

TITLE LONG TERM FINANCIAL PLAN

REPORT BY: GENERAL MANAGER

CONTACT: GENERAL MANAGER ARTHUR PIGGOTT

Summary/Purpose

This report is to provide Council with information on the advertising and consultation process around the draft Long Term Financial Plan which was placed on public display following Council's October 2014 Ordinary Meeting.

Community Strategic Plan Item(s)

- Governance and Community Service
- Roads and Infrastructure
- Village Life
- Economic Development
- Environmental and Planning
- Waste & Water

Background Information

As part of the NSW Government's Integrated Planning and Reporting Framework, Councils are required to prepare and adopt a Long Term Financial Plan (LTFP). The LTFP must project financial forecasts for the Council for at least ten years, and be updated annually as part of the development of the Operational Plan. The LTFP must be used by the Council to inform its decision-making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.

The LTFP must be structured to include;

- Planning assumptions used to develop the plan
- Projected income and expenditure, a balance sheet and cash flow statement
- A sensitivity analysis which highlights the factors and assumptions most likely to affect the Plan
- Financial modelling for different scenarios, for example the planned scenario, an optimistic scenario (eg taking into account a yet-to-be-approved special rate variation) and a conservative scenario.
- Methods of monitoring financial performance

Previous Council Consideration

At its Ordinary Meeting of October 13, 2014 Council resolved;

That Council places the draft Long Term Financial Plan 2015-2034, which includes a scenario with rate rises peaking at 22% above the pegged limit over the 20 year period, on public display for a period of 28 days and call for submissions from the public.

At its Extraordinary Meeting of November 3, 2014 Council resolved;

1. *That a supplementary sheet to the Fit for the Future information brochure be compiled and that it be sent out to the community as a matter of urgency.*
2. *That this sheet presents easily understood examples for the rate payers in each rate category, showing the comparative total annual rate payments for the next seven years in dollar terms. The examples used will be for the mean of each rate category and will include all charges ie general, water, sewerage, waste, farmland, landfill management etc.*
3. *The rate categories to be used will be as per council's rate notices.*
 - o *Farmland,*
 - o *Residential,*
 - o *Residential – Kyogle,*
 - o *Rural Residential,*
 - o *Business,*
 - o *Business – Kyogle.*
4. *This information will be presented in four columns*
 - 1) *Years 2014/15 to 2021/22*
 - 2) *Annual \$ amount to be paid with only the 2.3% rate pegging increase;*
 - 3) *Annual \$ amount to be paid as per "Option Two" and including the rate pegging amount.*
 - 4) *The annual difference between the figures quoted in 2 and 3.*

And also;

That council receive and note the draft phone survey as amended.

And;

1. *That Council concentrates on finalising a Long Term Financial Plan based on whether or not the community supports an IPART application and Council's processing of that IPART application.*
2. *That Council pushes its request to the State Government for assistance to examine the pros and cons of the recommendations presented for Kyogle Council under the Fit for the Future program and if that help is not forthcoming Council seeks an external consultant to help it through the process.*

At its Ordinary Meeting of November 10, 2014 Council resolved;

That Council adopts the supplementary sheet as amended to be sent out to the community.

That Council adopts the survey questionnaire to be made available to the Community.

Report

The draft LTFP was placed on public display for the period from to Monday November 24, 2014. There were a number of mechanisms used to engage the community during this time, using various delivery methods, to ensure that as many people as possible were given the opportunity to provide input and feedback on the draft LTFP. The main methods of engagement are briefly discussed below;

1. Newspaper advertisement

A formal advertisement advising of the draft LTFP being on public display was published in the Richmond River Express Examiner on Wednesday October 22, 2014 with advice that submissions would close at 4:00pm Monday November 24, 2014. The advertisement included details of the date and locations for the proposed listening posts at Woodenbong, Bonalbo and Kyogle. The advertisement also advised that hard copies of the draft LTFP were available at Wadeville Store, Woodenbong Post Office, Tabulam Post Office, Cawongla store, Wiangaree Post Office, Bonalbo Post Office, Old Bonalbo Post Office, Mallanganee Store, and Councils' offices in Stratheden Street Kyogle.

2. Council's Website

A new page in relation to the draft LTFP was created on Council's website on October 21, 2014. The web page provided links to the draft LTFP documentation, the NSW Government's Fit For The Future web site, and other pages on Council's website that contained relevant information such as the Road to Financial Sustainability and Bridging the Gaps. Other documents were added to the page as they became available, including the LTFP Brochure, the supplementary information including the rates comparisons, and the LTFP survey. The page included a link to allow on-line submissions to be lodged.

3. Council's Newsletter

Articles were included in Council's Oct/Nov newsletter which was distributed on October 27, 2014 as well as in the Nov/Dec newsletter which was distributed on November 24, 2014.

4. Listening Posts

Following the adoption of the Draft Long Term Financial Plan and in accordance with Council's adopted Community Engagement Strategy, three Listening Posts were held at:

1. Woodenbong, Yowie Country Markets, Saturday 25 October 2014
2. Bonalbo, Bonalbo Memorial Hall, Tuesday 28 October 2014
3. Kyogle, Farmers Markets, Saturday 1 November 2014

Woodenbong:

Approximately 24 residents and ratepayers took the time to stop and discuss their views, concerns and provided suggestions to the three Executive Managers Graham Kennett, Jeff Green and Greg Meyers in attendance. Cr Passfield also attended and provided introduction of residents to the Executive Managers with the following issues being raised;

- Concern with General Rates being higher in the rural area than town;
- Like to see rural/town rates reviewed for a more equitable spread;

- Recognises issue with non-rateable properties ie State Forest/Crown Land, supports any action by Council to address this;
- Encourages and supports additional play equipment in Woodenbong playground for 2-4 year olds;
- Don't object to Rally but urge Council to consider transferring funds allocated for Traffic Control to road maintenance as the Rally cars do damage to roads;
- Raised concern regarding earthworks done which is redirecting stormwater onto road;
- Recommends that the lane in Woodenbong Village which provides access is included in sealing program for initial seal.
- Supports the motorbike trail rides held throughout the year due to the income it generates for the village;
- Understands that a rate rise is inevitable and supports the 22% proposal instead of the 46% option;
- Does not support amalgamation due to their distance from what could be the Council Administration;
- Very concerned with any rate increase which would have to be passed onto tenants through rents especially for commercial enterprises due to limited/marginal income;
- Supports the extra income from increased rates being allocated to roads and bridges as proposed in the LTFP;

Bonalbo:

The Bonalbo meeting was more like a public meeting and Executive Manager Urban & Assets arranged for the Village Life Focus Group meeting and the Village Maintenance committees to meet following the Listening Post. Approximately 21 residents and ratepayers were in attendance.

General Manager Arthur Piggott and Executive Managers Graham Kennett and Greg Meyers gave an overview of the Draft LTFP and how the 20 year plan will set Council on the road to financial sustainability and the associated assumptions and constraints.

The forum provided good feedback with a general appreciation of the need for a rate rise and their concerns regarding the potential of amalgamation. The following issues and comments were provided;

- Funds required to upgrade bridges due to constraints imposed on property protection where RFS vehicles are unable to traverse load limited bridges;
- Use of school and community newsletter to distribute information to better inform the various communities;
- Expressed their concern for the perceived wasted money with roadside slashing and chaser vehicles;
- Concern with the possible closure of the Bonalbo Transfer Station due to quantities of packaging and cartons the local supermarket proprietor delivers to the transfer station and the extended distance to Mallanganee Transfer Station;
- Suggestion that instead of closing one of the transfer stations why not close one day at Kyogle?

- If the suggested bridge closures occur will they be replaced with causeways/pipes/culverts?
- Will the toilets and kitchen in/at the Norman Johnston Park and Hall be included in increased budget allocations to community buildings?
- Recommend increased tourist signage for Bonalbo and Old Bonalbo especially from Bruxner Highway as an alternative route to Brisbane;
- Peacocks Bridge and the Bonalbo Cemetery fence require painting to improve appearance;
- Sign to public toilets in Bonalbo is not very clear;

Kyogle:

A Listening Post booth was established within the KMI hall in conjunction with the Kyogle Farmers Market, which was attended by the General Manager Arthur Piggott, Executive Managers Jeff Breen and Carol O'Neill, and Deputy Mayor Cr John Burley.

Approximately 64 residents and ratepayers took the opportunity to seek information and or provide feedback to Council. The points raised were-

- Noise made by the banner over the Summerland Way makes it difficult to hear TV in Stratheden Street;
- As a pensioner would be difficult to pay extra rates due to being on a fixed income;
- Would be worried about representation if amalgamated;
- Would rather pay additional rates and stay as an independent Council;
- National Parks and State Forests should pay rates;
- Prepared to pay more to keep identity;
- Unfair to pay extra rates but realises it is inevitable;
- Not supporting amalgamation because doesn't want the funds accumulated by Kyogle Council to be shared;
- \$ offered by the State Government inadequate;
- Support for amalgamation;
- Council should decrease administration workers in the office as a way of reducing costs;
- Doesn't feel it is the right time to be asking for extra \$ in rates when it is such a difficult time for farmers;
- Would like to see investment in solar panels;
- Council should be seeking additional State and Federal funding;

5. Distribution of Information

Following Council's resolution to place the draft LTFP on public display at its Ordinary Meeting of October 13, 2014 an external consultant Community Relations Australia, was engaged to prepare a Brochure for distribution to the community by mail out. The brochure was finalised on October 24, 2014 and distributed by mail out on November 5, 2014. Following Council's Extraordinary Meeting of November 3, 2014 a separate supplementary information sheet was

prepared in accordance with Councils resolution. This information sheet was presented to Council's Ordinary Meeting of November 10, 2014 where it was endorsed for distribution. The supplementary information sheet was finalised on November 11, 2014 and added to Council's website, and distributed by mail out across the LGA on November 17, 2014, along with a hard copy of the LTFP survey.

6. Community Survey

The use of a phone survey had originally been proposed, and following Council's resolution to place the draft LTFP on public display at its Ordinary Meeting of October 13, 2014, an external consultant, Advanced Dynamics, was engaged to prepare and undertake the phone survey, with a draft of the proposed phone survey being distributed to Councillors for comment on October 29, 2014. Following Council's Extraordinary Meeting of November 3, 2014 a revised draft was prepared and presented to Council at their Ordinary Meeting of November 10, 2014 where it was endorsed to be made available to the community. The survey was set up on-line through Survey Monkey and made available on November 12, 2014 and remained open until November 24, 2014. Hard copies of the survey were also distributed across the LGA by mail out on November 17, 2014 with the supplementary information sheets, and made available at Council's offices in Stratheden Street Kyogle.

A total of 266 surveys were completed, 118 using the on-line Survey Monkey system, and an additional 148 were received in hard copy form. The hard copies were then entered into the Survey Monkey system to allow for final reporting of results. The results of the survey are presented in the attachments to this report.

7. Submissions

A total of 50 written submissions were received in relation to the draft LTFP. Of these, 8 were received through the on-line submissions page of Council's website, 16 were taken from hard copy survey forms returned to Council. A copy of all submissions has been compiled in chronological order and provided to Councillors for their information as a confidential attachment to this report.

Budget & Financial Aspects

The purpose of the LTFP is to provide the basis for the preparation of the annual budgets associated with the Operational and Delivery Plans. By adopting a LTFP, Council provides the overarching direction for all of Councils activities, including the finalisation of the Community Strategic Plan and other Integrated Planning and Reporting documentation. The draft LTFP placed on public display represents a significant step for Council on its pathway to financial sustainability, subject to approval through the IPART for the Special Variation required to implement the plan.

In relation to the NSW Governments Fit For The Future process, whilst the draft LTFP as placed on public display does not allow Council to meet the targets for all of the criteria set down by the NSW Government, it represents a significant improvement in the relevant financial indicators, and most importantly shows a trend towards these targets for the future. The most significant shortfall in relation to the

FFTF targets is that a positive operating result without capital grants would not be achieved within the 20 year period of the draft LTFP. This will continue to be an area that Council will need to focus on, particularly if the NSW Government continues to apply pressure in this area following the assessment of Councils FFTF submission which is due to be submitted in June 2015.

Recommendation

1. That Council receives and notes the report, Long Term Financial Plan.
2. That Council adopts the Long Term Financial Plan 2015/2034 as per the advertised draft.
3. That Council amends the Delivery Program 2013-2017 and Operational Plan 2013-2014 as required to reflect the adopted Long Term Financial Plan 2015/2034 and place the amended documents on public display for a period of not less than 28 days.
4. That Council applies to IPART for a Special Variation as per the adopted Long Term Financial Plan 2015/2034.

Attachments

1. Survey Monkey summary report
2. Copies of all submissions received (confidential attachment)

<<Insert Link to Attachment here>>

Fit for the Future

Have a say in Kyogle's Long Term Financial Plan Community Survey



Kyogle Council is proposing a 22% rate rise above the pegged limit over the next five years as part of its draft Long Term Financial Plan. The draft plan which also proposes significant increases in expenditure on Council's road and bridge network and some cuts to services, aims to put Council on the path to financial sustainability. To help the community provide feedback on the draft Long Term Financial Plan, the Council has put together this questionnaire. The Council is keen to hear what the community thinks and is encouraging all ratepayers and residents to provide feedback on the draft plan. Submissions close on 24 November 2014.

Complete the Survey on-line

This survey can be completed on line using Survey Monkey by going to the following link;

<https://www.surveymonkey.com/s/ST72YJM>

Or you can access a link to the survey on Council's web site by going to;

Learn More

About the Council

Draft Long Term Financial Plan

Complete the Survey in Hard Copy

You can also complete the survey on this hard copy and return it to Councils offices in Stratheden Street Kyogle, or post to;

PO Box 11, Kyogle NSW 2474

1. Are you over 18? ☐ Yes ☐ No

2. Are you a resident? ☐ Yes ☐ No

3. Are you a ratepayer? ☐ Yes ☐ No

4. What rate category does your property come under?

☐ Farmland

☐ Rural Residential

☐ Residential – Kyogle

☐ Residential

☐ Business – Kyogle

☐ Business

5. The Council has had its proposed Long Term Financial Plan on public exhibition for a number of weeks. Have you had the opportunity to read it? ☐ Yes ☐ No

6. Do you understand the Long Term Financial Plan? ☐ Yes ☐ No

7. If yes, do you believe that Council's proposed Long Term Financial Plan as printed is achievable? ☐ Yes ☐ No

8. Do you think that the various information sources provided by Council adequately explained the proposed rate rises and how they would be applied? ☐ Yes ☐ No

9. Council have made a 4 page brochure available outlining the long term issues. Have you had the opportunity to read that brochure?

☐ Yes ☐ No

That brochure (is on Council's website) lays out the challenge that faces Kyogle local government area to be sustainable in the long term and to be able to demonstrate to the state government that it has a plan to become fit for the future. The state government has asked councils to consider amalgamations as a way to become financially more sustainable or else to tackle the changes in spending and rates needed to become sustainable without amalgamation. So there are three areas that Council would like to seek feedback from the community; maintenance of roads and bridges, the rates needed to make the council sustainable and amalgamation of councils.

Maintenance of roads and bridges

This is the most challenging area for council. The cost to fix this problem is \$48 million and is growing by \$4 million a year, so there are insufficient funds to maintain our infrastructure. Obviously you will be impacted by what happens in your own location but we need to understand how you see council's performance across the whole local government area.

10. Do you agree that council needs to find additional funds to fix this problem.

☐ Yes ☐ No

11. Looking ahead, do you have confidence that the council will be able to make the necessary trade-offs between services provided within the money available?

☐ Yes ☐ No

Rates

Regardless of amalgamation or maintenance trade-offs, our financial resources will not be sufficient to meet future needs. Information provided to the community includes a comparison between the pegged rate rises and proposed rate rises over the next six years.

Refer to the attached Supplementary Information Sheet for your relevant category.

12. Would this rate Increase be affordable for you? ☐ Yes ☐ No

13. Do you understand why council is hoping to apply to the Independent Pricing and Regulatory Tribunal for rate rises above the pegged limit of 2.3%? ☐ Yes ☐ No

14. Based on what you understand about the Long Term Financial Plan are you in favour of Council applying to the Independent Pricing And Regulatory Tribunal for an above pegging rate increase? ☐ Yes ☐ No

Amalgamation

The Independent Local Government Review Panel has suggested Kyogle Council should consider amalgamation with either Richmond Valley or Lismore City Council. The NSW State Government supports that recommendation and to that end has provided for some financial incentives.

15. Should council explore this option and provide the community with further information? ☐ Yes ☐ No

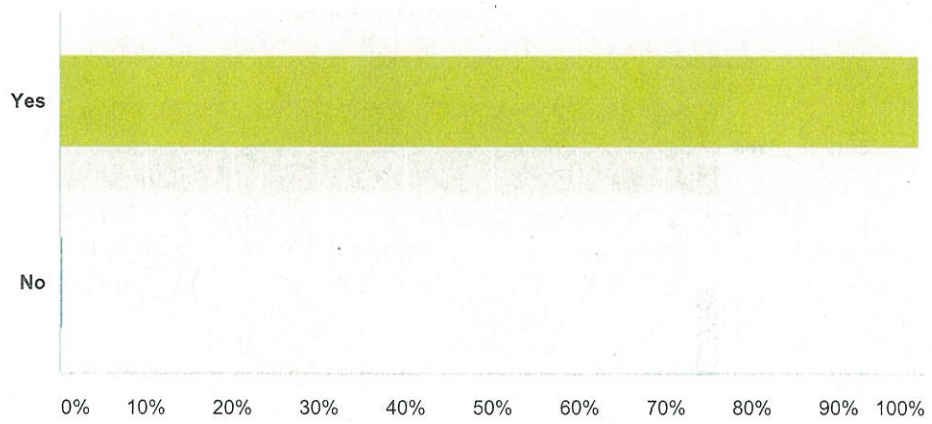
Thank you for helping council to plan for the future.



Q1 Are you over 18?

Item 13F.2 (1)

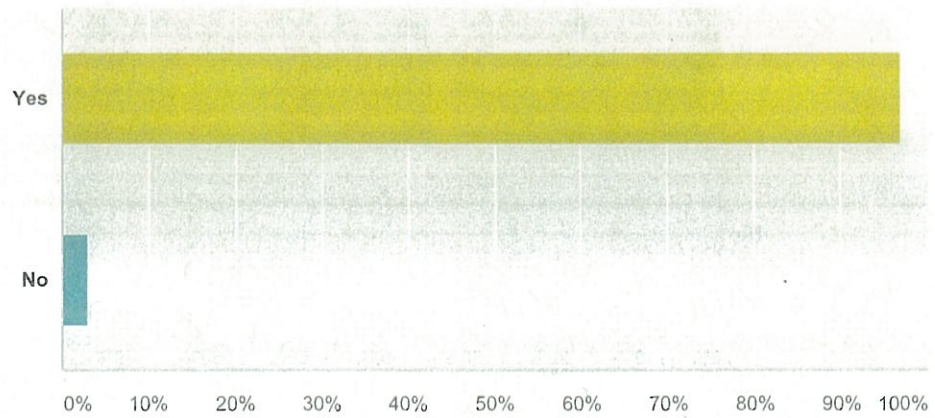
Answered: 266 Skipped: 0



Answer Choices	Responses	
Yes	99.62%	265
No	0.38%	1
Total		266

Q2 Are you a resident of the Kyogle Council area?

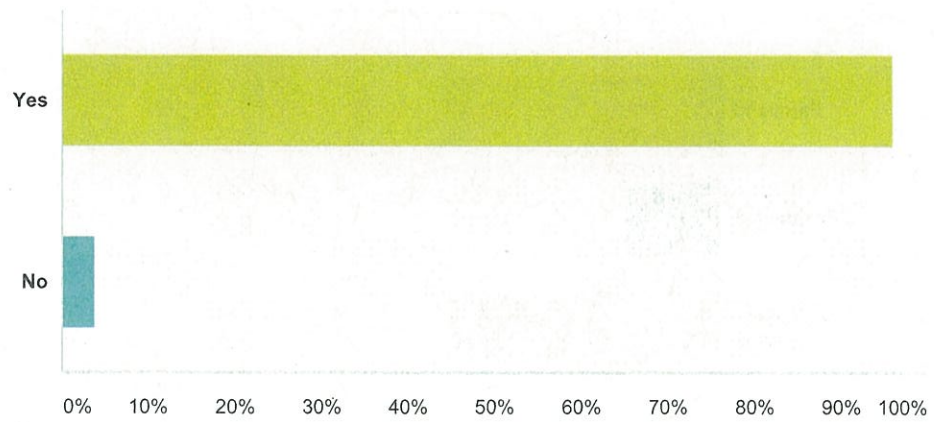
Answered: 266 Skipped: 0



Answer Choices	Responses	
Yes	96.99%	258
No	3.01%	8
Total		266

Q3 Are you a Kyogle Council ratepayer?

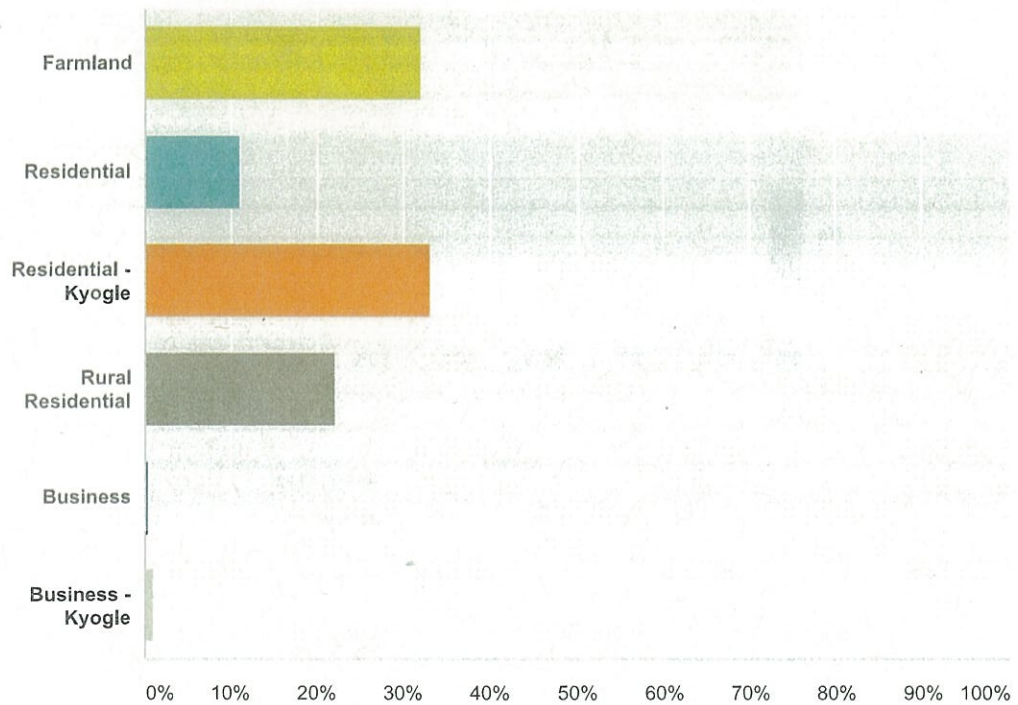
Answered: 266 Skipped: 0



Answer Choices	Responses
Yes	96.24% 256
No	3.76% 10
Total	266

Q4 What rate category does your property come under?

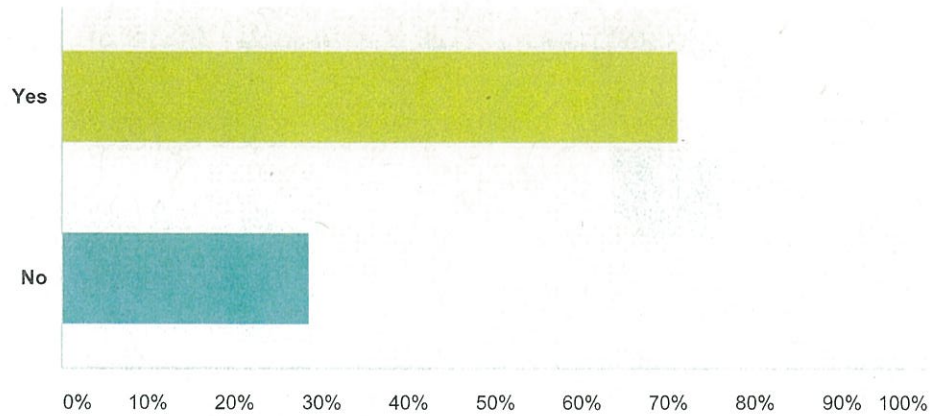
Answered: 262 Skipped: 4



Answer Choices	Responses	
Farmland	32.06%	84
Residential	11.07%	29
Residential - Kyogle	33.21%	87
Rural Residential	22.14%	58
Business	0.38%	1
Business - Kyogle	1.15%	3
Total		262

Q5 The Council has had its proposed Long Term Financial Plan on public exhibition for a number of weeks. Have you had the opportunity to read it?

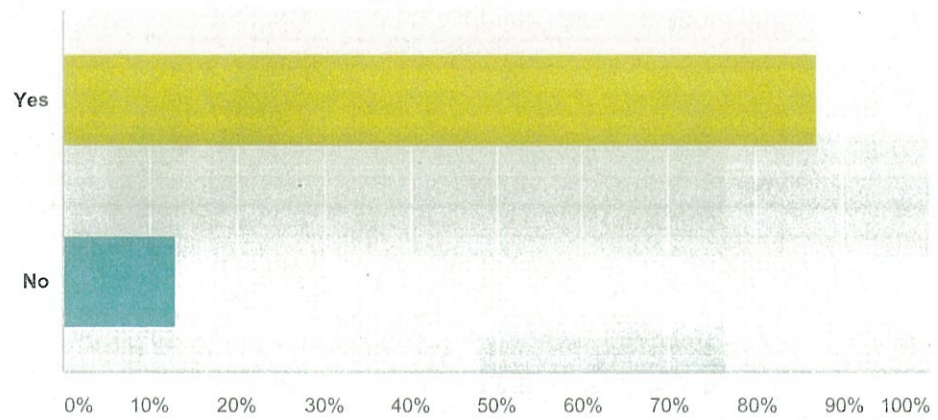
Answered: 262 Skipped: 4



Answer Choices	Responses	
Yes	71.37%	187
No	28.63%	75
Total		262

Q6 Do you understand the Long Term Financial Plan?

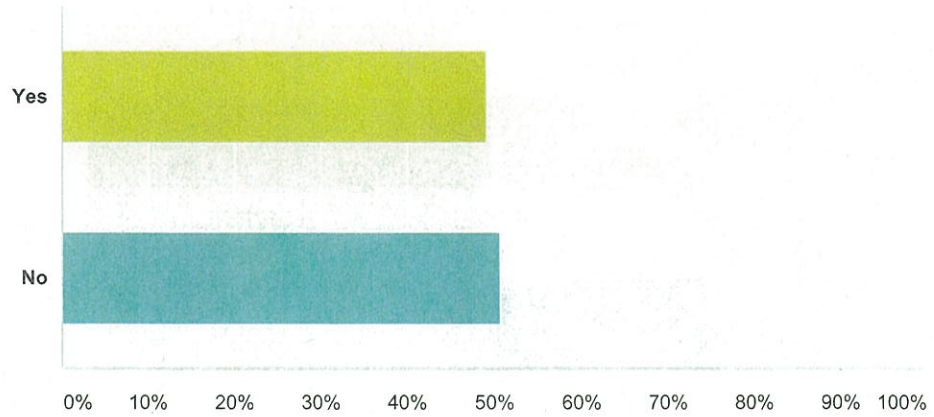
Answered: 253 Skipped: 13



Answer Choices	Responses	
Yes	86.96%	220
No	13.04%	33
Total		253

Q7 If yes, do you believe that Council's proposed Long Term Financial Plan as printed is achievable?

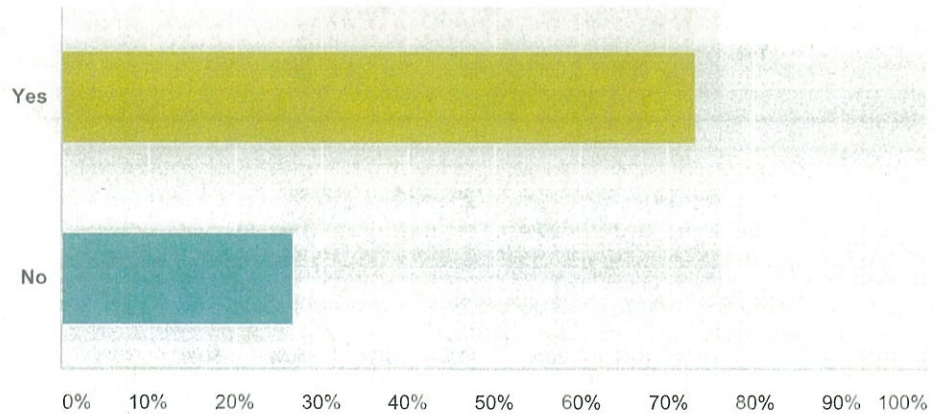
Answered: 223 Skipped: 43



Answer Choices	Responses	
Yes	49.33%	110
No	50.67%	113
Total		223

Q8 Do you think that the various information sources provided by Council adequately explained the proposed rate rises and how they would be applied?

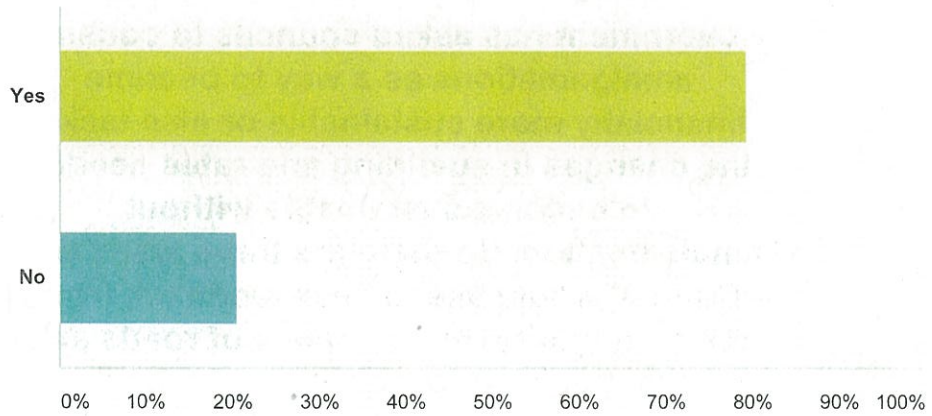
Answered: 251 Skipped: 15



Answer Choices	Responses	
Yes	73.31%	184
No	26.69%	67
Total		251

Q9 Council has made a four-page brochure available outlining the long-term issues. Have you had the opportunity to read this brochure?

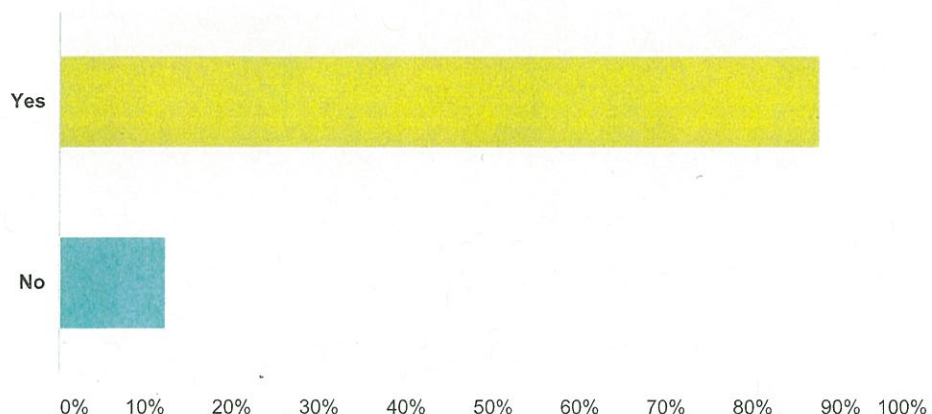
Answered: 259 Skipped: 7



Answer Choices	Responses	
Yes	79.54%	206
No	20.46%	53
Total		259

Q10 The brochure (on Council's website) lays out the challenge that faces Kyogle local government area to be sustainable in the long term and to be able to demonstrate to the State Government that it has a plan to become Fit for the Future. The State Government has asked councils to consider amalgamations as a way to become financially more sustainable or else tackle the changes in spending and rates needed to become sustainable without amalgamation. So there are three areas that Council would like to seek feedback from the community: maintenance of roads and bridges; the rates needed to make the council sustainable; and amalgamation of councils. Maintenance of roads and bridges is the most challenging area for Council. The cost to fix this problem is \$48 million and is growing by \$4 million a year, so there are insufficient funds to maintain our infrastructure. Obviously you will be impacted by what happens in your own location but we need to understand how you see Council's performance across the whole local government area. Do you agree that Council needs to find additional funds to fix this problem?

Answered: 261 Skipped: 5



Answer Choices

Yes

No

Responses

87.74%

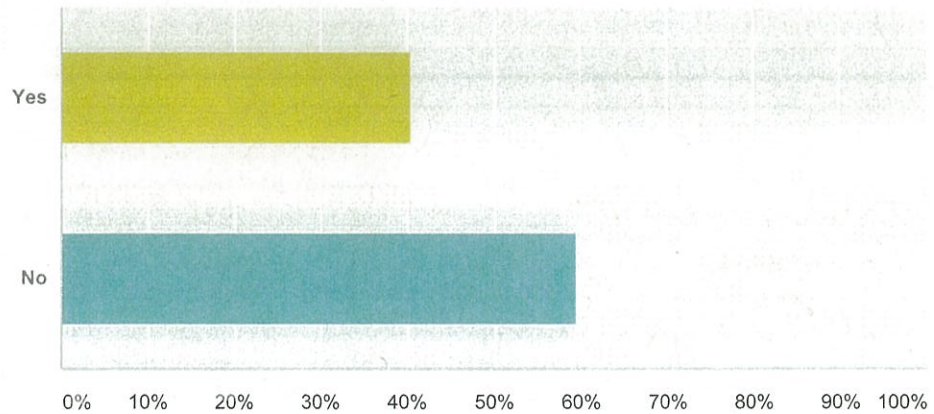
12.26%

229

32

Q11 Looking ahead, do you have confidence that the Council will be able to make the necessary trade-offs between services provided within the money available?

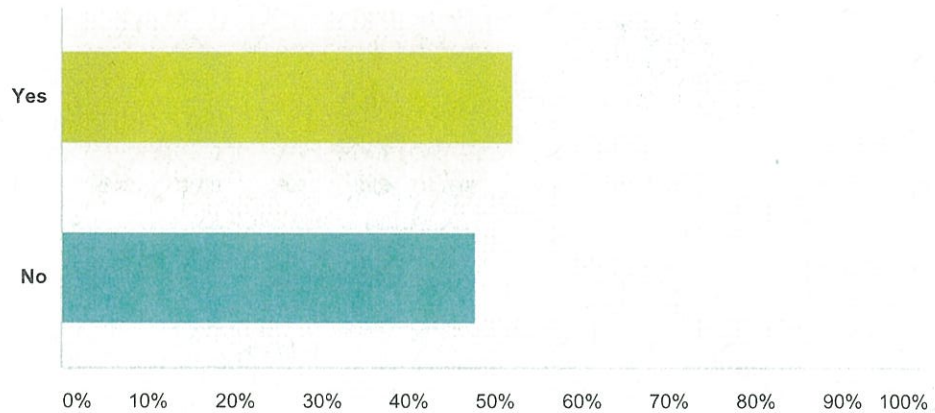
Answered: 245 Skipped: 21



Answer Choices	Responses	
Yes	40.41%	99
No	59.59%	146
Total		245

Q12 Rates Regardless of amalgamation or maintenance trade-offs, our financial resources will not be sufficient to meet future needs. Information provided to the community includes a comparison between the pegged rate rises over the next seven years and proposed rate rises over seven years. Would the rate increase under LTFP Option 2 be affordable for you?

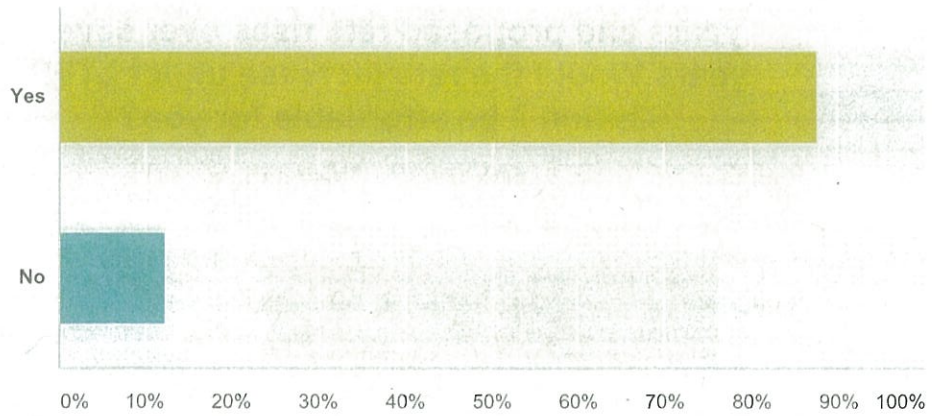
Answered: 255 Skipped: 11



Answer Choices	Responses	
Yes	52.16%	133
No	47.84%	122
Total		255

Q13 Do you understand why Council is hoping to apply to the Independent Pricing and Regulatory Tribunal for rate rises above the pegged limit of 2.3%?

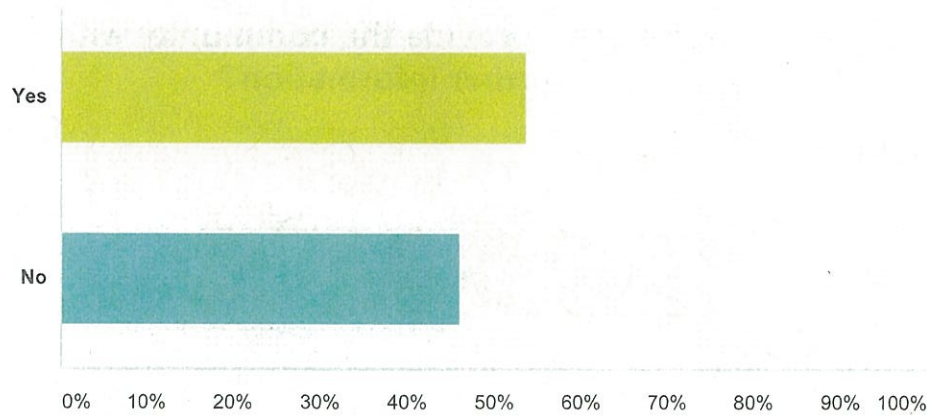
Answered: 260 Skipped: 6



Answer Choices	Responses	
Yes	87.69%	228
No	12.31%	32
Total		260

Q14 Based on what you understand about the Long Term Financial Plan are you in favour of Council applying to the Independent Pricing and Regulatory Tribunal for an above pegging rate increase?

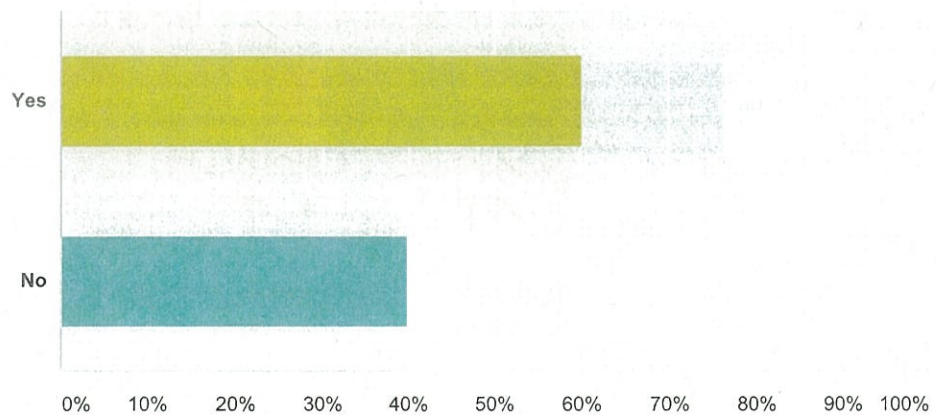
Answered: 254 Skipped: 12



Answer Choices	Responses	
Yes	53.94%	137
No	46.06%	117
Total		254

Q15 AmalgamationThe Independent Local Government Review Panel has suggested Kyogle Council should consider amalgamation with either Richmond Valley or Lismore City Council. The NSW State Government supports that recommendation and to that end has provided some financial incentives.Should Council explore this option and provide the community with further information?

Answered: 261 Skipped: 5



Answer Choices	Responses	
Yes	60.15%	157
No	39.85%	104
Total		261