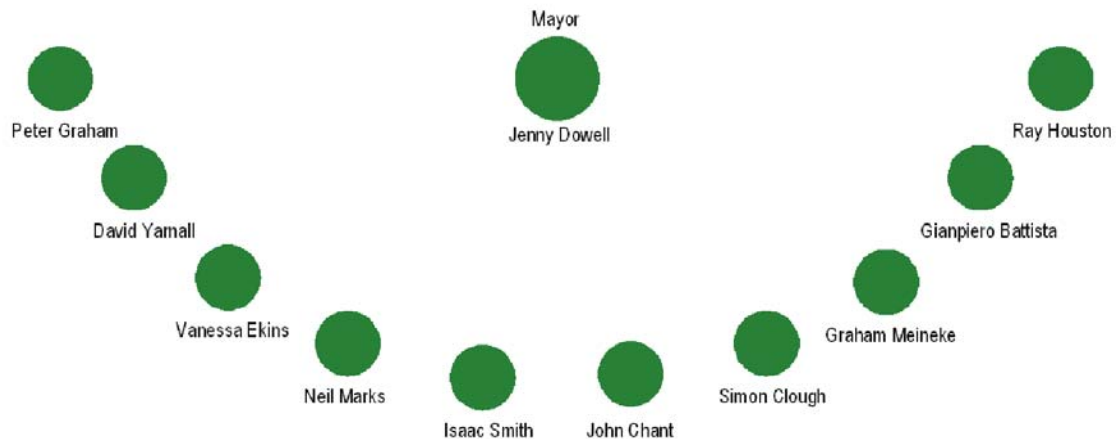


Notice of Council Meeting



Extra Ordinary Meeting

An EXTRA ORDINARY MEETING of LISMORE CITY COUNCIL will be held at the COUNCIL CHAMBERS, 43 Oliver Avenue, GOONELLABAH on **Tuesday, 20 April 2010 at 6.00pm** and members of Council are requested to attend.

Paul G. O'Sullivan
General Manager

15 April 2010



Agenda

Opening of Meeting and Prayer (Mayor)

Apologies and Leave of Absence

Disclosure of Interest

Public Access Session

Mayoral Minute

Opportunity for the Public to Address Council on SRV Application

Report

Special Rate Variation 1



Lismore City Council Community Strategic Plan 2008 - 2018



Guiding Principles	Outcomes
Social Inclusion and Participation	That all Lismore residents enjoy equal opportunities within a strong, inclusive community.
Sustainable Economic Growth and Development	That Lismore's economy is vibrant and development is environmentally and socially sustainable.
Protect, Conserve and Enhance the Environment and Biodiversity	That Lismore's natural ecology is protected and maintained in a healthy and robust state for future generations
Best-Practice Corporate Governance	That best-practice management principles pervade our business; that we are innovative, ethical, and our use of resources provides maximum benefits to the community.

Community Strategic Priorities	Outcomes
Enhance Lismore as a Regional Centre	That Lismore retains and builds on its regional service centre role, including the provision of key medical, legal and tertiary education functions
Foster Youth Development	That young people are included in our community and can safely pursue their interests and aspirations.
Support an Ageing Population	That older people have access to appropriate services and facilities to enhance their health and wellbeing.
Provide Sustainable Land-use Planning	That land-use planning is founded on principles of sustainability.
Improve Catchment Management	That catchment management is integrated and holistic, in order to achieve a sustainable and balanced use of natural resources.
Revitalise the CBD	That the CBD becomes a vibrant meeting place and a cultural and entertainment hub for the Northern Rivers region.
Integrated Waste Cycle Management	That Lismore minimises waste to landfill by reducing, reusing and recycling.
Improve Roads, Cycleways and Footpaths	That Lismore has an extensive transport network and is an accessible, safe and efficient city for motorists, cyclists and pedestrians.
Mitigate Climate Change at a Local Level	That Lismore is a leader in reducing carbon emissions and minimising the impacts of climate change.
Develop and Support Art, Cultural, Sporting and Tourism Activities	That our regional art, cultural and sporting facilities remain a major component of Lismore life and an increasingly popular attraction for domestic tourists.
Integrated Water Cycle Management	That Lismore maintains long-term water security for its growing population through the efficient use of this precious resource.
Provide Greater Housing Choices	That Lismore offers a diverse range of housing options to accommodate a variety of households.
Improve Passive and Active Recreational Facilities	That Lismore retains and builds on its regional recreation centre to attract major events and tournaments.

Corporate Foundations	Outcomes
Efficient Use of Council Resources	That we maximise the value of our resources, continually review our operations to ensure best value, eliminate waste and duplication, and gain the full service potential from our assets
Engage With the Community	That the community is informed and consulted about the issues that are relevant to their lives and we are fully accountable to the community for our operations.
Promote a Constructive Corporate Culture	That customers and staff experience a supportive organisation, with a strong sense of integrity, which responds to their needs and provides innovative and creative services.
Whole of Council Corporate Planning	That we have clear goals and act as one in their co-ordinated implementation, in order to maximise the return on resource investment and staff expertise.
Providing Excellent Customer Service	That our primary focus is to understand and respond to the needs of the community we serve.

Mayoral Minute

Subject **Opportunity for the Public to Address Council on the Special Rate Variation Application**

That Council suspend standing orders to allow members of the public to address Council on the issue of the Special Rate Variation Application.

Background

The purpose of this Mayoral Minute is to propose that Council suspend standing orders to allow members of the public to address Council on the issue of the proposed Special Rate Variation Application.

As Councillors are aware, its Public Access requirements have been recently varied to allow an unlimited number of speakers to address Council but there is still the restriction on one for/one against on any report.

Given the degree of community interest in this matter and the unprecedented lengths that Council has undertaken to engage the public in this debate, it would be unreasonable to restrict Public Access to two speakers on this issue.

Whilst Council cannot vary its Code of Meeting Practice to allow an expansion of Public Access it can Suspend Standing Orders to allow members of the public to address it. This is what is proposed, with the normal limit of five minutes per speaker.

(EF10/4:ED10/6859)

Report

Subject	Special Rate Variation
File No	EF10/31:ED10/6662
Prepared by	Manager Corporate Services and Manager Finance
Reason	As required by Council resolution
Objective	To present the results of the special rate variation community consultation process
Strategic Plan Link	Engage with the Community
Management Plan Project	Roads and Bridges, Environmental Health and Economic Development

Overview of Report

Council resolved to undertake an extensive community consultation to gauge the community's support for a special rate variation to raise an extra \$500,000 for Road Reconstruction, \$200,000 for the Environment and Climate Change, and \$100,000 for Business Promotion.

The consultation commenced in February 2010 and finished in April 2010. It included a personalised letter to all ratepayers and affected business operators, rural and urban forums, online forum and deliberative forums using an independent consultant. The results of the process are reported and the Consultant's report on the deliberative forums is attached.

Council needs to determine if a special rate variation application will be submitted to the Minister for Local Government.

Background

The preparation of the 2009/10 Management Plan highlighted Lismore City Council's limited short term financial ability to fund new or enhanced works and services. To address this situation, Council resolved to undertake two processes; one being to conduct a full budget review and the other, to explore a special rate variation.

A Full 2009/10 Budget Review was undertaken between August and December 2009. It involved the review of all budgets over three workshops that could achieve the objective of improving Council's financial position. The budget review achieved savings of approximately \$497,000 with the potential for more should some potential property sales be realised. Unfortunately, the savings are more than absorbed by the annual increase in superannuation costs (\$560,000) which is a direct impact of the global financial crisis. This is a cost increase over which Council has no discretion.

In regards to the Special Rate Variation (SRV), two workshops with Councillors and senior staff were held. The workshops clarified the proposals to be nominated, presented relevant information on those proposals and highlighted the need to effectively engage with the community

A report was presented to Council's Ordinary Meeting of December 8, 2009 recommending that a community engagement process be undertaken to assess the level of community support for a special rate variation to raise \$800,000 per annum (\$500,000 for roads, \$200,000 for environment programs and \$100,000 for business promotion) on an ongoing basis.

Council subsequently resolved:

- 1. That Council, in February and March 2010, conduct an extensive community engagement process consistent with the requirements of the draft Community Engagement Policy Framework to ascertain public opinion on a proposal to lodge a special rate variation application for an increase in rates of \$800,000 per annum for Roads (\$500,000) and/or Environment Levy (\$200,000) and/or Business Promotion (\$100,000).*
- 2. A separate consultation process is held with the business community recognising their special circumstances.*
- 3. A report on the outcome of the consultation is presented to Council so a special rate variation application can be submitted in accordance with the Department of Local Government's guidelines if required*

Special Rate Variation (SRV) Components

The proposed SRV application was to comprise three components being Roads, Environment Levy and Business Promotion.

Roads

Council commissioned the Australian Roads Research Board (ARRB) in 2005 to undertake a condition survey and assessment of funding requirements for maintaining Council's sealed road network. The results of the survey were reported to Council in 2007. The analysis indicated that approximately 24% of the network exceeded acceptable maximum roughness limits, which was a slight improvement over a similar survey undertaken in 1999/2000, and that Council has a backlog of works of \$87.1 million and an annual shortfall in maintenance funding of \$2.43 million (all 2009 dollars).

It is proposed to increase the funding available annually for reconstruction works on local roads by \$500,000. The program of works will be determined in accordance with the adopted Roads Asset Management Plan and the current needs point score model used by Council's Infrastructure Assets PAG.

Sustainable Environment

Council has nominated a list of environmental priorities for the 4-year Delivery Plan, a number of which require new funding to be achieved. These include:

- Development and implementation of a Biodiversity Strategy (Essential)
- Climate Change Adaptation and Mitigation (High)
- Improve Public Transport (High)
- Support Improved Catchment Management (High)
- Sustainability Planning (High)

An annual allocation of \$200,000 will provide funding for this environmental program to be undertaken. The program includes a planning and implementation phase for at least the next 5 years.

Business Promotion

Council adopted the City Centre Management Business Plan in August 2009. A lack of adequate funding has precluded the identified key initiatives from being wholly instigated. The annual allocation of \$100,000 will be used for:

• Increased media spend of new brand	\$55,000
• Paint the town seed funding	\$ 5,000
• Non-CBD promotion/activities	\$ 5,000
• Attracting conferences plus increased special events funding	\$25,000
• Markets/street entertainment	<u>\$10,000</u>
Total	\$100,000

All ratepayers (18,005) would be rated for the Roads and Sustainable Environment improvement (+3.07%) and in addition, business rated properties in the urban Lismore area (1,083) would be rated for the Business Promotion component (+0.44%).

SRV Community Consultation

A variety of engagement strategies was planned to ensure that a representative cross-section of the Lismore community could learn about the proposal and provide informed feedback. These included:

- a letter to every ratepayer
- seven rural community forums held across the rural areas of the LGA
- one community forum in the urban area
- two deliberative forums
 - Residents and Ratepayers of Lismore's Local Government Area (LGA)
 - Business Operators and Business Property Owners in Lismore's urban area
- an online forum
- presentations to community groups, and
- written submissions.

About Lismore ratepayers

The makeup of Lismore's ratepaying community is as follows:

Residential	14,857
Business	1,201
Farmland	1,947

Total General fund ratepayers **18,005** (*including 3,432 Pensioners*)

There are 13,343 properties received waste collection services
 13,035 properties with a water connection, and
 11,255 properties connected to the sewer.

Letter

A personalised letter was sent to every ratepayer advising them of Council's proposal and the expected impact on their individual general rates for the 2010/11 year. This letter also incorporated the impact of new valuations applicable for rating purposes in 2010/11. Further, advice was provided on the expected increase in water, wastewater and waste collection charges.

The letter also provided information about how they could provide feedback and invited submissions and participation in future consultation including the deliberative forums and the community meetings.

Community Forums / Meetings

Bearing in mind that the two most prominent aspects of the Special Rate Variation (SRV) are Roads and Environment, seven meetings were held to give our rural community the chance to hear the details of the SRV without having to travel long distances. One meeting was also held in Lismore for urban residents to attend.

The meetings were held over a three week period. The meetings were well attended, given their location.

• Tregeagle	23	• Nimbin	17
• Clunes	28	• Wyrallah	72
• The Channon	23	• Goolmangar	59
• Dunoon	48	• Lismore	51

Generally it can be said that the roads topic generated the most interest. There was a strong view that our roads are not good enough, that some maintenance practices are ineffective and Council's roads are unlikely to improve unless some changes occur. Most with this view were not prepared to support a special rate variation to increase spending on the roads. They wanted an alternative solution.

The case for the environmental improvements received more generalised acceptance and there was some support for more money to be spent in this area.

There has been some consistency of the issues across all forums. They are summarised below, in no particular order -

- The poor condition of roads
- Lack of confidence in Council's management of existing funds
- Guarantees that the extra money for roads will be spent as promised
- Scepticism that Council will listen to the community
- The impact on the budget of the proposed Margaret Olley Arts Centre
- Unequal increase among ratepayers, due to recently revised land valuations by the Valuer General
- Hardship of rate rise on low/fixed income earners
- Some support for the environment levy

Deliberative Forums

Two independently facilitated deliberative forums were held, one for the residents and ratepayers focussing on the roads and environmental components of the proposed special rate rise (3.07%) and the second for the Lismore business community which is the only group being asked to contribute to the business component (0.44%) on the proposed special rate rise.

The deliberative forums comprised of two sessions of four hours, held one week apart. Three methods of selection were used to make up the participant list; random, self-nomination and invitation. See 4.1 of Twyfords report (attached) for more detail. The deliberative forums provoked discussion, information and opinion sharing, thinking and consideration of the SRV proposal.

At the end of the second session of each forum the participants were asked to indicate their level of support for the special rate variation, using a continuum line on sticky wall. Whilst the outcomes are outlined in Twyfords Report 5.3, it is clear the SRV proposal for roads and environment did not garner strong support.

When participants were asked to again indicate their level of support for roads and environment separately, the level of support did improve slightly for the individual components. It seemed that the *support / not support* feedback was quite polarised.

A different outcome resulted at the business forum where there was a much stronger level of support. Of the 19 cards on the wall, five strongly opposed, two gave conditional support and 12 supported or strongly supported the proposal for a special rate increase for business promotion. Twyfords Report 7.3

On-Line Forum

An on-line forum, *Have Your Say Lismore*, was established on Council's website to give those with internet access the opportunity to get involved.

As at April 6, 2010 the forum had received 4,571 visits and 1,866 unique visitors of whom 312 become registered participants. Of the 312 registrations, 233 contributed to the on-line discussion and left comments. According to the consultant 'Bang the Table' these are very high rates of participation which seem to indicate a high interest level for the issue.

The overall feedback from the on-line forum was negative, not only for the proposed rate increase but also for Council. Much of the online forum was dominated by a small number of people with 39% of the comments coming from only 5% of the contributors. Many of these comments were not about the rate rises and were unhelpful in assessing the level of support for Council's SRV proposal; however the theme from contributors to the online forum is that the SRV is not supported. This conclusion is of questionable value in that only 41 contributors accessed the SRV explanatory information thus the commentary is not well informed about the facts of Council's proposal.

Written Submissions

Council has received 172 written submissions to the SRV proposal. Fifteen are in support of the proposal but many carry conditions. The other 157 submissions do not support the SRV proposal.

Council and the Community

Generally across all the consultation methods, the Lismore community has engaged strongly and enthusiastically. Their level of involvement points towards people who are committed to and interested in the community in which they live.

One of the positive outcomes to emerge from the SRV consultation process is the willingness of our community to share their concerns for the future of Lismore's development, sustainability and liveability. They spoke of hardship, affordability, their expectations and the reality of living in the Lismore local government area.

Councillors listened, shared, and provided explanations to better inform the community of its strategic plans, vision and expectations for Lismore. This sharing of ideas and information provides Lismore Councillors with the opportunity to hear the community's voice. Councillors have heard a wide range of views and many in the community now have a better understanding of the constraints in which Council operates.

These are valuable learnings which should not be lost now that the consultation for the SRV has come to an end. There is an opportunity for Council to look closely at the feedback from the whole process and draw some conclusions which could inform future decision-making. A formal debrief of the community consultation process would help to identify those issues and put them into perspective for future consideration.

SRV Application Options

From the consultation outcomes, a number of options should be considered. These are detailed below:-

Option 1: An application be made to the Minister for Local Government for the full \$800,000 rate increase.

The community consultation report highlights that a small number of voices dominated the community consultation process and that these voices had a strong influence on the process. Where participants were self nominated (online and community forums) the results were very negative toward the proposal. At the deliberative forums where a much wider cross section of community views were represented the results were much more balanced.

The Minister for Local Government has maintained the position that an SRV application must have good community support.

Option 2: An application be made to the Minister for Local Government for a partial rate increase

A partial rate increase could include:

A. One component such as:

- (i) Roads (\$500,000); or
- (ii) Environment Levy (\$200,000); or
- (iii) Business Promotion (\$100,000).

B. Two component combination such as:

- (i) Roads (\$500,000) and Environment Levy (\$200,000); or
- (ii) Roads (\$500,000) and Business Promotion (\$100,000); or
- (iii) Environment Levy (\$200,000) and Business Promotion (\$100,000).

The community consultation process has not been able to demonstrate conclusive community support for the roads or environment component of the SRV. However the business component notably received quite solid support. Even though Council has maintained throughout the community consultation that the SRV application is a package, there is no formal impediment why the business rate increase could not be considered separately. This option (A (iii)) mirrors the results of the community consultation.

If an application is progressed, consideration could be given to reducing the interest rate charged on outstanding general rates for one year to assist with affordability. Based on the average residential general rates increasing by approximately \$30 to \$1,031, this could be achieved by a reduction in the interest rate charged on unpaid rates. For 2010/11, this would result in the interest rate charged on outstanding general rates being reduced from 10% to 7%.

Council could also consider increasing by \$30 the Council funded pension rebate for a one year period.

Option 3: Not apply for an SRV

Comments

Financial Services

To assist councils who seek to increase general rates in 2010/11, the NSW Division of Local Government issues the 'Guidelines for the preparation of an application for a special rate variation to general income in 2010/2011'. The Guidelines list six (6) assessment criteria requirements a council needs to address as part of its special rate variation (SRV) application and they are:

1. Sound business case
2. Financial impact of the special variation

3. Efficiencies
4. Impact on ratepayers
5. Consultation and feedback
6. Special variation application history

The community consultation process undertaken by Council can be used to address '5. Consultation and feedback' and assist in providing information regarding '4. Impact on ratepayers'.

While a sound business case has been prepared, based on my understanding of the Guidelines, the degree of negative feedback received from the public forums and to a lesser extent from the deliberative forums and public submissions received, it is highly questionable that the \$800,000 SRV has the level of community support expected by the Minister for Local Government.

In regards to Business Promotion, it could be argued that there is reasonable community support, but there is a reluctance to submit an SRV application for \$100,000 due to it being only a small percentage increase (0.44%). This is seen as a disadvantage given the size of Council's General Fund budget (\$83.7 million) and rate income of \$22.8 million.

As to the proposal to reduce the interest rate charged on outstanding general rates, the draft 2010/11 Budget anticipates \$125,000 in interest charge revenues. A reduction in interest charges by 30% would equate to reduced interest charge revenues of \$37,500 and increase the Budget deficit. Savings of \$37,500 would need to be found in the 2010/11 Budget to accommodate this proposal if supported.

It has also been suggested that consideration be given to increasing the pension rebate. Based on approximately 3,500 pensioners, an increase of \$10, \$20 or \$30 in the pension rebate would cost approximately \$35,000, \$70,000 or \$105,000 respectively. As with the reduced interest rate revenues, savings of \$35,000 or \$70,000 or \$105,000 would need to be found in the 2010/11 Budget to accommodate this proposal if supported.

Both the interest rate reduction and increase pension rebate are short term measures and do not address the fundamental and ongoing situation in respect to affordability.

Public consultation

Included in the body of the report

Conclusion

In accordance with Council's resolution, an extensive community consultation process has been undertaken to gauge the community's support for a special rate variation application.

The feedback from the consultation has been provided and a detailed report from Twyfords, the independent consultants and facilitator, is attached.

After considering the consultation results, there are a number of SRV application options available to Council to consider, including a determination to not make an application for the Special Rate Variation.

Recommendation

That Council consider the options presented within this report and determine its strategic imperatives in applying for a Special Rate Variation for 2010/11.