

Other information

Annexures

Attachment 8d

- **Council Report and Minutes re application 11 February 2014**



MAITLAND CITY COUNCIL

Notice is hereby given, in accordance with the provisions of the Local Government Act 1993 that a **Meeting of Maitland City Council** will be held in the **Council Chambers, Town Hall, High Street, Maitland**, commencing at **5.30pm**.

ORDINARY MEETING AGENDA

11 FEBRUARY 2014

DAVID EVANS
GENERAL MANAGER

Please note:

In accordance with the NSW Privacy and Personal Information Protection Act, you are advised that all discussion held during the Open Council meeting is recorded for the purpose of verifying the minutes. This will include any discussion involving a Councillor, Staff member or a member of the public.

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PRESENT

1 INVOCATION

2 APOLOGIES AND LEAVE OF ABSENCE

3 DECLARATIONS OF INTEREST

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

- *The Minutes of the Ordinary Meeting held 28 January 2014 be confirmed.*

5 BUSINESS ARISING FROM MINUTES

6 MAYORAL MINUTE

Nil

7 WITHDRAWAL OF ITEMS AND ACCEPTANCE OF LATE ITEMS OF BUSINESS

8 PUBLIC ACCESS

9 GENERAL MANAGER'S REPORTS

9.1 FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL

File No:	117/41/3
Attachments:	1. 'Funding our Future' Submissions 24 April 2013 to 24 January 2014'
Responsible Officer:	David Evans - General Manager
Author:	Leah Flint - Executive Manager Corporate Planning and Engagement
Maitland +10	Outcome 19. A Council for now and future generations
Council Objective:	19.1.1 To ensure the principles of sustainability underpin Council's financial, economic, social and environmental decision-making

EXECUTIVE SUMMARY

The final stage of the most significant engagement process ever undertaken between Council and the residents and ratepayers of Maitland concluded on the 24th January 2014. As has been recounted in a series of reports during 2013, the process was designed to gain community input into options to ensure the future financial sustainability of Council and the City.

After many months of consultation and the direct input of more than 3400 residents, an application to increase rates to maintain and enhance key services to our growing City over a seven year period is proposed for lodgement with the Independent Pricing and Regulatory Tribunal (IPART) for determination.

This application would see Council's total rate revenue increased by 7.25% each year for seven (7) years, to be retained permanently in the base. Average residential urban rates would increase by \$70.83 in 2014/15.

This has been a challenging conversation to have with our community. We have experienced a natural level of cynicism, faced a number of misconceptions about local government and sought to provide information on the very complex issue of rating.

Engagement efforts have moved beyond what Council has attempted in the past, with a series of activities designed to maximise community awareness of the proposal over many months, and seek input into solutions.

The results have shown that Council's services are clearly aligned to our community's needs. However, some residents question Council's service delivery models and are seeking to ensure services are delivered efficiently. Residents also expect Council to quantify productivity improvements, share the 'pain' of the financial challenge and demonstrate a culture of continuous improvement.

This is no easy task, but one Council will continue to pursue with vigour. A fundamental tenet of Council's proposal will require productivity improvements to the value of \$500,000 per annum, commencing in 2015/16.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

The recommended increase to total rating revenue is less than placed on exhibition in the latest round of consultation. Feedback received during consultation, combined with recent recommendations potentially impacting on the entire NSW local government sector, have been taken into account. This has led to a refined proposal, that would still see the service package delivered, but involve alternative funding sources.

Whilst no doubt bold and controversial, Council has the opportunity to pursue and potentially secure an own-source stream of revenue to underpin the sustainable provision of services to the City over time. Simply, the primary contributing factors to Council's ongoing financial sustainability challenge are not expected to change over upcoming years, and nor is non-Council controlled revenue expected to materially increase.

An application to IPART for a special rate variation is recommended. Following lodgement of an application on February 24th, residents have further opportunity to provide comment directly to IPART until 24th March 2014. Council will be advised of IPART's determination in mid June 2014.

OFFICER'S RECOMMENDATION**THAT**

- 1. Council make application for a special rate variation of 7.25% each year for seven (7) years, retained permanently in the base, to the Independent Pricing and Regulatory Tribunal by 24th February 2014;**
- 2. Council adopt and note the adjustment in apportionment of rating between rating categories, resulting in varying average percentage increases for each rating category;**
- 3. Council commit to a productivity improvement target equivalent to \$500,000 per annum over the period of the variation;**
- 4. Council approve in principle the borrowing of \$4.8 million per annum for seven years, commencing in 2014/15 as a component of Council's ten year financial plan;**
- 5. Council note the intention to realise additional grant opportunities to the value of \$13 million over the next ten years;**
- 6. Council note the conclusion of community engagement on the proposal and acknowledge the community's contribution in developing the final proposal;**
- 7. A further report be brought to Council following IPART's determination of applications, expected in June 2014.**

REPORT

As has been reported to Council in a series of reports during 2013, a phased approach to community engagement on Council's financial sustainability challenge has been undertaken.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

The most recent of these reports was on the 11th December 2013, when Council resolved to complete a number of actions. This included advice to the Independent Pricing and Regulatory Tribunal (IPART) of Council's intention to apply for an up to 8.35% increase to total rates revenue each year for seven years, as permitted under Section 508(A) of the Local Government Act 1993, by 13th December 2013.

Council also resolved to continue community consultation on the proposal focused on the release of a revised Delivery Program 2013-17 and Operational Plan 2014/15, incorporating fees and charges (including rating). This is subject to a further report, being Item 9.2

Council also requested officers review the existing 'Debt Recovery and Hardship Policy', and a revised policy/policies be returned to Council for consideration. This is also subject to a further report, being Item 12.2 in this Agenda.

As reported on the 11th of December, further consideration has also been given to mitigating the impact of the variation proposal on farmland ratepayers, prior to making a formal application.

This report provides an overview of the service package; impact on rates; consultation methods and issues raised for the period of the variation; and a summary of SRV criterion and how Council will be addressing requirements.

Service package

Under the proposal, the following services would be provided by Council. It should be noted that this list by no means covers all activities undertaken by the organisation, but rather presents services in a way that has meaning to the broader community.

Table 1 – Services to be provided by Council

SUSTAINING COUNCIL SERVICES	DESCRIPTION
Asphalt resurfacing of roads*	Annual resurfacing programs are enhanced through an additional \$3.85 million over seven years to enhance quality and amenity.
Bus shelters*	Council's program to address accessibility issues and improve bus stops, footpaths and kerbsides is enhanced through an additional \$350,000.
Business support	Council's business support services, including finance, information technology, governance, information management, risk and insurances, human resources and corporate planning are maintained and enable frontline operations.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Cemeteries	Management of Council's cemeteries continues as programmed at East Maitland, Morpeth and Rutherford for burials, with maintenance of Glebe, Oakhampton, Hiland Crescent, Louth Park and Campbell's Hill cemeteries. No additional funding will be directed to this area, meaning implementation of Council's Cemetery Strategy will be staged over time, with no immediate changes to interment options.
Central Maitland revitalisation	The Levee is constructed, featuring new street furniture, lighting, parking and café facilities, as well as a building connecting High Street to the River Bank. An upgrade of the Maitland Railway Station precinct and Athel D'Ombra Drive is completed, supported by new residential housing.
City pride (litter collection, street sweeping, dumping, graffiti and gardens)	Litter collection, street sweeping and graffiti removal is maintained at current levels. Litter collection is focused on high visibility locations, and response times to reports of dumping and graffiti remain at current levels. Graffiti removal is also undertaken in partnership with local service clubs.
Community buildings, public toilets and amenities *	Enhancing currently programmed works, additional maintenance, renovations, extensions and construction will be undertaken through an additional \$2.5 million over seven years.
Community events	Community events will continue to be delivered as programmed, including- Aroma, New Year's Eve, Steamfest, Taste, and Riverlights in Central Maitland, Australia Day in Maitland Park and Bitter and Twisted at Maitland Gaol.
Community services	Planning and support for specific community groups continues, with Council working in partnership with a range of groups across the City.
Customer service delivery - transactions, requests, applications and permits and community engagement	Processes for lodging customer service requests, development applications and permits and other advice from Council staff remain at current levels. Community engagement is focused on key projects.
Cultural Services/MRAG	Maitland Regional Art Gallery (MRAG) continues operations as currently programmed, being open Tues-Sun from 10.00am-5.00pm. Exhibitions are regularly refreshed, with a range of programs for children and adults. An on-site café and gift shop also operate.
Emergency management and response	Contributions to NSW Fire Brigade, State Emergency Service and Rural Fire Service are maintained. Council maintains SES buildings, contributes to planning

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

	processes and is geared to assist in times of emergency.
Environmental and sustainability programs	A range of community and school education programs continues to be delivered across the city. This includes seedling giveaways, weed removal, roadside vegetation management and native vegetation establishment, energy and water saving reduction programs.
Footpaths*	Expanding Council's current annual program of works, the construction of footpaths in older suburbs supported via an additional \$2.1 million over seven years.
Health and safety	Council's community health and safety initiatives are maintained at current levels, including food surveillance, health inspections and immunisation programs.
Heritage	Heritage programs including publications, restoration grants are maintained at sustained at current levels.
Library services	Services and programs for children and adults are maintained at East Maitland Library, Thornton Library, Rutherford Library and Maitland (Central) Library.
Line marking and delineation*	An expansion of Council's line marking and delineation (including reflective markers and signage) is possible through an additional \$700,000.
Major road reconstruction*	An additional \$7 million allocated to major projects on urban and rural roads over seven years, extending Council's current four year program.
Place activation *	An additional \$1 million over seven years is directed to activating key spaces in the City, focused on attracting people to the CBD, as well as increased activities on the river walk and river bank.
Planning and development	Council's development assessments and building controls are maintained at current levels, supporting the city's growth.
Pools/aquatic services	East Maitland Pool season extends from Sept- April. Additional indoor heated 25m pool constructed at Maitland Pool, allowing year round use.
Recreational cycleways, trails and shared pathways *	Development of recreational cycleways is enhanced through an additional \$2 million over seven years, focused on establishing connected off road networks.
River access *	Improved access to the Hunter River from Council owned lands is possible, through the allocation of an additional \$1 million over seven years.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Sporting facilities, parks, playgrounds and picnic facilities *	Maintenance of sporting facilities, parks and playgrounds is sustained at current levels, plus an additional \$2.5 million over seven years allows for new park furniture, exercise stations, improved access and parking across the city.
Suburban town centres	Maintenance and renewal programs of local suburban town centres occurs in line with current programs.
Tourism, visitor services and economic development	Tourism and visitor services are maintained, with Maitland Visitor Information Centre and Maitland Gaol operating at seven days per week, offering a range of programs and experiences. Economic development programs continue at current levels.
Urban growth	Long term land use and infrastructure strategic planning is maintained, ensuring sustainable development across the LGA.
Waste management and recycling	Collection and disposal of waste and recycling continues, with service levels to be enhanced over time. However, it should be noted that this service area is subject to a separate waste management charge (as listed on rates notices), and is not a component of the special rate variation package.
Youth spaces (skate parks) and programs *	Maintenance of existing youth spaces continues at current levels, while development of new youth facilities will result from an additional \$2 million over seven years. Possible facilities developed at Green Hills, Thornton and Central Maitland.

** Service level enhanced. Remaining services sustained at current levels to an increased population over time.*

Proposed impact on rating

The proposal put forward during the final round of consultation was to see total rates revenue increased by 8.35% each year for seven years, and adjustment of the proportion of rates paid by each rating category over the period of the proposed variation to better reflect the overall value of land held by these ratepayers, ensure equitability and support economic development.

The implications of the 8.35% increase on total rate revenue each year, combined with the adjustments across the categories as outlined above, would have resulted in increases as illustrated below:

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Table 2: Impact on rating, 8.35% total increase, over 7 year period

	Average rates increase % per year	Average annual rates increase \$ per year
Residential urban	8.94%	\$115.68
Residential non urban	8.34%	\$178.64
Farmland high intensity	6.52%	\$234.85
Farmland low intensity	6.22%	\$162.77
Business ordinary	7.03%	\$457.72
Mining	8.35%	\$16,342.11

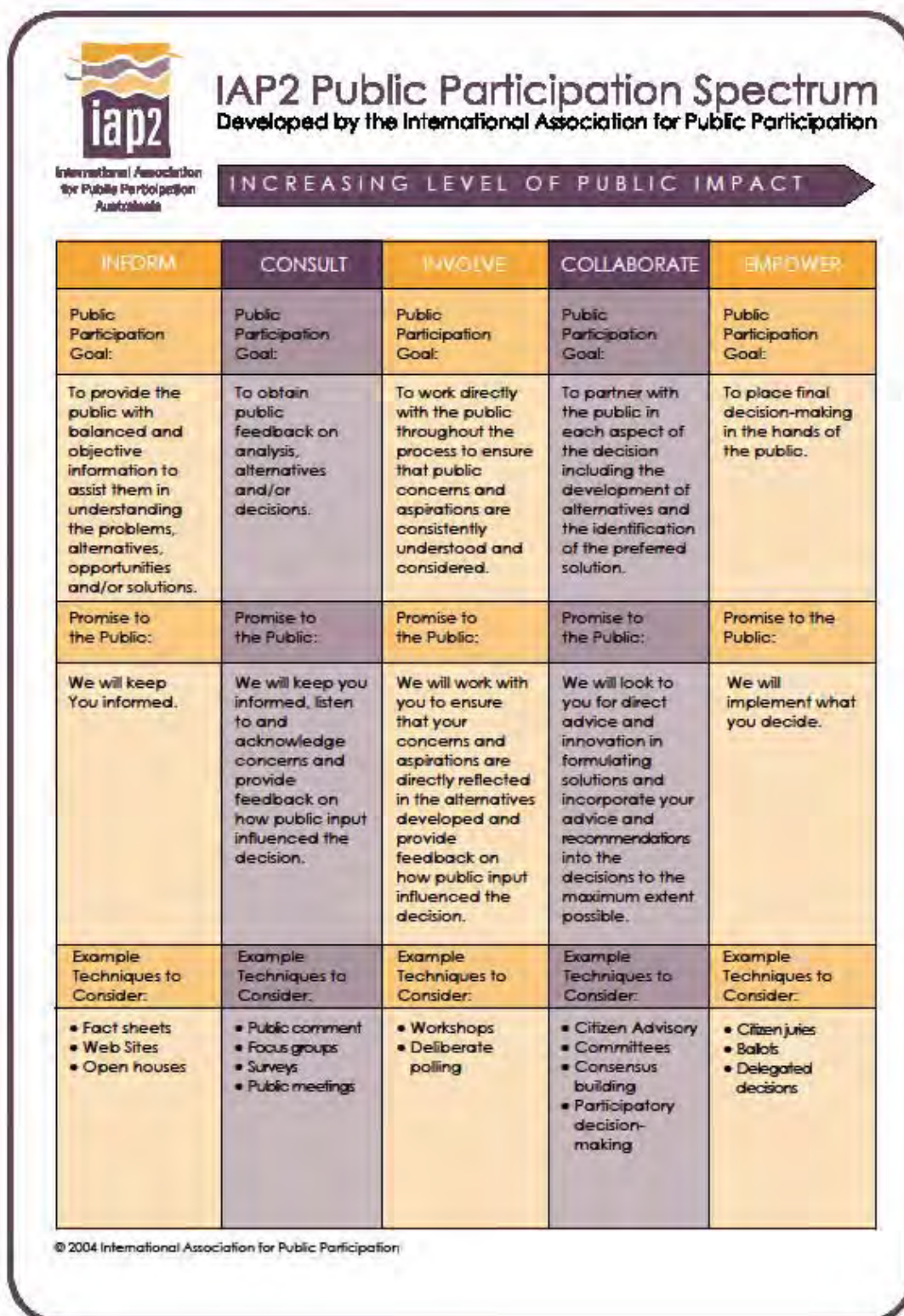
Consultation

Over the past ten months Council has undertaken the most significant and difficult conversation with the community in many years. The engagement strategy for 'Funding our Future' aimed to ensure community awareness of the need for additional revenue, explore options for the future (including reduction in service levels), communicate the impact of rises on residential rates and the preferred revenue option for the future.

Council's engagement strategy aligned with the 'inform and consult' level on the IAP2 Public Participant Spectrum. The IAP2 Public Participation Spectrum is designed to assist with the selection of the level of participation that defines the public's role in any community engagement program. The spectrum shows that differing levels of participation are legitimate depending on the goals, time frames, resources and levels of concern in the decision to be made. However, and most importantly, the spectrum sets out the promise being made to the public at each participation level.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Figure 1- IAP2 Public Participation Spectrum



FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

The 'Funding our Future' engagement progressed through four key phases which are outlined below.

Phase one: Sustainable Council for a Sustainable City – 24 April 2013 to 27 May 2013

This phase of the engagement sought feedback from the community on the objectives and four year actions in the Delivery Program 2013-17 which was placed on public exhibition. This exhibition also initiated the community awareness campaign that Council was facing a financial challenge and introduced the three broad options available to Council and the community to address projected financial deficits. These options included:

- Cuts to levels of service and/or a change in service mix and increasing rates by the rate peg only
- Sustaining services and service levels as today for our growing population and increasing revenue
- Sustaining and enhancing services and levels of service for our growing population and further increasing revenue.

Consultation was also undertaken as part of our annual Community Survey on the importance of, and satisfaction with, Council services and what the community values most.

Phase two: Funding Our Future – 16 August 2013 to 4 October 2013

Phase two sought feedback from the community on the options available to address the projected budget deficits whilst also informing of the changes to service levels that would occur under each option. This phase also developed a level of broad community understanding of the sources of Council revenue, our services and costs.

Phase 3: Funding Our Future Seven Year Rating Proposal – 22 October 2013 to 29 November 2013

Using the feedback received in phase two combined with Councils existing strategic documents, the seven year rating proposal was developed. Detail around this proposal including the impacts on rating and service levels were communicated to residents and feedback sought.

Phase 4: Delivery Program 2013-17(Revised) – 11 December 2013 to 24 January 2014

The Delivery Program 2013-17 was revised to align with the community feedback from Phases 1, 2 and 3 and the seven year rating proposal. The draft Delivery Program 2013-17 (Revised) was placed on public exhibition, seeking feedback on the package outlined in the program and also the proposed budget, rating and fees and charges for 2014/15.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

The following table outlines the activities undertaken to promote the full 'Sustainable Council for a Sustainable City - Funding Our Future' consultation, the opportunities provided for residents to share their thoughts on service levels, revenue options and the seven year rating proposal and also a summary of the results.

Table 3- Consultation activities and results

Method	Description	Participation
Methods promoting consultation		
'Funding our Future'	16 page booklet distributed to residential households across the LGA via Australia Post during Phase 2	26,354 booklets distributed
'Funding our Future'	DL brochure distributed to residential households across the LGA via Australia Post during Phase 3	DL brochure distributed to 27,858 households.
Press advertising	Advertisements run in the Herald, Hunter Post, Lower Hunter Star and Maitland Mercury throughout each phase of the engagement providing key information and how residents could participate.	<p>Thirty advertisements were placed. This included twelve in the Maitland Mercury, twelve in the Hunter Post, one in the Lower Hunter Star and five in the Newcastle Herald. Of these, the average circulation per advertisement was:</p> <ul style="list-style-type: none"> - Maitland Mercury – 3,178 -Hunter Post – 24,991 -The Herald – 36,368 -Lower Hunter Star - 23,731
Information on the October 2013 rate notice	Information regarding Councils proposal to increase rates above the rate peg included on the information slip attached to the October and January rates notices.	25,513 rate assessments were distributed in October and 25,425 rate assessments were distributed in January
Momentum	Articles in Council's July, October and December newsletter edition	Distributed to over 27,000 households in the LGA

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Static displays and information	Posters, publications and information at Council sites and facilities	Customers able to see and take printed information or complete surveys online
Media releases issued, stories in press, stories in radio/TV	Eight media releases were distributed, two in each phase. The first at the commencement of the phase and the second to promote the community information sessions.	<p>A total of 50 articles were printed with the Maitland Mercury printing 33 articles (circulation of 3,696), The Herald 12 (circulation of 36,368), and The Hunter Post 5 (circulation of 24,991).</p> <p>Sustainable Council for a Sustainable City/Funding our Future was discussed on 6 local radio stations within 38 items of 'news'. Each story had an average reach of 15,000 people.</p> <p>NBN Newcastle ran a news story once during phase 3 and once during phase 4. The stories had an average reach of 72,000 people.</p>
Direct mail out to community and business leaders	Distribution to approximately 230 community organisations as outlined on our community directory and the Business Chamber network during phase two and three.	Three emails and one letter received outlined concerns on affordability. One letter of support received from the Maitland Business Chamber.
Databases of those that responded in Phase 2 and provided an email address for future involvement	Email distribution to approximately 213 participants who completed the survey in Phase 2 on the options available to Council. This email outlined the results from Phase 2 and the seven year rating proposal.	Nil direct response back from this email but over 250 people visited Maitland Your Say within two days of this email being distributed.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Database of Maitland Your Say registered members	Three emails were distributed to over 350 registered members of Maitland Your Say outlining the consultation period and the ways in which they could participate.	Nil direct response back from these emails. At the conclusion of the consultation the membership had reached 400.
Methods providing feedback and comment		
Maitland Your Say – project hub	Project hubs were established for each phase on Maitland Your Say featuring detailed advice about the phase, information sheets, links to other sites (IPART, DLGP), information sheets, documents/publications and the rating calculator.	2,261 site visits were made across the four hubs, by a total of 1,499 people. In total there were 1,747 document downloads which included downloads for the package of services, DL brochure, Funding Our Future publication and rates proposal.
Maitland Your Say - on-line surveys	Two online surveys were conducted. The first sought resident input into priority areas, service levels and impacts on rating. The second, similar to the telephone survey in phase three, tested resident support for the seven year rating proposal.	167 people completed the second survey. The results of the first survey are included in the 'detailed survey' below.
Maitland Your Say - forum	A total of fourteen forum topics were opened for community comment through the four phases The forums on Maitland Your Say asked participants to provide their thoughts on the Delivery Program; the service package under the proposal; the seven year rating package itself and community awareness of the proposal's contribution if it was approved to go ahead.	44 comments were received from 20 participants in forums, with 575 page views.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Maitland Your Say – quick poll	<p>A total of four Quick polls were provided across the four hubs.</p> <p>Quick polls asked participants about rating revenue, previous participation and whether they supported the seven year rating proposal.</p>	In total 62 people took a Quick Poll
Maitland Your Say - submissions	Formal email or letter responses to either Maitland Your Say or addressed to the General Manager or Mayor	66 submissions were received via email and post
Detailed survey	Detailed survey seeking resident input into desired service levels, rates, fees and future projects. This survey was also conducted online.	419 completed
Postage paid survey	Quick return ballot survey, provided as part of the 'Funding our Future' booklet	208 completed
Telephone survey	Two randomly selected surveys undertaken by independent consultant Micromex Research. The first examined participants' initial thoughts on the three options available to Council; reduce services and increase rates slightly, maintain services and increase rates or enhance services and increase rates. The second survey tested community support for the seven year rating proposal.	The first telephone survey had a sample size of 600 and the second a sample size of 400 residents. 28% of participants were somewhat supportive and 45% were supportive or very supportive of Council proceeding with an application for a special rate variation. 57% of participants thought it was important or very important that Council be allowed to introduce a special rate variation and 25% thought it was somewhat important. The report outlining these results in detail is included in attachment 3.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Shopping centre displays	Staffed booths at shopping centres in Rutherford, Greenhills and Central Maitland	7 one-on-one discussions
Focus Groups	Three adult and one youth focus groups, independently facilitated by Micromex	38 participants
Hotline	Calls received through the Maitland Your Say hotline set up from phase two.	25 one on one phone discussions.
Facebook	Posts on Maitland Your Say Facebook page providing information on the consultation, seven year rates proposal and ways residents could share their thoughts.	<p>A total of 63 posts were provided throughout the phases with an average reach of 633 per post (total reach = 39,910).</p> <p><i>NB: Reach is the number of people who saw the post.</i></p> <p>A total of 516 likes, comments or shares were recorded with over 135 clicks on the link to Council's 'Maitland Your Say' community engagement site.</p>
Community information sessions	<p>Presentations and open discussions were held at the Town Hall and libraries (Thornton, Rutherford and East Maitland).</p> <p>The events were advertised in the media, on Councils Maitland Your Say site, Facebook page and Maitland Your Say events calendar.</p>	<p>11 information sessions were held across the four phases with an approximate total of 92 people attending.</p> <p>NB: 2 sessions were abandoned due to zero attendance.</p>
Business information sessions	Presentation to Business Leaders Luncheon and drop-in session for business owners	90 attendees at Business Leaders luncheon and two attendees at business drop-ins session
Staff information session	One presentation with open discussion by senior staff	Over 20 people attended the session.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

As can be seen from the above, every practical effort has been made to ensure broad community awareness and seek input into desired services levels and the options available to Council to become financially sustainable, as well as feedback on the seven year rating proposal and revised Delivery Program 2013-17. Over 3,400 people actively participated in the consultation at some point during the past ten months. It should be noted that this number may include an overlap of participation for people that participated in a number of methods across a number of phases.

A summary of the issues raised throughout the entire consultation period are included in Table 8. Copies of submissions received over the period can be seen as Attached.

Issues raised during consultationTable 4 – Issues to emerge during consultation

Issue	Details and response
Affordability	The issue of affordability was a primary issue of concern for a number of residents. Whilst acknowledging that some individual ratepayers may find it challenging to adjust household budgets to accommodate rating increases, Council is of the view that a capacity to pay a higher level of rating exists within the broader community. This is evidenced by an examination of household incomes and sources of income; comparisons of rating with neighbouring and peer Councils; a review of Socio-Economic Indexes as published by the Australian Bureau of Statistics, and Council's own low levels of outstanding rates. The Western Research Institute was also commissioned to conduct an independent analysis of the proposal (as reported to Council on 11 December 2013).
Amalgamations	The prospect of amalgamations and future impacts on rating was raised. As Council would be aware, 2013 saw a range of reviews initiated that will impact on local government in NSW. In January 2014, the Independent Local Government Review Panel released its final report, with a suggestion that an amalgamation of Dungog and Maitland should be further examined, along with potential boundary changes in Beresfield and Wallalong. These are proposals only, and any changes to local government boundaries, services and rating would be subject to lengthy consultation and analysis. Thus, this issue has not been actively considered during the development of the special rate variation proposal.
Asset Management	One respondent suggested that Council should take a more thorough look at asset management practices and whole of life costs. As Council would be aware, a change to organisation structure has seen changes in asset management strategy, capital works planning, design and delivery. Council's asset management practices are also modelled on best practice.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

<p>Ceasing projects that are programmed</p>	<p>Comments were received suggesting that significant capital works such as The Levee and indoor pool at Maitland Aquatic Centre should not be pursued, as they contribute to the deficit position. As Council is aware, however, the construction of the pool has identified funding from Developer Contributions, whilst construction of 'The Levee' is using reserves, revenue from asset sales and loan borrowings. These sources are not suitable for funding ongoing operations.</p>
<p>Community awareness of the proposal/community engagement</p>	<p>Some respondents felt Council should have done more to inform and engage the community, for example a personally addressed letter to ratepayers. Council has, however, made all reasonable efforts to ensure community awareness of the proposal over the past ten months, as highlighted in this and previous reports. This has included two publications letter box drops to all households (one featuring a postage paid ballot), information on rates notice 'tear off' slips (which are direct mailed to ratepayers), press advertising, presentations to groups, shopping centre booths, attendance at events, community information sessions, press, television and radio coverage, use of social media and detailed information of the Maitland Your Say website.</p>
<p>Cuts to services</p>	<p>As previously reported to Council, a range of disparate service areas were put forward by individual participants to prevent or mitigate a rates increase. There was, however, no consistency in the areas suggested. The suggestions ranged from ceasing workforce growth, to stopping construction of cycleways, introducing fees for libraries and MRAG or not proceeding with an indoor pool.</p>
<p>Developers paying more</p>	<p>A number of submissions suggested that developers should pay more toward infrastructure, and then also ongoing service provision. This is not an option available to Council within current legislation.</p>
<p>Efficiency of Council</p>	<p>A number of respondents suggested that Council had not demonstrated its efficiency to the community. Council has undertaken a series of efficiency reviews, and all available data (such as employee numbers per capita, processing times for development applications) supports Council's position as a lean and efficient organisation. This information was made available during consultation processes. Any application to IPART will include more detailed information on organisational efficiency and productivity.</p>
<p>Equity</p>	<p>It was suggested that Council's services were not provided equitably, and that some areas of the City were not provided with the same level of service in areas such as road maintenance, footpath construction and the like. This is a localised perception.</p>

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Exploration of alternative sources of revenue	Council's long term financial model explores alternatives for revenue and savings and incorporates a range of non-rating revenue sources (including asset sales, return of assets to the State, public private partnerships, increased fees and charges and grants). These alternatives are not sufficient to address the increasing gap between revenue and expenditure alone, but will play a part in assisting achieve financial sustainability.
Fairness	A number of residents raised the issue of the 'fairness' of the proposal, while residents were also facing increases in other household expenses such as electricity, gas, food, insurances etc. Council acknowledges that these are cost imposts on households, however without cuts to services (which would also have a detrimental impact and may be seen as 'unfair'), there is no real alternative to the increase. It is worthwhile noting that the majority of household expense increases are undertaken without community consultation, unlike the process Council has undertaken to ensure services are aligned to community expectations and supported by a funding proposal to deliver on them.
'Fear mongering'	A participant suggested that presenting cuts to services was 'fear mongering'. Council has made every possible effort to provide information on factors contributing to the financial challenge, without identifying specific service areas for reduction (which could prompt such as response).
Grants	It was suggested that Council could be more active in seeking grants. Considering Council has received more than \$22 million in grants over the past 12 months alone, it is clear that all relevant opportunities for funding are actively pursued.
Hardship	Some respondents suggested that the increase was 'too burdensome' and may result in hardship. Council has reviewed a range of socio-economic indicators which suggest there is a capacity to pay across the community. A review of relevant policies has also been undertaken to ensure those that are experiencing genuine hardship can make appropriate arrangements with Council. Council has also revised its Debt Recovery, Pensioner and Hardship Policies to ensure appropriate and compassionate response to individual cases of hardship, tailoring individual arrangements as permissible under the Local Government Act to provide appropriate assistance to any ratepayers experiencing hardship.
Live within your means	Whilst some residents suggested Council should 'live within its means', there was no consistent view as to how this should be achieved through reduced expenditure – effectively being cuts to services .

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Past Special Rate Variation	A number of respondents questioned the need for a variation, as one had been received in the past. As Council would be aware, a two year variation was received in 2011/12, generating an additional \$16 million allocated to a series of infrastructure projects. The purpose of this variation is to secure financial sustainability for Council's operational service delivery, rather than tackling infrastructure backlogs.
Pensioner rebate	A number of respondents suggested that Council should increase the pensioner rebate. As previously reported to Council, however, the increasing of the rebate is considered a welfare matter for the NSW State and/or Federal Governments.
Percentage increases	Council has made every effort to present the financial impacts of the proposal, enabling every ratepayer to calculate this via an online rates calculator and presenting average dollar impacts to all households via the DL brochure. Council has acknowledged debate on the presentation of percentage increases, and adjusted presentation materials to incorporate a summed and compounded percentage total.
Reasonableness	Some participants suggested Council's proposal is not reasonable, due to the percentage impact and the period of time.
Role of revaluations	Rating calculations are complex, with a range of factors contributing to individual rate calculations. There was concern expressed by some residents that should property revaluations occur during the course of the variation, rates would increase even more than proposed. Council's total rate revenue would only be increased by 8.35% per annum, and levied across all rated properties. The impact of the increase would vary according to the increase or decrease in property values in comparison to other properties within the LGA. This means that a resident could in fact pay less rates, if their property value did not increase as much as other properties within the LGA.
Size of the increase	A number of objections related the size of increase, suggesting a more moderate increase would be appropriate.
Staff costs	A number of respondents linked the rate increase to increases in staffing costs. There is, however, no direct link between a rate variation and increases in staffing costs. Wage and salary increases are subject to award conditions.
Value for money	A number of residents suggested they couldn't see value for money, in terms of the services provided or used by them as individuals. It should be noted that rating is not a 'fee for service', but rather contributes to the overall functioning and amenity of a City.

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Suggested final proposal

Taking into consideration all of the above, changes are suggested to the revenue forecasts, underpinning the rating application to be submitted to IPART.

These changes have been made to address key issues of community concern, in particular issues of affordability and the reasonableness of the proposal, as well as the need to ensure innovation and efficiency.

Additionally, Council will be aware of the release of the final report of the Independent Local Government Review Panel. The panel has suggested that Councils make more use of debt, particularly for the provision of infrastructure that will be of benefit to multiple generations. It has also been suggested that Councils need to maximise all sources of revenue (including fees and charges) and strive for productivity gains.

As such, Council has altered a number of assumptions in its long term financial plan.

The changes include:

- Increasing borrowings by \$3.8 million per annum, resulting in a debt service ratio of approximately 7.5% in 2023/24 (comfortably within the Division of Local Government's suggested threshold of 5-10%)
- Realising additional grants, modelled at \$13 million over the next ten years
- Maximising all non-rates sources of revenue
- Introducing a productivity factor equal to \$500,000 per annum, commencing in 2015/16.

Taking into account the changes above, Council will be able to deliver the service package outlined in the Delivery Program, with an increase to total rates revenue of 7.25% each year for seven (7) years, retained permanently in the base. A shift in the apportionment of rating is also possible.

The impact on ratepayers would be as follows.

Table 5: Impact on rating, 7.25% total increase, over 7 year period

	Average rates increase % per year	Average annual rates increase \$ per year
Residential urban	7.7%	\$95.45
Residential non urban	7.5%	\$156.31
Farmland high intensity	2.9%	\$94.56
Farmland low intensity	2.7%	\$62.62
Business ordinary	6.2%	\$390.30
Mining	7.3%	\$13,728.01

*Note: Averages based on 2013/14 land values

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Addressing SRV criteria

Council is developing a detailed application and support documentation to submit to IPART. This application will be published by both Council and IPART, and extends over close to 200 pages, plus supporting documentation.

A summary can be seen as follows:

Table 6: Summary of performance against SRV criteria

CRITERION	KEY POINTS
Need for the variation	<ul style="list-style-type: none"> • Will enable delivery of services and enhanced services in key areas of community priority to an increasing population • Meets community needs and desires – now and into the future • Ensure financial sustainability of the Council – avoids projected deficit of \$92 million at end of ten years and allows for a level of improvement in key areas • Ensures funding allocated to capital and maintenance works sustained – continued in line with asset management strategy and plans • Seven years provides certainty to ratepayers • Seven years allows for lower annual percentage increases to avoid projected deficits • Fundamental drivers will not change in shorter period – primarily residential growth and changed service expectations appropriate to a large regional City • Provides sustainable platform for subsequent Council • Underpinned by extensive strategic planning and community consultation
Community awareness and engagement	<ul style="list-style-type: none"> • Broad and deep engagement over 12 months + • Suite of actions deployed to ensure community informed and given opportunity for input – two direct mailouts to all households; incorporation in rates notices; media coverage; newspaper advertisements; social media; ‘Your Say’ website; on-line rates calculator; community information sessions; presentations to groups; stakeholder mailouts; shopping centre and static displays and more. • Support demonstrated in two independently conducted, randomly selected, statistically valid community surveys (May and November)

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

Impact on ratepayers	<ul style="list-style-type: none"> • Starting from comparatively low residential rating base (average residential rate of \$986 in 2023/14) • 7.25% variation each year for seven years sought • Average residential rates to increase by \$95 per year, \$73.70 in first year • Apportionment also changed during SRV period – minimise impact on farmland ratepayers, ensure equity between residential and business ratepayers and address legacy of time • Impact on farmland ratepayers minimised , less than 3% average increase, \$95 per year • Proportion of rating paid by business also adjusted • Shifts in-line with Group 5 average rate projections • Independent review found affordable/community capacity to pay • SEIFA and other data also supports capacity to pay • Community support for services and proposal demonstrated in independent, statistically valid telephone surveys • Telephone surveys show vast majority of community support in both May and November surveys. • Revision of policies for debt recovery, hardship and pensioners – all reasonable efforts made to assist individuals in genuine hardship
Assumptions in Delivery Program and LTFP	<ul style="list-style-type: none"> • Financial model in place since 2005 – veracity well-tested • Application supported by findings of TCorp review – addressing issues now, rather than avoiding and exacerbating long term financial implications • Assumptions in financial plan on range of projections including staffing numbers and costs, utility price rises (including street lighting), construction costs, residential growth, investment returns, loan borrowings etc • Incorporates services and service levels as identified in SRV package • Incorporates a range of non-rates revenues including asset

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

	<p>sales, loan borrowings, investments and grants</p> <ul style="list-style-type: none"> • Increases projected grants • Loan borrowing increases targeted at spreading burden across generations for significant, long life assets/renewals • Incorporates funding strategic capital works (non SRV funded) including a 'The Levee' in Central Maitland, transport hub and infrastructure upgrades in Central Maitland, and new indoor heated pool at Maitland Aquatic Centre. • Delivery Program reflects commitments of current Council, and adopted long term strategies in regard to land use, transport, social needs, community and recreation facilities and more • Delivery over seven years enabled through an integrated Resourcing Strategy, considering assets, workforce, finance and information and communications technology.
Productivity Improvements and cost containment	<ul style="list-style-type: none"> • Elected and managerial commitment to productivity and efficiency • Continued deployment of Service Sustainability Program – including service and core activity reviews • Productivity target of \$500,000 per annum, starting 2015/16 • Aim for advanced asset management • New corporate information system will improve customer service, delivery efficiencies and reduce costs • Enterprise Risk Management continues • Project Management Framework continues • Suite of operational productivity improvements in past, will be better documented in future. • Enhanced efforts to inform community of Council services and focus on efficiency • Performance reporting to continue, with a focus on SRV

FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL (Cont.)

CONCLUSION

Council's final rating proposal demonstrates a response to factors that have emerged from community consultation during 2013 and into 2014, and also to sectoral changes likely to be realised over upcoming years.

As identified in its engagement strategy, Council has met its promise to keep the community informed, and demonstrate how feedback has been used in finalising the application.

Council is expected to join more than 30 other Councils from across the State in making an application to IPART for a Special Rate Variation commencing in 2014/15.

Maitland's application is based in strategic planning, a sound business case and thorough community engagement.

FINANCIAL IMPLICATIONS

The lodgement of an application with IPART has no direct financial impact upon Council's adopted budget or forward estimates. However, the determination of the variation will impact on Council's budget and forward projections, should it not be approved.

POLICY IMPLICATIONS

This matter has no specific policy implications for Council.

STATUTORY IMPLICATIONS

There are no statutory implications under the Local Government Act 1993 with this matter.



MAITLAND CITY COUNCIL

ORDINARY MEETING MINUTES

11 FEBRUARY 2014

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PRESENT

Clr Robert Aitchison
Clr Loretta Baker
Clr Peter Blackmore
Clr Brian Burke
Clr Peter Garnham
Clr Bob Geoghegan
Clr Arch Humphery
Clr Nicole Penfold
Clr Philip Penfold
Clr Steve Procter
Clr Ken Wethered

1 INVOCATION

Pastor Tim Cooper of the Maitland Minister's Association read the customary prayer at the commencement of the meeting.

2 APOLOGIES AND LEAVE OF ABSENCE**COUNCIL RESOLUTION**

THAT the apologies received from Clr Whiting and Clr Meskauskas be accepted.

Moved Clr A Humphery, Seconded Clr N Penfold

CARRIED

3 DECLARATIONS OF INTEREST

Nil

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING**COUNCIL RESOLUTION**

THAT the minutes of the Ordinary Meeting held 28 January 2014 be confirmed.

Moved Clr S Procter, Seconded Clr L Baker

CARRIED

5 BUSINESS ARISING FROM MINUTES

Nil

6 MAYORAL MINUTE

Nil

7 WITHDRAWAL OF ITEMS AND ACCEPTANCE OF LATE ITEMS OF BUSINESS

7.1 The Officers Recommendation for Item 10.1 has been amended to:

THAT Development Application 12-1481 for a proposed subdivision to create six (6) residential lots at Lot 8 DP 855275, 6 Wilton Drive, East Maitland, be approved subject to conditions of consent.

8 PUBLIC ACCESS

Douglas Clements representing himself spoke **against** Item 9.1 – Final Special Rate Variation Application Proposal.

COUNCIL RESOLUTION

THAT an extension of one (1) minutes be granted to Douglas Clements.

Moved Clr P Penfold, Seconded Clr K Wethered

CARRIED

Linda McLean representing herself spoke **against** Item 9.1 – Final Special Rate Variation Application Proposal.

Aimee Mehan representing herself spoke **against** Item 9.2 – Delivery Program 2013-17 (Revised), Operational Plan 2014/15 and Resourcing Strategy.

COUNCIL RESOLUTION

THAT an extension of one (1) minutes be granted to Aimee Mehan.

Moved Clr R Aitchison, Seconded Clr P Garnham

CARRIED

Mark Fogarty representing himself spoke **against** Item 10.1 – DA 12-1481 Subdivision to Create Six (6) Residential Lots - Lot 8 DP855275 & Lot 42 DP846326 6 Wilton Drive & Mt Vincent Road, East Maitland
Recommendation: Approval.

Karen Graham representing herself spoke **against** Item 12.2 – Hardship and Debt Recovery Framework.

John Rademaker representing the Save the Lamp Post Group spoke **against** Item 14.1 – The Levee Project - Reuse of Lights and Shade Structure.

Karen Graham representing herself spoke **against** Item 14.1 – The Levee Project - Reuse of Lights and Shade Structure.

9 GENERAL MANAGER'S REPORTS

9.1 FINAL SPECIAL RATE VARIATION APPLICATION PROPOSAL

File No:	117/41/3
Attachments:	1. 'Funding our Future' Submissions 24 April 2013 to 24 January 2014'
Responsible Officer:	David Evans - General Manager
Author:	Leah Flint - Executive Manager Corporate Planning and Engagement
Maitland +10	Outcome 19. A Council for now and future generations
Council Objective:	19.1.1 To ensure the principles of sustainability underpin Council's financial, economic, social and environmental decision-making

EXECUTIVE SUMMARY

The final stage of the most significant engagement process ever undertaken between Council and the residents and ratepayers of Maitland concluded on the 24th January 2014. As has been recounted in a series of reports during 2013, the process was designed to gain community input into options to ensure the future financial sustainability of Council and the City.

After many months of consultation and the direct input of more than 3400 residents, an application to increase rates to maintain and enhance key services to our growing City over a seven year period is proposed for lodgement with the Independent Pricing and Regulatory Tribunal (IPART) for determination.

This application would see Council's total rate revenue increased by 7.25% each year for seven (7) years, to be retained permanently in the base. Average residential urban rates would increase by \$70.83 in 2014/15.

This has been a challenging conversation to have with our community. We have experienced a natural level of cynicism, faced a number of misconceptions about local government and sought to provide information on the very complex issue of rating.

Engagement efforts have moved beyond what Council has attempted in the past, with a series of activities designed to maximise community awareness of the proposal over many months, and seek input into solutions.

The results have shown that Council's services are clearly aligned to our community's needs. However, some residents question Council's service delivery models and are seeking to ensure services are delivered efficiently. Residents also expect Council to quantify productivity improvements, share the 'pain' of the financial challenge and demonstrate a culture of continuous improvement.

This is no easy task, but one Council will continue to pursue with vigour. A fundamental tenet of Council's proposal will require productivity improvements to the value of \$500,000 per annum, commencing in 2015/16.

The recommended increase to total rating revenue is less than placed on exhibition in the latest round of consultation. Feedback received during consultation, combined with recent recommendations potentially impacting on the entire NSW local government sector, have been taken into account. This has led to a refined proposal, that would still see the service package delivered, but involve alternative funding sources.

Whilst no doubt bold and controversial, Council has the opportunity to pursue and potentially secure an own-source stream of revenue to underpin the sustainable provision of services to the City over time. Simply, the primary contributing factors to Council's ongoing financial sustainability challenge are not expected to change over upcoming years, and nor is non-Council controlled revenue expected to materially increase.

An application to IPART for a special rate variation is recommended. Following lodgement of an application on February 24th, residents have further opportunity to provide comment directly to IPART until 24th March 2014. Council will be advised of IPART's determination in mid June 2014.

OFFICER'S RECOMMENDATION

THAT

- 1. Council make application for a special rate variation of 7.25% each year for seven (7) years, retained permanently in the base, to the Independent Pricing and Regulatory Tribunal by 24th February 2014;**
- 2. Council adopt and note the adjustment in apportionment of rating between rating categories, resulting in varying average percentage increases for each rating category;**
- 3. Council commit to a productivity improvement target equivalent to \$500,000 per annum over the period of the variation;**
- 4. Council approve in principle the borrowing of \$4.8 million per annum for seven years, commencing in 2014/15 as a component of Council's ten year financial plan;**
- 5. Council note the intention to realise additional grant opportunities to the value of \$13 million over the next ten years;**
- 6. Council note the conclusion of community engagement on the proposal and acknowledge the community's contribution in developing the final proposal;**
- 7. A further report be brought to Council following IPART's determination of applications, expected in June 2014.**

COUNCIL RESOLUTION**THAT**

- 1. Council make application for a special rate variation of 7.25% each year for seven (7) years, retained permanently in the base, to the Independent Pricing and Regulatory Tribunal by 24th February 2014;**
- 2. Council adopt and note the adjustment in apportionment of rating between rating categories, resulting in varying average percentage increases for each rating category;**
- 3. Council commit to a productivity improvement target equivalent to \$500,000 per annum over the period of the variation;**
- 4. Council approve in principle the borrowing of \$4.8 million per annum for seven years, commencing in 2014/15 as a component of Council's ten year financial plan;**
- 5. Council note the intention to realise additional grant opportunities to the value of \$13 million over the next ten years;**
- 6. Council note the conclusion of community engagement on the proposal and acknowledge the community's contribution in developing the final proposal;**
- 7. A further report be brought to Council following IPART's determination of applications, expected in June 2014.**

Moved Clr S Procter, Seconded Clr L Baker

CARRIED