



KEMPSEY
Shire Council

DIRECTOR SUSTAINABLE DEVELOPMENT REPORT

24th February 2009

DSDS1	DRAFT 2009 / 10 BUDGET – SUSTAINABLE DEVELOPMENT SERVICES	{Folio No. *}
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SUMMARY:

Reporting on the draft 2009 / 10 Budget for Council's Sustainable Development Services Department.

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DESCRIPTION:

The following report relates to proposed budget allocations for 2009 / 10 for non-recurrent expenditure within Council's Sustainable Development Services Department and includes advice relating to allocations for 2008 / 09 that are likely to require a revote. The report also includes information relating to projected development related income and changes to Council's Fees and Charges Schedule.

Strategic Planning

In 2006 / 07 Council allocated \$149,500 for strategic planning investigations which was increased to \$287,000 in 2007 / 08 and decreased to \$157,000 in 2008 / 09. This fluctuation is largely due to the impacts of staff vacancies previously reported to Council resulting in an inability to spend the allocated funding with unspent funds being revoted.

Council also manages several strategic planning projects utilising developer funds and in 2008 / 09, inclusive of privately funded investigations, internal borrowing from Section 94 funds, grants and revotes from 2007 / 08 (excluding management charges), a total of approximately \$500,000 is expected to be allocated to strategic planning projects, of which approximately \$280,000 is expected to be expended / and or committed by 30th June 2009.

Assuming Council is able to retain and develop current staff and agrees to revote existing funds, it is expected that the proposed 2009/10 allocation will be sufficient.

Heritage Consultancy Service

This service involves a monthly visit by an accredited Heritage Architect to:-

- Provide advice on DAs related to Heritage Items (Note: Following listing of additional items and preparation of a Heritage DCP, the need for specialist advice is likely to increase significantly)

- Attend meetings of the Heritage Committee and provide specialist advice
- Provide free advice to people wishing to access the Local Heritage Fund
- Provide free architectural advice to owners within the Kempsey CBD wishing to refurbish shop fronts in accordance with the heritage theme for the precinct
- Provide free advice to owners within the existing Gladstone and Bellbrook Conservation areas wishing to build or refurbish

Council's outlay of \$7,500 allows for continuation of a service that otherwise could not be provided and frees up planning staff resources to concentrate on other services. In the past Council's allocation has been partly offset by grant funding received from NSW Heritage by up to \$3,000 per annum.

Local Heritage Projects

This service is funded on a dollar-for-dollar basis with the NSW Heritage Office. The program allows owners of heritage listed properties to apply for funding (usually up to \$1,500) for maintenance.

The 2008 / 09 allocation of \$22,978 is fully committed and is contingent upon applicants completing approved works with payment of grants not made until the works have been satisfactorily completed.

The 2009 / 10 allocation totalling \$20,000 is required in order to provide incentives for people to accept heritage listing of their properties

Heritage Study Implementation

A Shire-wide Heritage DCP to identify and conserve precincts with significant heritage values has commenced and it is expected that the 2008 / 09 allocation of \$22,967 will be fully expended/committed and there is no proposed allocation in 2009 / 10.

It is intended to utilise in-house resources to prepare for another round of community heritage nominations to build on the number of listed heritage items under KLEP 2009 following promotion and hopefully community acceptance of the current round of listings. As a result it is likely that additional funds will be required from 2010 / 11 which is yet to be determined.

Spencerville / New Entrance Master Plan

The funds to undertake this project have been successively revoted since 2004 / 05 and include a \$40,000 grant from the Department of Planning.

A flora and fauna assessment report was completed which indicates that the area is heavily constrained by threatened species habitat, bushfire and stormwater disposal requirements.

Rather than consider the threatened species habitat constraints in isolation and having regard to adjoining habitat and the need to review the South West Rocks Structure Plan, a comprehensive assessment in the context of the broader South West Rocks area has commenced.

Further data collection has been recommended following which EOIs will be called and it is expected that the 2008 / 09 allocation of \$30,394 will be committed and require a revote as there is no separate allocation in 2009 / 10.

Standard LEP

This is a part grant funded project to commence preparation of the Standard LEP. The allocation in 2008 / 09 (inclusive of revotes) is \$46,680, of which \$12,400 has been spent as in-house resources have largely been utilised.

As Council currently has no qualified GIS Officer to complete the required mapping, it may be necessary to utilise consultants to complete the mapping, depending on the requirements of the Department of Planning.

Review of Residential Land Release Strategy

The review was to be undertaken in-house, however, due to previous vacancies, a consultant was engaged to complete the Population Projections and Urban Land Capacity reports.

A draft report has been received that will be reviewed by the Focus Group and Land Release Taskforce for reporting to Council in April 2009 to endorse for public exhibition. The funds are expected to be spent in 2008 / 09 and have been fully committed.

Rural Residential Land Release Strategy

As previously reported to Council, it is intended to commence the review of the Rural Residential Land Release Strategy following completion of the Residential Land Release Strategy.

Although no allocation to prepare the revised strategy has been requested, \$20,000 is requested to allow for a consultant to project manage the initial phase relating to:-

- preparation of a brief to identify the scope of the review;
- calling of EOIs to prepared the revised strategy;
- assessment of EOIs; and
- coordinating interested owners to fund the revised strategy that could be in the order of an additional \$50,000.

Rural Residential Local Environmental Studies

Following completion of the revised Rural Residential Land Release Strategy, individual owners may then request to have their land rezoned in accordance with the strategy which will require owners to fund detailed Local Environment Studies.

In release areas involving multiple owners where agreement of all parties cannot be reached, an allocation of \$30,000 in 2009 / 10 and a further \$35,000 in 2010 / 2011 is requested in order to assist interested owners to reduce any shortfall.

Highway Bypass Strategy

Although there has been no announcement concerning the timing of the bypass of Kempsey, it is intended to undertake preliminary scoping for a strategy to identify and prioritise all investigations required to be undertaken to complete a strategy, for which an allocation of \$10,000 has been made in 2009 / 10 and an additional \$10,000 in 2010 / 2011.

Koala Plan of Management (KPOM)

The KPOM has substantially commenced utilising the 2007 / 08 and 2008 / 09 allocations totalling \$60,000 with \$20,000 requested in 2009 / 10 to complete the plan.

There is also \$10,675 remaining from the vegetation mapping project that is requested to be revoked and transferred to the Koala Plan of Management.

Required detailed implementation plans may be funded by developers or from the Kempsey Strategic Direction vote, depending on the priorities of the community identified through public consultation.

Kempsey Strategic Direction

Council previously identified the need to engage the community in setting an overall strategic direction for development within the Shire for the next 20-30 years for which \$60,000 was allocated in 2007 / 08 which was revoked in 2008 / 09.

Preliminary scoping for the strategy commenced and an internal Discussion Paper developed, however, due to vacancies at the time and a lack of experienced staff, the project stalled.

With the appointment of staff to fill vacancies, it is apparent that Council now has the expertise in-house to commence the project. A project plan has been developed and EOIs have been sought for community members to form a Focus Group in February / April 2009. The Focus Group will be requested to identify the key elements comprising the desired character for each locality throughout the Shire and to meet the Shire's future economic needs, following which a draft strategy will be prepared for Council's consideration and public exhibition.

In adopting the Kempsey Strategic Direction, Council will be required to prioritise the investigations required to achieve the desired character and settlement patterns across the Shire, which will form the basis of Council's Strategic Planning Program and rolling 10 Year Budget.

The \$60,000 allocation is requested to be revoked which will enable the strategy to be completed and priority investigations commenced.

Industrial Land Review Implementation

Council has allocated \$70,000 towards investigations to facilitate the release of land for industrial purposes. The money is intended to supplement the cost of planning investigations in conjunction with owners interested in pursuing industrial rezonings.

Council previously secured funding from one of the owners on the eastern side of the Highway at South Kempsey (Farrawell) and contributed \$8,206 towards the environmental investigations. The draft LEP has been forwarded to the Department of Planning to make the plan.

In respect to the area west of the Highway, the owner (Thurgood) agreed to fund a consultant to project manage the rezoning. EOIs have been obtained to undertake the required environmental assessment which is estimated at \$80,000. The owners agreement in respect to his commitment is being sought following which Council's contribution will be determined.

A revote of \$61,794 is required to provide for a Council contribution and to commence investigations at Frederickton which is also identified as having land potentially suitable for industrial development.

South West Rocks Structure Plan Review

The review will effectively tie together several investigations and land releases currently in various stages of completion. Depending on the timing of the Saltwater LES and Spencerville / New Entrance Masterplan which affects significant parcels of land, the \$10,000 will likely need to be revoted to complete the review.

ESD Policy Implementation

Many of the emerging issues associated with Climate Change have sustainability implications across all Council functions and inevitably fall to Council's ESD Officer to implement. In order to offset this rapidly increasing demand on resources, to maintain membership of peak Climate Change groups and attend training etc, an allocation of \$20,000 is requested.

Kempsey Town Centre Master Plan

The review of the Kempsey Town Centre Master Plan has commenced using in-house resources and a revote of the remaining \$13,505 is requested which may be required to complete designs and publishing.

Flood Policy Review

This project has stalled awaiting a draft Flood Study for the Kempsey CBD which has now been received. It is intended to commence the review to comply with the current NSW Floodplain Manual using in-house resources, however, a revote of \$20,000 is requested to meet the cost of additional surveying and mapping that is likely to be required.

Environmental Rehabilitation Projects

Environmental Monitoring

The proposed allocation of \$52,500 for 2009 / 10 provides for the monitoring of water quality in the Shire's creeks and rivers, including the Beach Watch Program for which \$25,000 is derived from the Environmental Levy with \$24,500 allocated from the General Fund. The program has benefited Council by providing data that demonstrates water quality meets government standards, provides data to identify potential problem areas and monitors the effectiveness of other rehabilitation projects.

Due to events resulting in episodes of poor water quality, it has been necessary to increase the number and frequency of tests from time to time and to decrease routine testing to remain within budget, however, the proposed allocation is likely to be adequate.

Boyers Lane Wetlands Plan / Implementation

Due to the success in obtaining grant funding, the 2008/09 allocation of \$3,290 remains unspent and should be revoted and transferred to the 2009 / 10 implementation allocation of \$10,000. Upon receipt of an additional \$40,000 from a developer contribution, it is hoped that a proposed interpretive boardwalk can commence.

Macleay River Management Plan

Council has committed to this longer term project which is jointly funded by the Department of Environment and Climate Change.

The plan has been delayed by the consultants that prepared the Process Study which has now been completed.

Revotes totalling \$178,190 are required to prepare the plan which will commence in April 2009.

Macleay River Management Plan Implementation

\$20,000 derived from the Environmental Levy was allocated in 2008 / 09 which cannot be spent until the Management Plan has been completed.

It is recommended that this allocation again be revoted and transferred to the preparation of the Management Plan.

Under Council's Long term Budget, it is proposed to allocate increased funding to implement the plan commencing 2010 / 11 and any residual funds from preparing the plan can be transferred to implementation.

Korogora Creek Estuary Management Plan / Implementation

This project is part grant funded and a revote of the balance remaining at 30th June 2009, which is currently \$18,943, is requested to complete the plan.

\$12,250 is proposed to be allocated in 2009 / 10 and \$10,000 was also allocated in 2008 / 09 to implement the plan for which a revote is requested to commence implementation in late 2009.

Killick Creek EMP Implementation

Environmental investigations have been completed which were partly funded by transferring funds from the Macleay River Projects allocation and partly from grant funding.

It is estimated that \$15,000 will be requested to be revoted and a further \$11,940 is proposed to be allocated in 2009 / 10.

As reported to Council in December 2008, the estimated cost of dredging Killick Creek is \$200,000 and Council resolved to consider providing additional funding in the 2009 / 10 estimates.

Assuming Council is able to attract matching funding, an allocation of an additional \$100,000 is required. Revenue from the Environmental Levy has largely been allocated to loan repayments for environmental works. Reallocation of funds allocated to Environmental Control Projects is not recommended as other projects referred to in this report would not proceed which is inequitable.

Council has the options of allocating the funds from the General Fund or from the Foreshore Caravan Parks Reserve Fund. As the works relate to maintenance, loan funds could not be utilised.

Gills Creek Restoration Project

A total of \$60,392 was allocated in 2008/09 which is partly derived from grant funds. It is expected that \$50,000 will be requested to be revoted and a further \$10,000 is proposed to be allocated in 2009 / 10 which will be spent on vegetation clearance / weed removal and the continued employment of a part time project officer.

Macleay River Floodplain Project

This project is recognised as an excellent outcome of the Environmental Levy as the modest allocation has been successful in attracting grant funding for several environmental projects.

A revote of the balance remaining at 30th June 2009 is requested to continue the program with \$23,336 currently remaining.

It is proposed to allocate \$30,000 in 2009 / 10 and Council may wish to consider transferring funds to other projects such as dredging Killick Creek, depending on the response to funding request.

ASS Management Projects

The \$154,500 allocation for 2008 / 09 was recently received grant funding and includes the residue of CMA grant funded projects back to 2004 to consolidate the funds into one allocation. The funds will be used to maintain and implement acid sulphate soil restoration projects.

Killick Creek - Strategy "G"; Saltwater – Strategy "H"; Saltwater – Strategy "R"

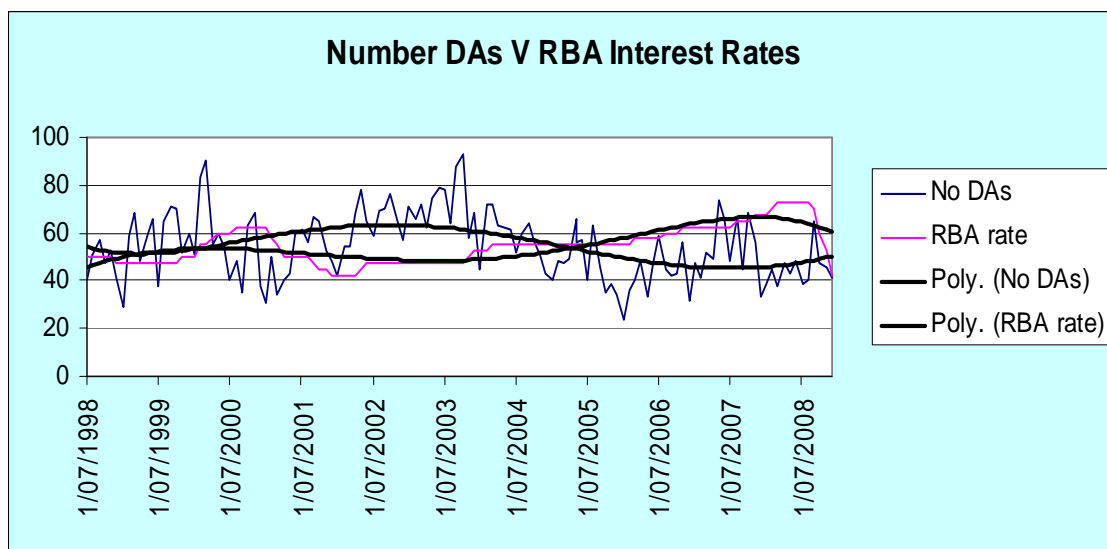
These are small grant funded projects to provide interpretive signage with the residue from the Saltwater allocation to be transferred to the other two signs.

Miscellaneous Environmental Levy Works

This allocation is intended to provide either top-up funding for other projects or for small environmental projects not specifically identified.

Income from Development Related Fees

Council would be aware that due to national and international factors, development is currently at relatively low levels.



An analysis of the number of DAs versus the RBA interest rates clearly shows the expected inverse relationship. Based on past data, there appears to be approximately a 1 to 2 year lag between the bottom of the interest rate cycle and peak development activity, however, it is noted that the recent decline in interest rates (pink line) is unprecedented since 1998.

Development Control Income

Projected income from development application related fees for 2009 / 10 was \$323,450. Having regard to past trends with a slightly optimistic

allowance for the impact of low interest rates, income has been revised to \$256,400.

Building Control Income

Projected income from building control related fees for 2009 / 10 was \$457,000. Assuming building related income follows the same trend as development income, the revised level of income is \$409,050.

Building Certifiers Accreditation

In order to meet the training requirements for the new Building Professions Accreditation Scheme which is expected to be introduced in 2009 / 10, an increase in the Professional Development allocation will be required equivalent to 4.2 days per Building Surveyor. Based on preliminary estimates, a contingency of an additional \$8,000 has been provided.

Income from Ranger Services Fees

With the employment of a part time Parking officer, income from fines has increased and a revised estimate of \$50,000 is suggested.

Fees and Charges Schedule

Septic Systems Inspections

Council adopted Fees and Charge Schedule currently only provides for charging for one inspection of onsite sewerage management systems where often there is a need to reinspect non-compliant systems up to two or three times.

By introducing charges for all required inspections it is estimated that income will increase from \$25,000 to \$30,000.

Food Shop Inspections

At the time of setting the 2008 / 09 Fees and Charges, the NSW Food Authority had not set the prescribed inspection fees for food shops. The NSW Food Authority has since released the schedule of fees for food shop inspections at a maximum of \$140 per hour, plus an additional administration charge of \$250, whereas Councils previously only charged a flat administration fee of \$250.

It is recommended that Council charge in accordance with the maximum allowable which would see income increase to at least \$40,000.

Inspection Fees

Council currently has a range of inspection fees for buildings, pools, septic etc ranging from \$85.20 to \$94.30. In order to reduce confusion it is recommended that a flat fee be introduced which, taking into account CPI increases and actual cost recovery should be \$100.

Economic Development

Economic Development Projects

Current Economic Development projects that have or are expected to be commenced in 2008 / 09 for which a total of \$101,226 is requested to be revoted include: -

- Kempsey Airport Development

- Heavy Transport Hub Feasibility
- Business Promotion Website
- Macleay Valley Marketing Plan
- Town Entrance Signage
- Marketing Prospectus
- Review of the Economic Development Strategic Plan

Expenditure of the Economic Development Projects budget has previously been hampered by vacancies within SDS which saw resources temporarily allocated to pressing Strategic Planning Projects which are also directly related to creating opportunities for investment. With appointment of a new Economic Development Manager and temporary Projects Support Officer, as well as a full compliment of planning staff, it is expected that expenditure will increase in 2009 / 10 and it is intended to allocate a further \$60,000 in 2009 / 10.

Economic Development Projects Support Officer

In order to progress options for projects including future uses of the Airport, MDAP has decided to allocate \$60,000 towards a temporary part time position. Council was unsuccessful in attracting suitable applicants and it was decided that a support position would be created to offset some functions undertaken by the Economic Development Manager and Officer. An appointment was made to the position which has since become vacant and it is intended to readvertise the position, thereby committing the funds for which a revote is sought.

REPORT IMPLICATIONS:

• Environmental

Proposed allocations for the 2009 / 10 Budget will allow Council to undertake studies and projects aimed at ensuring the Shire develops in an ecologically sustainable manner.

• Social

Proposed allocations for the 2009 / 10 Budget are aimed at continuing development to maximise employment opportunities without diminution of the natural attributes of the Shire.

• Economic (Financial)

Proposed allocations for the 2009 / 10 Budget will facilitate economic expansion of the Shire.

RECOMMENDATION:

For Council's consideration of the Draft 2008 / 09 Estimates

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R B Pitt
DIRECTOR SUSTAINABLE DEVELOPMENT SERVICES