ensure ongoing process improvement and reform. Each of these reviews aims to critically evaluate the services we provide in terms of standards of service and value for money. Further reviews will be progressively reported to Council and the community.

In terms of the Roads and Bridges Service Reviews, the results of which will be reported to council in early 2014, broadly the key findings are as follows:

- Lack of adequate data
- High customer importance/Low customer satisfaction
- Lack of capital investment

Our Customer Service Charter was adopted by Council in September and sets out:

- our commitment to customer service
- service standards you can expect
- our processes
- difficult situations and how complaints will be dealt with
- how we will monitor, measure, report and continue to improve

Our reform initiatives are all about improving our service to the community. They are based on contemporary organisational principles but more importantly on what the community has told us in 2012 in response to our customer and planning surveys.

More specifically, our customer survey in 2012 provided specific advice in terms of resident priorities around roads and infrastructure as follows:

- Services with a low satisfaction mean included footpaths and cycleways, maintenance of sealed roads and maintenance of unsealed roads.
- Services rated important to respondents were maintenance of sealed roads, river water quality, waste and recycling, protection of the natural environment and flood management
- In contrast maintenance of sealed roads, river water quality, bridge maintenance, maintenance of unsealed roads, footpaths/cycleways and flood management were regarded as having high importance but low satisfaction.

The infrastructure investment program enabled by a SRV, as well as affiliated leveraging opportunities by way of LIRS and potential government funding, as outlined in this report, seeks to specifically respond to a detailed and proactive assessment of the condition of critical road and bridge infrastructure. The program proposes a specific works program for implementation over various time horizons as outlined in this report.

At a deeper level, this proposal consolidates a range of our reform initiatives to date and seeks to respond to broader State based assessments around asset renewal and financial sustainability and position council to proactively respond to expected outcomes of the Independent Local Government Review Panel around financial sustainability and asset renewal, in the context of delivering effective and needed outcomes and infrastructure for Bellingen Shire.

OFFICERS RECOMMENDATION

1. That Council resolves to notify IPART of its intention to lodge an application for a special rate variation
2. That Council resolves to commence community engagement and IPR processes (Delivery Program, Long Term Financial Plan, Revenue Policy revision) to support the special rate variation application
3. That Council resolve to apply for Local Infrastructure Renewal Scheme (LIRS) funding, with this application subject to special rate variation approval
4. That Council write to the Division of Local Government highlighting issues with timing of determinations relating to SRV and LIRS applications (June and May 2014 respectively).

ATTACHMENTS

- 7.1A Division of Local Government - Guidelines for the preparation of an application for a special variation to general income for 2014/2015
- 7.1B IPART – Fact Sheet - Our role in local government rate-setting - special variations
- 7.1C IPART – Fact Sheet - Community awareness and engagement for special variation applications
- 7.1D Capital Works Program Roads and Bridges

8 REPORTS BY DEPUTY GENERAL MANAGER OPERATIONS

There are no reports from the Deputy General Manager Operations.

9 REPORTS BY DEPUTY GENERAL MANAGER CORPORATE AND COMMUNITY

There are no reports from the Deputy General Manager Corporate and Community.

10 MINUTES FROM ADVISORY COMMITTEES

There are no Minutes to be presented from Advisory Committees.

11 CORRESPONDENCE

There are no items of correspondence to be discussed.

12 AUTHORITY TO AFFIX THE COMMON SEAL OF COUNCIL FOR ITEMS NOT INCLUDED IN REPORTS

There were no requests to affix the Common Seal of Council.

13 ITEMS FOR INFORMATION

There are no items for information.

14 MATTERS OF AN URGENT NATURE

There are no matters of an urgent nature.

16 QUESTIONS WITH NOTICE

There were no Questions with Notice received for this Agenda.

17 COMMITTEE OF THE WHOLE

There are no items for the Committee of the Whole.

18 REPORT ATTACHMENTS

7.1A	DIVISION OF LOCAL GOVERNMENT - GUIDELINES FOR THE PREPARATION OF AN APPLICATION FOR A SPECIAL VARIATION TO GENERAL INCOME FOR 2014/2015	18
71B	IPART – FACT SHEET - OUR ROLE IN LOCAL GOVERNMENT RATE-SETTING - SPECIAL VARIATIONS	18
7.1C	IPART – FACT SHEET - COMMUNITY AWARENESS AND ENGAGEMENT FOR SPECIAL VARIATION APPLICATIONS	18
7.1D	CAPITAL WORKS PROGRAM ROADS AND BRIDGES.....	18