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AGENDA AND BUSINESS PAPERS

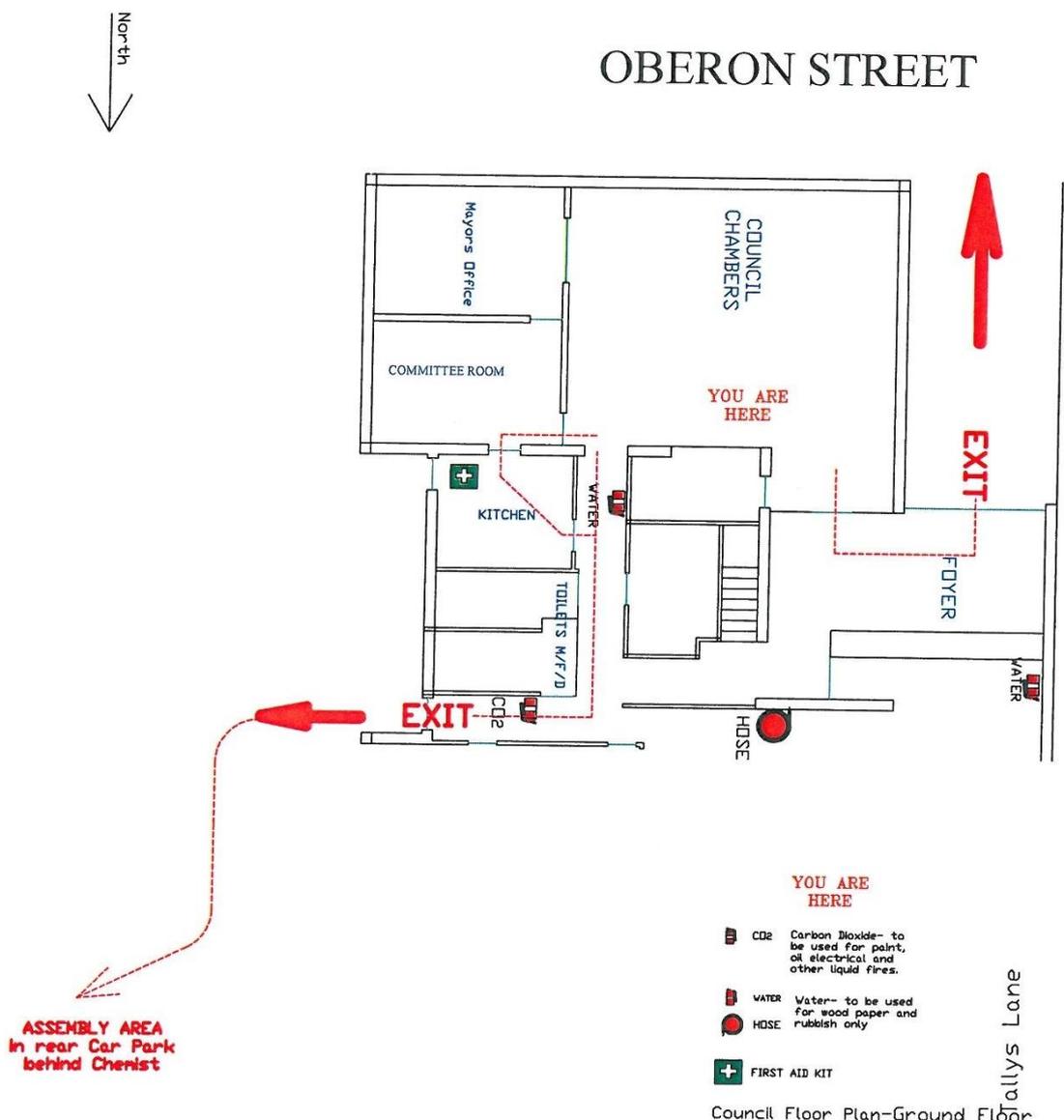
Oberon Council Extraordinary Meeting
Thursday 9 December 2014

Commencing at 5.00pm
at the Oberon Council Chambers

Agenda Items

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1. OPENING OF MEETING

The Mayor welcomed members and declared the meeting open at ...

2. ACKNOWLEDGEMENT OF COUNTRY & PRAYER

Council acknowledges that this meeting is being held on the traditional lands of the Wiradjuri and Gundungurra People, and respects the history and culture of the elders both past and present.

3. RECORD OF ATTENDANCE

Members	Mayor John McMahon (in the Chair) Deputy Mayor Kerry Gibbons Clr Ian Doney Clr Jill Evans Clr Neil Francis Clr Sam Lord Clr Clive McCarthy Clr John Morgan Clr Kathy Sajowitz
Staff	Alan Cairney, General Manager Gary Wallace, Planning and Development Director Chris Schumacher, Works and Engineering Director Lynette Safranek, Finance and Community Services Director Sharon Swannell, Executive Coordinator
Apologies	Nil

4. DECLARATIONS OF INTEREST

File No: Governance/Councillors/Declarations of Interest

A GUIDE TO ETHICAL DECISION-MAKING (Provided by the Independent Commission Against Corruption)

- Is the decision or conduct legal?
- Is it consistent with Government policy, Council's objectives and code of conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

A conflict of interest is a clash between private interest and public duty. There are two types of conflict:

- Pecuniary – regulated by the Local Government Act and Department of Local Government
- Non-pecuniary – regulated by codes of conduct and policy. ICAC, Ombudsman, Department of Local Government (advice only)

The test for conflict of interest:

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of "corruption" – using public office for private gain
- Important to consider public perceptions of whether you have a conflict of interest

Identifying problems

- 1st Do I have private interests affected by a matter I am officially involved in?
- 2nd Is my official role one of influence or perceived influence over the matter?
- 3rd Do my private interests' conflict with my official role?

Whilst seeking advice is generally useful, the ultimate decision rests with the person concerned.

When making a Declaration of Interest the reason for making the declaration should be clearly stated. Pecuniary and Non-Pecuniary Significant Interests should be managed by leaving the room while the matter is considered.

Pecuniary -
Non-Pecuniary -
Significant
Non-Pecuniary -
Less than
Significant

5. REPORTS FOR DECISION

05.01 IPART SPECIAL RATE VARIATION APPLICATION FOR 2015/16

File No: Governance/Meetings/Special Meetings

Author: Alan Cairney, General Manager; Lynette Safranek, Finance & Community Services Director

Summary

Councillor Workshops were held to consider the Rating Structure and Financial Sustainability issues, and a view was formed that the General Rates be increased above the allowable Rate Pegging limit set by the NSW State Government.

This is done through an Application to the Independent Pricing & Regulatory Tribunal (IPART) for a Special Variation. A Survey was developed, *Resourcing Our Future*, and mailed to all Ratepayers and a Community Information Session held.

Recommendation

That Council submit an Expression of Interest to IPART for a Special Rate Variation of General Rates for 5 years commencing from the 2015/16 financial year at a 10% increase per year which includes the rate pegging increase.

COMMENT

At community consultation discussions and meetings for the draft Oberon Community Strategic Plan 2014 during May and June the community was advised that General Rate increases of 15% and 10% were planned for the following two years (2015/16 and 2016/17) with the rate pegging limit applied for 2014/15.

Due to little comment from the community these figures were included in the Oberon Community Strategic Plan 2014 which was adopted by Council. The proposed increases were to address a funding shortfall to manage the infrastructure backlog, as identified in the report prepared by TCorp (previously reported to Council).

The State Government has recently introduced the *Fit for the Future* Reform Program where all NSW Councils are required to determine if they are financially sustainable for the future. Benchmarks have been set around sustainability, effective infrastructure and service management, and efficiency.

During the recent Councillor Workshops on the Rating Structure and Financial Sustainability it was considered that an increase in General Rates would enable Council to continue to provide an acceptable level of service to the community and to also reduce the infrastructure backlog.

A Survey was developed, the *Resourcing our Future* document invited ratepayers to 'Have a Say' on the level of increase and service they would be prepared to accept.

The Survey presented two options for General Rates increases of 10% and approximately 5% each year for 5 years. These increases include an assumed Rate Pegging Limit of 2.5% and would achieve an average additional General Rate Income of \$406,092 and \$225,460 respectively each year.

The *Resourcing our Future* Surveys were mailed to all Oberon Council Ratepayers on 12 November and a total of 309 Surveys were returned on or before 28 November.

COMMUNITY INFORMATION SESSION

An Information Session was held on Thursday 20 November 2014 at the Robert Hooper (Bob) Community Centre from 6.00pm with management staff and most Councillors attending. Approximately 40 persons from the community attended.

Concerns were raised about the following matters:

- **NSW Forests:** concern around the fact that NSW Forestry **does not pay rates** and why is Oberon Council not lobbying the State Government to have this changed; discussion also about the amount of money spent by NSW Forestry on roads within the Oberon LGA
- **Depreciation:** there were questions about the amount of depreciation on assets and that the Asset Management Plan included in the Oberon CSP 2014 was not clear
- **Operating Costs:** difficult to understand how costs could be increasing 7% when income was only raising at an average of 2.5% with rate pegging; there were questions around staff efficiencies and whether Oberon Council had, or intended to, conduct efficient reviews;
- One member commented that Oberon Council is one of the better Council's that he has had experience with and that ratepayers should be more accepting.

While responses were provided at the Community Information Session to these concerns and other questions, the General Manager committed to have an Issues Paper prepared to distribute if and when Council decided to submit an Expression of Interest / Application to IPART for a Special Variation of the General Rates.

SURVEY RESULTS

The result of the Survey responses is:

- | | | |
|--|---------------------|-----|
| • Option 1 Maintain and Improve Service Levels | 10% increase | 201 |
| • Option 2 Reduced Service Levels | 5 % increase | 88 |
| • Other | | 20 |

The following comments were received with the surveys.

OPTION 1

- I refer to the pamphlet 'Resourcing our Future' and reluctantly nominate Option 1 as my preference. However, I consider the pamphlet fails totally to consider agricultural interests in the shire; unless of course, it is included in 'environment' which is a broad term which can cover so many meanings. Oberon is an attractive district but its Council services are just that – Oberon. Without generally poor road works and some village maintenance the old Evans Shire district receives little or no attention except an ever increasing number of large vehicles speeding on roads far too narrow for them and over-all safety. They are an accident waiting to happen with several drivers forced off the right-of-way. A major problem is Sifton weed (biddy bush) which is steadily increasing its coverage but every time I raise the subject with Councillors the response is some muttering and a change of subject. It can be controlled by mechanical and/or chemical means and only calls on a disciplined approach; a programme which I'm sure could be developed and managed by

Oberon Council. If there is no action taken on Sifton weed there will be little left for Council to manage. Please accept my apologies for your meeting on 20th a surgeon has prior claim.

- For residents without waste disposal services, maybe Council would consider one free trip to the tip each quarter to dispose of a trailer/ute load of rubbish. Control system issue: 4 coupons with rate notices - coupons can be used as necessary.
- Amalgamation - ignoring something unpleasant wont make it disappear.

OPTION 2

- You have asked for my pay. If a business is battling it has to cut costs and become more efficient. I feel the Shire Council is not efficient it just wants more money. The landholders on Beaconsfield Road get nothing for their rates except the road graded occasionally. Farmers do not get a 10% increase in their income because things are a bit tough; we have to make do with what we earn. I think the Shire should streamline its operations and make it work.
- The rates are already too high, with not even a taxi to get to the shops. A car is needed to get to the bus stop for Bathurst. No convenience in transport.
- Manage better
- You must be joking
- How about cutting indoor staff numbers - that would save money.
- We own close to 1,100 acres of farmland close to town with access via Bailey Lane and Nunan's Hill Road, neither of which are sealed. We have to remove our own garbage to Oberon tip, where we pay a fee to dump our own garbage. We are not connected to town gas or sewerage. So what exactly are we getting for the \$4,441 in rates we paid (in the 2012-13 year)? Option 2, with service levels reduced is still 5% growth at compound interest for 5 years!! Option 1, with service levels maintain and improve is 10% growth with compound interest for 5 years. In both models, ratepayers owning farmland (who receive NIL services from Council rather than occasional grading of our unsealed roads) pay about twice what business ratepayers pay and about three times the average residential rate, yet the business and residential ratepayer receives the bulk of the services. Nor have you provided any guarantee that the rates wont stay at 5% or 10% growth after the 5 years!! The Council needs to: 1) adjust the relative rate charges to better reflect those who most benefit from Council services, or 2) provide better services to farmland ratepayers to justify the very high rates, or 3) review the efficiency of current expenditure levels, so as to keep the rates in line with general inflation which is must lower than 5% pa.
- My reasons for this are identical to Oberon Council's reasons for increasing rates. As a farmer my costs are rising far more than my income. This then, of course, makes it impossible to pay for: i) infrastructure, renewing and repairing; ii) catastrophies and shocks, e.g. droughts, fire; iii) weed control; and iv) care of the land and environment. With climate change things are getting harder and there is greater risk of lower income and catastrophies to contend with. Life is becoming more difficult for everyone and we are just going to have to accept reduced services. Conserving water is the greatest challenge and should be Council's biggest priority. We can live with reduced services but we can't live without water.

- Get rid of fat cats and 'piss ups' (this person has sent back their survey with all pictures, except roads, crossed off)

OTHER

- Increase rates by CPI: theoretically this should allow Council to maintain current services since CPI is designed to accurately reflect inflations (if CPI rise is not enough that is a problem with Commonwealth statisticians not ratepayers), user-pays for 'frills': no footpaths, playing fields, stormwater drainage, public toilets, libraries, swimming pools any place close to my property. Special interest groups such as football enthusiasts should be prepared to pay costs associated, why do far/rural ratepayers have to subsidise? residential? Seems that they get vast bulk of benefits but only pay one third farmland rates (all I get is a road).
- Service levels maintained and reduce your costs by \$180,000 p.a. Suggest a start is look at your staffing.
- Preferred option is to amalgamate
- Not enough information
- Status quo - not enough information
- Amalgamate with Bathurst.
- Leave the way they are
- I do not feel that this handout has provided me with enough info to make a decision
- Rate peg increase only
- We do not agree with either options because farmland ratepayers paying a lot more of an increase to other ratepayers per year when some of the rural roads still will not be sealed or maintain like other roads and the streets.

FOLLOWING is three letters from Ratepayers submitted with the Surveys.

RATE PEGGING INCREASE

IPART have released the Rate Pegging limit increase for 2015/16 at 2.4%. This increase is not keeping up with CPI, let alone increases in utilities, materials and operating costs.

LONG TERM FINANCIAL PLAN (LTFP)

The LTFP has been reviewed by management staff.

FOLLOWING is a copy of the updated LTFP for 2014/15 to 2024/25 with only the rate pegging increase of 2.4%.

A revised LTFP for 2015/16 to 2025/26 with 10% and 5% General rate Increases will be available prior to the Extraordinary Council Meeting on 9 December.

EFFICIENCIES and COST SAVINGS

All three Department Directors and the General Manager have made some initial reviews of the LTFP and identified potential efficiencies and cost savings. These include:

- introduction of 'better grading practices and improve drainage on local unsealed roads – trial project held in June 2014.
- efficiencies in staff training, reduce staff numbers through natural attrition and succession planning.
- savings in procurement costs - we are participating in the Centroc Regional Procurement Program which aims to make sustainable savings and create efficiencies; improve probity and reduce risk, and strengthen regional collaboration.
- continue to participate in other Centroc and/or Central West Joint Organisation initiatives

IPART REQUIREMENTS

Expression of Interest for a Special Variation must be done by **12 December 2014**. Details to be provided include the nature of the request and the proposed increase.

The actual application to IPART then needs to be submitted no later than **12 February 2015**.

This application is required to be put on public display for comment, before being adopted by Council prior to submission. It should include the following assessment criterion:

- Need for the variation: case for special variation – community needs; financial sustainability; financial indicators; and contribution plan costs above the cap.
- Community awareness and engagement – the consultation strategy and feedback from the community consultations.
- Impact on ratepayers – impact on rates; consideration of affordability and the community's capacity and willingness to pay; and addressing hardship.
- Public exhibition of relevant IP&R documents – display and exhibit of documents; and approval and adopted by Council before the application is submitted to IPART
- Productivity improvements and cost containment strategies – strategies realised in the past years and plans to realise over the proposed special variation period.
- Attachments – IPART provide a list of required attachments including the Community Strategic Plan, Delivery Program, LTFP, TCorp Reports etc

To achieve the IPART requirements, assuming Council decides to submit an Expression of Interest, Community Meetings will be arranged during January 2015.

6. CLOSURE OF MEETING

The Meeting closed at ...