



MINUTES OF THE EXTRAORDINARY MEETING OF KEMPSEY SHIRE COUNCIL

Thursday 29th April 2004 commencing at 9.08am, adjourning at 4.35pm and resumed on Tuesday 4th May 2004 commencing at 9.04am.

PRESENT:

Councillors J A C Hayes, (Mayor and Chairman), J H Bowell, E A Green, J C Gribbin, T L Hunt, R H McWilliam, D F Saul, B R Sowter and E R Walker.

General Manager, A V Burgess; Director Engineering, K J Finnie; Acting Director Environmental Services, R B Pitt; Director Corporate and Community Services, T I Hannam; Director Business Enterprises, G B Snape, Jeff Clegg, Tony Curtin and Pat Hanrahan.



CONSIDERATION OF LATE REPORTS

2004. 272

RESOLVED:

*Moved: Cl. Sowter
Seconded: Cl. Walker*

That the late reports be considered in conjunction with the relevant Director's reports.



ADOPTION OF AGENDA ORDER OF BUSINESS

2004. 273

RESOLVED:

*Moved: Cl. Green
Seconded: Cl. Bowell*

That the Agenda Order of Business be adopted.

RESCISSION MOTION

RM1

REVIEW OF RATING STRUCTURE

FILE: R1-2

APC (NRN)

{Folio No. 273577}

Notice is hereby given that we intend to move the following Rescission Motion at the Extraordinary Meeting of Kempsey Shire Council on Thursday 29th April 2004.

2004. 273a **RESOLVED:**

*Moved: Cl. Howell
Seconded: Cl. Hunt*

That Minute Number 2004.137 from Council's Extraordinary Meeting 24th February 2004 - item DCCS1 Review of Rating Structure, as printed below:

"That option 4 be adopted."

be rescinded.

.....
Councillor J Hayes

.....
Councillor J Howell

.....
Councillor T Hunt

RM2 PRICING STRUCTURE FOR SEWERAGE AND LIQUID TRADE WASTE FILE: S8-2 GBS

Notice is hereby given that we intend to move the following Rescission Motion at the Extraordinary Meeting of Kempsey Shire Council on Thursday 29th April 2004.

2004. 274 **RESOLVED:**

*Moved: Cl. Hunt
Seconded: Cl. Walker*

That minute number 2004.139 item DBE1 Sewerage And Liquid Trade Waste Pricing from Council's Extraordinary Meeting dated 24th February 2004, as printed below;

- "1. That the proposed pricing structure for Sewerage and Liquid Trade Waste be adopted for the purposes of public exhibition and community consultation.*
- 2. That the new pricing structure be placed on public exhibition and that a series of workshops be held for the various business sectors within the community.*
- 3. That the Director Business Enterprises report back to Council following completion of this process with recommendations for formal adoption of a pricing structure for inclusion in the 2004/05 Fees and Charges and the Management Plan."*

be rescinded.

.....
Councillor J Hayes

.....
Councillor J Howell

.....
Councillor T Hunt

2004. 275

RESOLVED:

*Moved: Cl. Sowter
Seconded: Cl. Hunt*

That Council enter into a workshop to discuss matters relative to the budget.



At 10.38am the workshop adjourned for morning tea and resumed at 11.07am with all present at the adjournment in attendance.



Councillor Hunt left the workshop at 1.12pm.



At 1.29pm the Workshop adjourned for luncheon and resumed at 2.51pm with all present at the adjournment in attendance with exception of Councillors Green, Sowter and Walker.



Councillors Green, Sowter and Walker returned to the Workshop at 3.00pm.



Councillor Hunt returned to the Workshop at 3.12pm.



2004. 276

RESOLVED:

*Moved: Cl. Hunt
Seconded: Cl. Howell*

That the Council meeting be re-convened.



At this stage 4.35pm the meeting adjourned and re-convened on Tuesday 4th May 2004 at 9.04am with all present at the adjournment in attendance with exception Councillor Saul and the Director Engineering, Keith Finnie.



Also in attendance were staff members Michael Rootes, Acting Director Engineering and Tom Vermeulen.



2004. 277

RESOLVED:

*Moved: Cl. Hunt
Seconded: Cl. Sowter*

That Council enter into a workshop to discuss matters relating to the budget.



At this stage 9.10am Councillor Saul entered the Workshop.



At 10.40am the Workshop adjourned for morning tea and on resumption at 11.10am all present at the adjournment were in attendance.



2004. 278

RESOLVED:

*Moved: Cl. Green
Seconded: Cl. Bowell*

That the Council meeting be resumed.



The following reports DES1, DE1, DE2, DCCS1, DBE1, DBE2, DBE 3 Supplementary and GM1 were considered in conjunction.

DIRECTOR ENVIRONMENTAL SERVICES REPORT

DES1	2004/05 BUDGET REPORT FOR ENVIRONMENTAL SERVICES
	FILE: A2-10 RBP
	{Folio No. 273582}

SUMMARY:

A review of the functions and structure of the Environmental Services Department has revealed a number of services currently being provided for which Council has been unable to charge as there has been no provision in the Fees and Charges Schedule.



In addition, charges have been reviewed on the basis of the actual costs of providing services, which has identified some charges that need to be increased so as to approach cost recovery.

In some instances, a restructuring of some charges is proposed so as to provide a clearer breakdown of how the charges are determined.

A survey of other Council's in similar cost environments was also undertaken in order to benchmark this council's fees and charges.

New Charges

Service	Charge (inc GST)	Comment
<ul style="list-style-type: none"> Issue permit to occupy a shed or caravan pending constructing approved dwelling 	\$66.00	The proposed fee is the same fee that applies to issuing an Interim Occupation Certificate for a dwelling and covers the additional administrative cost of issuing the approval. Any inspection charge is separately paid in conjunction with the DA.
<ul style="list-style-type: none"> Amendment of Community Map for caravan parks 	\$71.50 + \$4.13 per site	Where amendments to approved sites is made after issuing annual license, there is currently no fee for issuing an amended Community Map.
<ul style="list-style-type: none"> Notice of Completion (caravan parks) 	\$20.00	There is currently no fee relating to the lodgement of a Notice of Completion required following works required in relation to a license.
<ul style="list-style-type: none"> Administration fee for Annual Fire Safety Certificates submitted prior to renewal date 	\$20.00	A two-tiered system of charging is proposed to encourage early renewals. Currently no charge applies. The proposed charge covers the cost of forwarding the first reminder and filing the certificate.
<ul style="list-style-type: none"> Administration fee for Annual Fire Safety Certificates submitted after renewal date 	\$50.00	The higher fee covers the cost of issuing a second (or more) reminder notice(s).
<ul style="list-style-type: none"> Overgrown Land Inspection 	\$92.62	The fee covers the cost of inspection should the issuing of a clean up notice be necessary.

Total revenue generated by the new charges for 2004/05 is expected to be \$5,000.

Increases in Existing Charges

Whilst development application fees are set by regulation, fees related to Complying Development Certificates and Construction Certificates may be set on a cost recovery basis, as they are open to competition with private accredited certifiers.

A survey of six other Councils with Fees and Charges posted on the Internet indicates that Council's current fees for Complying Development Certificates and Construction Certificates are well below those surveyed.

Value	Kempsey	Clarence V	Great Lakes	Eurobodalla	Hastings	Coffs Harbour	Port Stephens	Recommended
CDC								
< \$5,000	\$71.50	\$150.00	\$200.00	\$106.80	\$205.87	\$339.90	\$404.25	\$110.00
\$5,001-\$10,000	\$94.05	\$190.00	\$230.00	\$129.80	\$205.87	\$339.90	\$423.50	\$165.00
\$10,001-\$25,000	\$140.25	\$300.00	\$320.00	\$179.30	\$430.16	\$339.90	\$481.25	\$275.00
\$25,001-\$50,000	\$217.25	\$515.00	\$470.00	\$261.80	\$430.16	\$339.90	\$577.50	\$440.00
\$50,001-\$150,000	\$330.00	\$865.00	\$870.00	\$523.00	\$984.78	\$339.90	\$962.50	\$660.00
\$150,001-\$250,000	\$506.00	\$1,200.00	\$1,370.00	\$708.00	\$1,358.34	\$396.55	\$1,457.50	\$880.00
\$500,000	\$937.50	\$1,350.00	\$1,800.00	\$971.00	\$2,178.29	\$396.55	\$2,695.00	\$1,100.00
\$1,000,000			\$2,800.00	\$1,471.00	\$2,813.29		\$5,170.00	\$1,650.00
CC								
< \$5,000	\$71.50	\$75.00	\$130.00	\$65.90	\$154.40	\$82.50	\$82.50	\$100.00
\$5,001-\$10,000	\$94.50	\$100.00	\$160.00	\$65.90	\$308.75	\$82.50	\$101.75	\$150.00
\$10,001-\$25,000	\$140.25	\$140.00	\$250.00	\$244.60	\$308.75	\$110.00	\$159.50	\$250.00
\$25,001-\$50,000	\$217.25	\$195.00	\$400.00		\$308.75	\$110.00	\$255.75	\$400.00
\$50,001-\$150,000	\$330.00	\$350.00	\$900.00		\$514.55	\$165.00	\$558.25	\$600.00
\$150,001-\$250,000	\$460.00	\$725.00	\$1,300.00		\$617.45	\$275.00	\$778.25	\$800.00
\$500,000	\$506.00	\$1,565.00					\$1,053.25	\$1,000.00
\$1,000,000		\$2,170.00					\$1,603.25	\$1,500.00
INSPECTIONS	\$82.50	\$82.50		\$172.10		\$297.40	\$99.00	\$90.00
						\$356.90		

It should be noted that although a higher base fee is proposed, inspection fees are to remain low with an adjustment for an increase cost in providing the service (salaries, fuel etc)

It should also be noted that the above fees relate to the respective councils 2003/04 fees schedules.

Assuming Council achieves the 30% target for approvals as Complying Development and continued strong building and subdivision activity, modelling of the proposed fee schedule based on past applications indicates:-

- Revenue from Complying Development Certificates is likely to increase by \$95,000
- Revenue from Construction Certificates is likely to increase by \$110,000

Should the assumptions be met, the additional revenue generated will offset the cost of the addition Complying Development Officer.

It is also expected that revenue for building inspections will rise by at least 20% due to increased mandatory inspections under the quality of Construction Act to \$95,000, however, this will be offset by the cost of providing the increased service.

Director Environmental Services Recommendation:

For consideration of Council.

DIRECTOR ENGINEERING REPORT

DE1	DRAFT BUDGET - ENGINEERING SECTION
FILE: A2-10	KJF
	{Folio No. 273584}

SUMMARY:

Reporting on impacts of Council's draft budget on Council's Engineering Department.



The following comments are provided to Councillors to assist in deliberations on the proposed budget:

1. Local Roads;

- Second Bridge Crossing - Kempsey: provisional funding for 05/06 Consultant's report expected in June, with funding provided by the RTA. However, a further \$200,000 is required to complete the required documentation prior to construction and funds will be sought from the RTA.

The funding arrangement for the construction phase is not yet determined and will require some political lobbying to achieve an acceptable outcome.

- Macleay Street Frederickton - details of Council's contribution not yet determined.
- South West Rocks - Stuarts Point Roadlink project - this project not listed at this stage, awaiting final determination of the Kempsey Bypass. A report will be presented to Council in July or August.
- Town Improvement Program - a separate report is provided recommending a different approach to provision of funding.
- The Roads to Recovery Program for 05/06 until 08/09 has yet to be determined and further information will be provided to Council when full details on the program are made available from the Federal Government.

2. Bridges;

- Provision has not been made for the removal of Toorooka Bridge (old bridge) as resolved by Council. Some \$18,000 will be required in 04/05 and the following programme is proposed for 04/05.

Barbers Lane - Rogers	\$10,000 - funds provided 03/04 insufficient to complete project
Five Day Creek Road - Lawrences	\$ 2,000
Toorooka - Bridge removal	\$18,000
Nulla Nulla Creek Road - McIntyres	\$40,000
Nulla Nulla Creek Road - Dunbars	<u>\$40,000</u>
	\$110,000

For 05/06, the programme proposed is;

Nulla Nulla Creek Road - Dunbars	\$10,000
Nulla Nulla Creek Road - Roses	\$36,000
Nulla Nulla Creek Road - O'Neill's	\$38,000
Kinchela Creek Left Bank Road - Miles	<u>\$41,000</u>
	\$125,000

For 06/07, the programme proposed is;

Kinchela Creek Left Bank Road - Miles	\$ 19,000
Belmore River Left Bank Road - Buchanans	\$ 38,000
Jocks Crossing Road - Christmas Creek	\$ 40,000
Nagles Falls Road	\$ 18,000
Program to be determined	<u>\$ 5,000</u>
	\$120,000

- The Regional Timber Bridge Program appears to be deferred for 2/3 years and details will be provided to Council as soon as confirmation is received from the RTA.
- On the foot bridges, the need for a second foot bridge at Crescent Head, listed for 08/09, is questioned.

3. Stormwater Drainage;

The vote for Implementation of the Stormwater Management Plan is only \$10,000. More funding is sought to allow significant steps to be made in implementation projects (such as Gross Pollutant Traps etc.) with a figure of \$20,000 envisaged.

4. Footpaths and Cycleways;

Capital projects need to be included in Council's Cycleway plan to attract grant funding from the RTA. Also, any grants for the P.A.M.P. must be matched by Council.

5. Street Lighting;

The charges from CountryEnergy are expected to be in the order of \$360,000 and the vote for additional street lighting could be reduced to say \$10,000, as some additional lights are not attracting large capital costs.

6. Boat Ramps, Wharves and Jetties;
- The vote for Routine Maintenance has been reduced and will impact on Council's current service levels.

7. Quarries;

Quarry Management Plans will be eventually required for each of Council's 16 quarries, even if not being actively utilised as a quarry at this time. Quarries taken out of service will also need some restoration works.

Work has commenced on Churchill Quarry and Bullocks Quarry.

8. Ancillary Road Facilities;

The Traffic Facilities (Council Program) could be adjusted to defer the Pedestrian Refuge in River Street Greenhill at Booroongen Djugun until the pedestrian links are provided within the complex. The priority project is seen as the Entrance and Rudder Street intersection, where median treatment is required to address vehicles cutting the corners, at an estimated \$16,000. The remainder of the program will be reported to Council later.

Financial Implications

There are no financial implications arising from the following recommendation.

Director Engineering Recommendation:

For consideration.

DE2	MAINTAINING TRANSPORTATION INFRASTRUCTURE	FILE: R8-2 (257080)	NJT	{Folio No. 273585}
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SUMMARY:

Reporting on funding options to meet maintenance costs on Transportation Infrastructure.



Council adopted the 2003/2008 Transportation Infrastructure Strategic Plan at its meeting of 8th July and resolved:

1. *That the 2003/2008 Transportation Infrastructure Strategic Plan be adopted.*

2. *That Council investigate funding options to meet maintenance costs on our existing kerb and guttering, footpaths and tar resealing.*

As reported to Council previously, the long-term sustainability of Kempsey Shire Council's Transportation Infrastructure is in need of complete re-evaluation due to present funding levels and projected required funding levels. Although this report only relates to sections of Transportation Infrastructure, the same thinking could be applied to Council's entire infrastructure or asset base, as well as all the functions that it presently carries out.

Kempsey Shire Council is responsible for an extensive range of Transportation Infrastructure Assets. The current strategy continues to be based on historical funding through successive budgets that is slowly being eroded due to a multitude of factors, including a lack of resources, increasing community expectations, and the increasing age of the infrastructure. The level of service provided is not meeting community expectations and is not being readily accepted.

Reductions in Council's ability to raise funds, increased pressure from the community for improved service delivery at less cost and changes in legislation requiring the identification and depreciation of infrastructure assets means that Council must critically assess the way in which it manages these important assets.

As Council learns more about the extent and condition of its assets and reviews the needs of the community in relation to these assets, it is evident that significant funds are now required if Council is to maintain its important infrastructure assets for the benefit of the community. This is considered a key role of Council in its pursuit of good governance, and needs a total corporate response.

Although this report is not a detailed review of maintaining Kempsey Shire Council's Road Infrastructure Assets, it provides a critical overview of the shortfalls of Council's present strategic direction in the management of its assets.

Through the introduction of AAS27, Council has been required to account for and depreciate their infrastructure assets, which have resulted in a better understanding of infrastructure assets and the levels of funding required. Unfortunately the method of depreciation used in AAS27 does not truly reflect the increased life that is achieved in practice as a result of cost effective "best practice" method of routine maintenance, as well as periodic maintenance of those assets, that can significantly extend an asset's life.

Through the implementation of a more formalised approach to asset management, Council can achieve significant benefits including:

- better and more informed decision making;
- greater resource efficiency through the use of integrated systems; and
- improved efficiency and reduction in capital and operating costs.

Council will need to make some important decisions that will have a major impact on the community's perception of the important issues that presently affect Kempsey Shire Council. The community perception is that all existing assets will be maintained or replaced. When Council doesn't meet the levels of service expected, then the community becomes increasingly upset, resulting in the number of complaints increasing.

There is a perception that equity means the same standard of service for every ratepayer. There is little understanding by ratepayers that there is a connection between the rates they pay and the level of services that can be provided.

Council's Road Infrastructure provides vital services for our communities – access and mobility, emergency services access for property protection recreation and culture, social services and protection of the environment.

The quality of these services and the service standards that must be met, have been the province of the Engineering Department. However, it is clear that the ongoing significant lack of funding requires a dramatic reassessment, or rethink, to elevate this unsustainable position into decisions of Council's Management.

Council needs to concentrate on the maintenance, and refurbishment or renewal, of existing assets. The easiest target in any budget session is the large sum of money that is budgeted for maintenance and renewal of the existing asset stock. Yet asset life is dependant on appropriate maintenance regimes being carried out on the asset. **Lack of maintenance leads to asset failure. Replacing an asset is far more costly than maintaining it (costed at approximately 10:1).** Asset maintenance is a critical activity and must be appropriately funded. Council's duty of care requires that Council must not allow the infrastructure to fall into such a state of disrepair that it becomes dangerous - eg. all roads are only considered "fair".

1. EXISTING FUNDING

Funding for Transportation Infrastructure is provided through Grants, Loans and the General Fund.

Regional Road Block Grant from the RTA provides funding for the **Regional Roads** (Armidale Rd, South West Rocks Rd, Crescent Head Rd, Stuarts Point Rd and Smithtown Rd).

Repair Program Grant from the RTA provides additional funding for a specific project on **Regional Roads** (50 % funding provided for the project, with the other 50% drawn from the Regional Road Block Grant).

Blackspot Funding Grant from the RTA provides additional funding for a specific project on **both Regional and Local Shire Roads** subject to documented injury/crash data (fully funded).

Ex 3x3 Program Grant from the RTA provides additional funding for a specific project on **Regional Roads** (fully funded).

Traffic Facility Grant from the RTA provides additional funding for traffic facilities for **both Regional and Local Shire Roads**. Additional funding is also provided for specific projects (50% of project costs) including cycleways, pedestrian refuges, bus stop remedial works, Pedestrian Access Mobility Plan, safety around schools.

Federal Assistance Grant (FAG) - Roads Component from the Federal Government provides some funding for Transportation Infrastructure, not including Regional Roads.

Roads to Recovery (R2R) Grant from the Federal Government provides some funding for Transportation Infrastructure. (A recent media release advises that this program will continue for an additional 4 years from 2005 – although the guideline details have not yet been outlined.)

Loans Funding is provided for some specific capital works projects.

General Fund provides funds for Transportation Infrastructure, not including Regional Roads.

2. DEFICIENCIES IN EXISTING FUNDING LEVELS

It has been estimated that over the last 5 years, costs have increased by approximately 20% to comply with wage and plant hire rate increases, Environmental Protection Act, Occupational Health and Safety, Quality, Work Method Requirements and other Legislative Requirements. This decreases, in real terms, the amount of funds available to carry out works. Council has no other option available except to comply. **Future budgets need to increase by 20% just to maintain pre-existing funding levels.**

1. LOCAL SEALED ROADS

Council controls and maintains 276km of Sealed Rural Roads and 160km of Sealed Urban Roads.

The current replacement cost of all of Council's assets is \$550 million. The current replacement cost of Council's Sealed Local Roads is \$137 million, or 25% of the total asset base. The creation of new infrastructure, as part of new subdivision development, is growing at a rate of 1% per annum, and is expected to continue at this rate.

a) Routine Maintenance

TABLE 1 Desired Maintenance Program

Category	Total Length (km)	Total Area (m ²)	2003/2004 Budget	2003/2004 Budget (\$/m ²)	Budget Required (\$/m ²)	Budget Required	Shortfall
URBAN ROADS	160	1,480,000	\$359,000	\$0.24	\$0.50	\$740,000	\$291,000
SEALED RURAL ROADS	276	1,615,000	\$327,400	\$0.20	\$0.50	\$807,500	\$472,600

TOTAL SEALED ROAD NETWORK	436	3,095,000	\$686,400	\$0.22	\$0.50	\$1,547,500	\$763,600
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The existing budget leaves general maintenance approximately 50% funded. The result is a deterioration of the existing sealed road network.

Works presently carried out under the general maintenance vote include roadside slashing, coldmix patching and jet patching of potholes. Existing funding arrangements do not allow for funding other activities in urgent need of additional attention including extensive roadside drainage works, heavy patching, tree removal and sight distance clearing.

i) Urban Roads Maintenance

\$100,000 or 30% of funds have been allocated to maintenance of **road reserves** including mowing. The level of service provided in this activity has had to be severely curtailed, due to a lack of overall funding, to focus on preservation of the road pavements

This level of funding set aside for **Road Pavement** Maintenance is unsustainable and is having a severe impact on road pavements. Repairs are mainly being carried out on priority roads. The existing level of funding, with only minor CPI adjustments, has been in place over a number of years.

ii) Rural Sealed Roads Maintenance

\$40,000, or 12% of funds, has been allocated to maintenance of **road reserves** including slashing and vegetation clearing. Again, the level of service provided in this activity has had to be severely curtailed, due to a lack of overall funding, to preserve the road pavements. Previously some of the major rural roads were slashed fence to fence. This activity is becoming increasingly difficult to fund at the expense of the road pavement.

General maintenance is only 44% funded and this level of funding is unsustainable.

b) Road Resealing and Rehabilitation

An investigation has recently been carried out on all of Kempsey Shire sealed roads to provide an ongoing Reseal and Rehabilitation Program for the next 15 years. It is desirable to reseal every 12 to 15 years. Roads not resealed within this cycle deteriorate and require substantial additional capital input to maintain.

An ARRB report on pavement performance modelling indicates that potholes will begin to form 2-3 years after seal failure, and that the number of potholes is directly dependant upon traffic volumes. The number of roads with significant potholes is increasing and a deficiency in maintenance and reseal funding results in road deteriorating to a point of no return, resulting in the need for total road rehabilitation.

For ease of comparison roads have been divided into 3 Categories:

- URBAN ROADS
- RURAL ROADS A (higher priority)
- RURAL ROADS B

It is recommended that;

- the existing funding allocations in Resealing for Kempsey Streets and Village Streets be combined into a vote for Urban Street Reseals, and
- that funding allocations for Rural Roads and Rural Residential roads be combined into the Rural Roads Reseal, and
- that projects for roads with higher priority be given precedence.

TABLE 2 Sealed Roads requiring rehabilitation/strengthening.

Category	Total Length	Total Length requiring rehabilitation	% Total Length rehabilitation	Estimated Cost of rehabilitation
URBAN ROADS	160	21.53	13.46%	\$4,113,000
SEALED RURAL ROADS A (higher priority)	130.6	11.86	9.08%	\$3,381,743
SEALED RURAL ROADS B	145.4	19.1	13.14%	\$6,604,133
<u>TOTAL SEALED ROAD NETWORK</u>	<u>436</u>	<u>52.49</u>	<u>12.04%</u>	<u>\$14,098,875</u>

Table 2 shows the length of roads that have deteriorated beyond the point where it is possible to apply a bitumen reseal. Funds over future consecutive budgets will need to be provided to address this serious deterioration.

The major problem that exists for Council is that a significant percentage of roads need immediate resealing, especially over the next 3-5 years. Due to a lack of funding in previous budgets, the present backlog of roads requiring urgent bitumen resealing is substantial, as shown in Table 3.

TABLE 3
Desired Reseal Program

Category	Existing Budget	2004/5	2005/6	2006/7	2007/8	2008/9	Future Budgets
URBAN ROADS	\$162,000	\$540,000	\$730,000	\$750,000	\$460,000	\$310,000	\$330,000
RURAL ROADS A (higher priority)		\$720,000	\$370,000	\$320,000	\$660,000	\$460,000	\$300,000
RURAL ROADS B		\$620,000	\$377,400	\$326,400	\$673,200	\$360,000	\$350,000
TOTAL RURAL ROADS	\$215,000	\$1,340,000	\$747,400	\$646,400	\$1,333,200	\$820,000	\$650,000
TOTAL SEALED ROAD NETWORK	\$377,000	\$1,880,000	\$1,477,400	\$1,396,400	\$1,793,200	\$1,130,000	\$980,000

Table 3 shows that the amount of funds required for bitumen resealing needs to increase over the next 5 years to clear the backlog.

Periodic maintenance in the form of bitumen resealing is carried out at intervals to prolong the life of the road. Bitumen resealing retards the development of surface defects such as potholes, edgebreaks, ravelling and cracking. It also will reduce the infiltration of water into the pavement, thus reducing the rate of the development of rutting, depressions and other losses of pavement shape.

The lack of catch-up funding for this activity is significantly reducing the life of the roads, providing a multiplier effect to pavement strengthening liability costs, which are approximately 5 times the cost of resealing. **Resealing costs \$5.00/m² as compared to \$25.00/m² for road rehabilitation or reconstruction.**

Roads that should not be resealed due to their advanced state of disrepair have been categorised into a future rehabilitation program. As shown in Table 2, 12% of the total sealed road network is beyond resealing. Again, without a significant increase in funding, these sections will be left to deteriorate and some minor sealed rural roads may have to revert to gravel roads.

Examples of some urban roads that fall into this category in Kempsey include Eden Street, John Street, Marsh Street adjacent to Kempsey West Public School, Wide Street and Gladstone Street. Funding has been provided to rehabilitate many sections of damaged roads in Kempsey through the Federal Roads to Recovery Program, which to date has had a significant impact on addressing the condition of some of the major roads.

2. FOOTPATH/ CYCLEWAYS

Council controls and maintains 37 km of paved footpaths and cycleways which, on average, need replacing every 60 years. This means that, in reality, up to 0.6 km of footpaths and cycleways need replacing annually, depending on condition. Future funding for footpaths and cycleways replacement needs to be in the order of \$50,000 annually.

A risk assessment has been carried out in Kempsey, South West Rocks, and Crescent Head to ascertain the pavements of highest risk. A program will need to be developed, and funding allocated, to meet these concerns. Only \$10,000 has been provided for urgent footpath repairs of areas identified as Risk Management Issues.

TABLE 3
Footpath/ Cycleway Risk Management Matrix

RISK	HIGH probability of incident affecting consumers (high use areas – malls, etc)	MODERATE probability of incident affecting consumers (moderate use areas – side streets, etc)	LOW probability of incident affecting consumers (low use areas – back streets, etc)
Trip > 30mm or very uneven or very slippery	1	2	3
Trip 10 – 30mm or uneven or slippery	2	3	4
Trip < 10mm or slightly uneven or slightly slippery	3	4	5

The above ratings set the priorities in taking action as follows:-

Priority Number 1 - Shall be repaired or made safe within seven (7) days of being reported by either of the reporting methods listed under point 2.

Priority Numbers 2, 3, 4, 5 - These hazards shall be considered for future works programs based on available funding and priority number.

Present funding allows only for the temporary repair of High 1 type trip hazards.

At this stage the total cost of footpath repairs highlighted during the risk assessment survey is not known. Additional detail will be need to be obtained and, once assessed, a report submitted to Council for consideration.

3. KERB AND GUTTER

Council controls and maintains 165kms of kerb and guttering which, on average, needs replacing every 60 years. This means that up to 2.75km of kerb and gutter need replacing annually, depending on condition, at a cost of \$150.00/lineal meter. Future funding for kerb and gutter replacement will need to be in the order of \$415,000 annually.

Present funding for 2003/2004 is \$15,000 for kerb and gutter replacement.

At the present rate of funding, the level of service provided is for kerb and gutter to be replaced on a 1290-year cycle.

A survey of the existing kerb and gutter is in progress. Some 40kms of the 56kms of kerb and gutter in Kempsey has been surveyed. This has revealed that 25% of the kerb and gutter surveyed is in need of replacement, at an estimated cost of \$1.5 million.

Interpolating say 15% for the entire network, this equates to approximately 33kms of kerb and gutter in need of replacement. The estimated cost of replacing 33kms of kerb and gutter is \$3.7 million.

Although not all the kerb and gutter is in need of urgent replacement, at some future stage the replacement of the 33kms will need to be addressed.

At the present rate of funding, the program of kerb and gutter replacement would have to be staged over 206 years, which is clearly unacceptable.

It is considered that Council may have to cease construction of any new kerb and gutter unless it can be demonstrated that its introduction is needed to alleviate minor flooding, drainage or future maintenance issues.

What options does Council have to address this situation?

1) Local Roads

i) Continue to provide existing funding would result in:-

- Initially - Increase in surface defects, such as potholes, edgebreaks, ravelling and cracking. Increase of water infiltration into the pavement, and development of rutting, depressions and other losses of pavement shape.
- Long Term – Major deterioration of network resulting in much more expensive treatments to restore. Road safety and amenity of roads will seriously be compromised.

ii) Fund Shortfall

a) Provide extra funds

Council reassess its priorities for funding and rationalise services in other areas of business ie. Provide a corporate response to the issue.

b) Redirect funds within Local Roads

Provide extra funding for reseals over the next 5 years by the redirection of all Town Improvement Funds, redirecting some of the Gravel Resheeting vote, and significant funds from the future R2R.

Implications in reducing or redirecting Town Improvement Funds need to be considered - expectations of Ratepayers, no K&G construction, no Footpath construction, no drainage construction.

The existing funding arrangements are not sufficient at present to cater for the needs of Kempsey's Shire growth.

2) Footpath/ Cycleways

- i) Continue to provide existing funding

Footpaths and cycleways may in future need to be removed and reinstated to a grass verge.

- ii) Fund Shortfall

Council reassess its priorities for funding and rationalise services in other areas of business ie. Provide a corporate response to the issue.

3) Kerb and Gutter

- i) Continue to provide existing funding

Kerb and gutter may in future need to be removed and open earth drains reinstated.

- ii) Fund Shortfall

Council reassess its priorities for funding and rationalise services in other areas of business ie. Provide a corporate response to the issue.

Corporate Response

It is recommended that Council resource the production of an Asset Management Plan covering all of Council's assets.

The Asset Management Plans include requirements for:

- Levels of Service and performance standards.
- Future demand forecasts.
- Asset portfolio description (inventory, condition, performance).
- Management strategy (non asset solutions, operations and maintenance, renewals, capital creation/disposal).
- Financial forecasts (cashflow, valuation)

The production of an Asset Management Plan could not be produced or resourced with Council's existing staff. It is recommended that Council employ the services of a consultant to assess this complex issue and recommend a sustainable solution to this difficult problem. It is estimated cost of engaging a consultant is \$40,000.

It is also recommended that Council investigate fully the implications of not providing sufficient funds to maintain its existing infrastructure. It may mean that the existing levels of service will have to be downgraded dramatically, or that some infrastructure may not be able to be maintained and be taken out of service. This may appear to be a dramatic assessment of the situation, but Council is unable to keep deferring the inevitable.

SECTION 94 OFFICER

It is recommended that Council employ a Section 94 Officer to review the existing Section 94 Plans and develop new plans for Footpath/Cycleways, Emergency Services, Surf Patrols, and other areas.

Due to a lack of resourcing Council has been unable to adequately revise the existing Section 94 Plans, as well as develop other plans to allow Council to secure adequately fund the development of future infrastructure needs.

Director's Comment:

Council is urged to adopt the following recommendations to address previous funding shortfalls and to provide a corporate approach to Asset Management

Financial Implication:

The financial implication of the following recommendation would be:

- 1. an increase in funds for Transportation Infrastructure over the next 10 years to address past long-term reductions.***
- 2. a combination of funds for resealing to allow more appropriate distribution of funds.***
- 3. a reduction in Working Funds of \$40,000 to fund development of a Corporate Asset Management Strategy.***

Report Implications:

There are no policy or statutory implications arising from the following recommendation.

Director Engineering Recommendation:

- 1. That funding for Transportation Infrastructure be increased by at least 10% per year for the next 10 years to reach a realistic level of funding.**
- 2. That the existing funding allocations for Local Roads, under the heading Resealing for Kempsey Streets and Village Streets, be combined into a vote for Urban Street Reseals, and that funding allocations for Rural Roads and Rural Residential roads be combined into the Rural Roads Reseal.**
- 3. That consideration be given to withdrawing the Town Improvement Programs from future estimates, with funding retained under the Transport Infrastructure Strategic Plan, and that projects be listed for consideration in priority order.**
- 4. That \$40,000 be provided from Working Funds to engage a consultant to determine a corporate approach to asset management.**

5. That the employment of a Section 94 Officer to review existing Section 94 Plans and assist Council in developing new plans, to fund future infrastructure, be considered with the 04/05 budget.

DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

DCCS1	CORPORATE AND COMMUNITY SERVICES 2004/2005 BUDGET	
	FILE: A2-10 TIH	{Folio No. 273587}

SUMMARY:

Reporting on the effects a reduction in budget will have on a number of key operational areas of the Corporate and Community Sections Department.



As part of the process to arrive at a balanced budget a number of programs run through the Corporate and Community Services Department have had their budgets reduced.

The purpose of this report is to outline the effect of such a reduction on the ability of being able to provide this service to the organisation and to the community.

PRINCIPAL ACTIVITY – COMMUNITY SERVICES

Allocation No:	Area	Comments
COMMUNITY	SERVICES	
190712	Community Service Order Expenses	This allocation has been reduced by \$1,000 from last financial year and will restrict the amount of work that can be allocated to the young juvenile offenders serving their Community Service hours on Council projects.
190711	Volunteer Voucher Scheme	This allocation has been reduced by \$2,000 from last financial year. This funding is aimed at encouraging Community Volunteer groups to continue their voluntary Community Development work.

Allocation No:	Area	Comments
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190805	Access Committee – General Expenses and Minor Projects	<p>This allocation has been reduced by \$3,000 from last financial year.</p> <p>The Access Committee utilises this funding to assist projects in the community and to supplement funding from other areas of Council.</p> <p>In the previous three (3) years funding from the Access Committee was directed to the disabled toilet facilities at the Kempsey Pool, disabled toilet facilities and disabled access lift to the Council Chambers, disabled access to the Hat Head Surf Club (a Council Hall) and to the proposed Hat Head Branch of the library as well as ramp access to the Stuarts Point footbridge.</p>
190714	Safer Cities Program Contribution	<p>This allocation has been reduced by \$3,000 from last financial year, however, the Macleay Hastings Safer Communities Project will continue.</p>
190718	Work for the Dole Sundry Expenses	<p>This allocation has been reduced by \$1,000 from last financial year and will restrict the work that can be done to help Councils Hall Committees.</p>

Allocation No:	Area	Comments
153258	Donations – Community Based Activities	<p>This allocation has been reduced by \$1,000 from last year.</p> <p>This budget is utilised to pay other Council departments and Sections for services utilised by the community in their programs such as labour for distribution of garbage bins, collection of bins, delivery of road blocks and other services for community events like the Skyshow, Country Music Festival etc.</p>

CEMETERY SERVICES

211601	Working Maintenance Expenses	& This allocation has been divided into operational units of Working and Maintenance Expenses, Memorial Plaques, lawn strips and additional labour and memberships which last year where all indicated in this one allocation.
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This break up will allow a more accurate financial overview of the expenses / requirements of maintaining the Cemeteries.

The service standards expected by the Community in our cemeteries, cannot always be met because the resources allocation is never enough, Changes in work practices are being formulated in order to do a better job.

PRINCIPAL ACTIVITY – MANAGEMENT

Allocation No:	Area	Comments
ADMINISTRATIVE SERVICES		
151205	Postage	This allocation has been reduced by \$3,500 from last financial year.
151821	M & R – Office Equipment (Excl Photocopiers)	This allocation has been reduced by \$1,500 from last financial year.
151804	Legal Expenses	This allocation has been reduced by \$15,000 from last financial year and hopefully Council can continue to reduce its legal expenses.
151836	Risk Management Expenses	This allocation has been reduced by \$1,000 from last financial year.
COMPUTER SERVICES		
501180	PC Upgrade program	This allocation has been reduced by \$10,000 from last financial year. This reduction can be accommodated for one (1) year only. If Council does not progressively upgrade to

current technology a major cost will be incurred in future years to catch up.

CORPORATE	BUILDINGS	
152102	Electricity	This allocation has been reduced by \$3,000 from last financial year and reflects efforts to cut the consumption of electricity.

Comments by Director

I realise how difficult the job is to balance conflicting needs and I will endeavour to find grant funds for some of the funds that have been cut.

Every endeavour will be made to continue the high service standards that my staff and volunteers have set, however, some reductions may be inevitable.

Although not in my present area of responsibility I congratulate the inclusion of a budget item for Urban Street Beautification. Crime Prevention through Environmental Design (CPTED) technics are very important and the aesthetic appearance of the urban environment is one such method of improving the liveability of an area. Dirty and unkempt areas attract further anti social activity like dumping of litter / needles etc. Clean and well kept areas can have a positive influence on those who live in those areas.

Financial Implications

The financial implications are outline above.

Policy Implications, Statutory Implications and ESD Implications

Nil.

Director Corporate and Community Services Recommendation:

For information of Council.

DIRECTOR BUSINESS ENTERPRISES REPORT

DBE1	DRAFT BUDGET - BUSINESS ENTERPRISE DEPARTMENT	FILE: A2-10 GBS	{Folio No. 273588}
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SUMMARY:

Reporting on issues arising in the 2004/05 Draft Budget for the Business Enterprise Department.



1. Economic Development (Net Cost \$292,046)

Grant funding (DSRD) for employment of Economic Development Manager reduces to 25% actual cost, maximum of \$20,000, in 3rd year, ie. reduction in income of \$12,000 when compared to 2003/04.

Provision for project funding reduced from \$60,000 to \$40,000. This will limit the number of projects which can be undertaken. The MDAP Committee will determine it's project priorities after finalisation of the budget.

2. Tourist Promotion (Net Cost \$143,661)

No provision made for income from Membership Subscriptions, but new item for income of \$12,000 from Co-operative Marketing included.

3. Tourist Information (Net Cost \$166,550)

Provision to employ an additional full-time staff member as Supervisor of South West Rocks Visitor Information Centre at a cost of \$40,000 has been deleted from Budget.

4. Domestic Waste Management (Balanced Budget)

Budget includes provision to introduce a fortnightly Kerbside Recycling Service as from 1st July 2005. In 2004/05 it will be necessary to undertake all of the investigative, planning, and establishment work – provision included for \$52,000 in 2004/05 and a further \$25,000 in 2005/06 for this purpose. This cost will need to be absorbed in the DWMS Charge in 2004/05

The other costs of the recycling service ie. provision of bins, collection, and disposal, will not be incurred until 2005/06.

The recycling service is estimated to cost approximately \$60 per property.

Domestic Waste Service Charges proposed to be increased by 4.0%.

\$9,073 transferred to Tariff Equalisation Reserve.

Balance of Reserve is Nil.

5. Other Waste Services (Trade Waste) (Net surplus - \$90,668)

The net surplus equates to a dividend of 12.2% of gross revenue.

The Budget provides for acquisition of new Front Loading Truck (\$360,000) and replacement (modification) of bins to suit - \$40,000.

6. Rubbish Tips (Net Cost \$36,517)

Whereas Rubbish Tips have in past years achieved significant net surpluses (\$375,676 in 2003/04), the combination of reduced income from fees

(reduction in volume of waste deposited) and increased costs of operating a landfill site in compliance with current requirements, results in the 2004/05 Budget showing a reduction to \$148,036.

The village Transfer Stations are estimated to operate at a net cost of \$60,350 for South West Rocks; \$49,600 for Stuarts Point; and \$29,850 for Bellbrook – a total of \$139,800.

The capping of the Stuarts Point former landfill site was previously considered for inclusion in the Budget but no provision has been made on the basis that there is currently no direction from the EPA.

The provision of \$20,000 for Site Upgrade Works at Crescent Head road will allow Council to address some of the outstanding EPA licenses requirements.

A review of the operation of the Crescent Head Road Waste Reveal and Disposal facility and each of the Transfer Stations will be undertaken with a view to achieving a more effective service and possible cost reductions.

- Work to prevent tracking of waste and mud offsite by heavy vehicles as required by the EPA Licence. **\$7500**
- Traffic control and signage work to address OH&S issues **\$3500**
- Provision of fire fighting equipment to comply with EPA Licence requirements. **\$6000**
- To carry out random sorting and classifying contents of dumped loads (1 load in 50) to facilitate reporting to the EPA as required by the Licence. **\$7800**

\$20,000 reduction will mean that greenwaste will have to be put to landfill instead of shredding. This will breach the NSW State Government and Council's adopted Waste Management Strategy. **\$20,000**

7. Street Sweeping (Net Cost \$192,285)

Schedule will be reviewed to ensure it matches budget.

8. Fleet Management – Workshop (Net Surplus \$54,601)

In previous years the Budget for the Workshop has been incorporated into the overall Fleet Management Budget. This has meant that the financial performance of the Workshop has not been able to be monitored.

In the 2004/05 Budget the Workshop has been separated the surplus of \$54,601 equates to a dividend of 4.6% of gross revenue.

Budget provides for an Administrative Assistant to be appointed with costs shared between Workshop (\$20,000) and Fleet Management (\$20,000).

9. General Fleet Management (Net Surplus of \$400,000)

In accordance with Council's resolution, Fleet items used mainly on Water Services activities, are to be purchased by Water Services as at 1st July 2005, and a stand alone Fleet Management – Water Services account created.

The Budget provides for a net changeover of Plant to the value of \$776,000 (\$496,000 from Reserve and \$280,000 from sale of Plant to Water Services). Depreciation of Plant provided for at \$850,000.

The total asset value of General Fleet is approximately \$2,800,000 and assuming an 8% return on investment, the fair return to Council's General Revenue would be approximately \$224,000.

The surplus of \$400,000 equates to a dividend of 15% of gross revenue.

10. Water Services Fleet Management (Balanced Budget)

Budget provides for the initial purchase as at 1st July 2004 (\$280,000) of approximately 42 items from General Fleet and then the operation and maintenance of Water Services Fleet for 2004/05.

The sum of \$420,000 is provided for new plant purchases.

11. Waste Services Fleet Management (Replacement Budget)

Provides for operation and maintenance of works collection vehicles and plant utilised at landfill site.

12. 4 Shore Tourist Parks (Balance Budget)

The 2004/05 Budget provide for profits of approximately \$121,000 to be transferred to fund expenditure on other Crown Reserves.

The Capital Works Program includes \$538,000 for compliance/improvement works; \$350,000 for new cabins; and \$120,000 for replacement of existing cabins.

13. South West Rocks Caravan Parks (Balanced Budget)

Similar Budget to previous years.

Net surplus of \$78,989 used to fund Horseshoe Bay Day Visitor Area.

14. Goolawah Camping Ground (Balanced Budget)

Similar Budget to previous years.

Provides for Contract Caretaker, Steve Cameron, to become a staff member, and be provided with a Council vehicle for work use.

Net loss of \$20,648 funded from Caravan Park Reserve.

15. Airport (Net Cost \$36,499)

Budget prepared on basis of de-commissioning night landing facilities and operating Airport on minimal maintenance only.

Council to review future management options in May/July period.

16. Saleyards (Net Cost \$3,691)

Income projection based on 30,000 head of stock.

A 10% increase applied to Vendors Fees – additional \$13,000 on revised 2003/04 Budget.

Agents fees re-structured to yield an additional \$17,000.

Additional expenditure required on maintenance of 1969 vintage yards. Modest increase to \$35,000 sought. This level of maintenance is comparable to actual expenditure in 2003/04.

New water pricing will increase charges by almost 400% - from \$3,500 to \$12,000.

The Environmental Levy will provide a further \$100,000 for capital works in 2004/05, which when added to the "standard" \$50,000 for capital works, will give a total of \$150,000 for construction of upgrading works

Discussions underway with Agent on proposals to lease the facilities for sales in order to achieve cost savings and lower Council's OH&S operational risk exposure.

17. Public Baths (Net Cost \$553,244)

The proposed new water and sewer charges are expected to increase costs of swimming pools by approximately \$56,000pa.

Council has resolved that the sums of \$90,000 and \$100,000 be included in the 2004/05 Budget for OH&S works at the Kempsey and Village Pools. The provision of \$25,000 for other Capital Works at the Pools has been deleted from the 2004/05 Budget.

18. Property Development (Balanced Budget)

No provision made for any property development. When approvals in place, and costs known to undertake Industrial Subdivision at South Kempsey, a report will be submitted to Council. Approximately \$130,000 is currently available in Industrial Subdivision Reserve. Development may be staged, with sales to provide cash flow for next stages.

The sale of the Akubra Place premises to Fredo Pies will yield an additional \$200,000 for future development.

The Property Process Improvement Team recommended the appointment of a Property Manager – no provision has been made.

19. Rental Property (Net Surplus \$1,877)

Incubator Workspace at Akubra Place, South Kempsey, sold to Fredo Pies in 2003/04, therefore net reduction in rental income of approximately \$20,000.

20. Laboratory (Net Surplus \$20,450)

Net surplus equates to a dividend of 9.7% of gross revenue.

Comments by Director

As per report.

Report Implications

Financial implications are discussed in the body of the report.

Policy Implications

There are no Policy or Statutory implications arising from the following recommendation.

Director Business Enterprises Recommendation:

For consideration in conjunction with 2004/05 Draft Budget.

DBE2	FURTHER WATER SUPPLY PRICING OPTIONS
FILE: A2-10 AMB (NRN)	{Folio No. 273589}

SUMMARY:

This report includes further pricing scenarios requested at the 23/4/04 Council meeting (DBE 3), those being the capping water supply access charges fire services at \$500 and adjustments to 20mm and 25mm water meter access charges. Other issues raised as part of the Councillors financial workshops (15/4/04) are also discussed, those being the cost of water meter downsizing and comparative data on other Council's water supply pricing.



Enquiries were made at the Councillors financial workshops on 15/4/04 about the cost of water meter downsizing and the following is offered as explanation.

Council made a conscious decision to set the cost of water meter downsizing as follows.

- Water meter downsizing would be the sum of a meter disconnection (\$111) and supply of a new service (\$700 for a 20mm service, \$780 for a 25mm service) Downsizing to a 20mm water meter would cost \$811, to a 25mm water meter would cost \$791.

- To downsize to a water meter larger than a 25mm water meter required a quote.
- The cost of water meter downsizing would attract a 50% subsidy for the 2003/4 financial year. That is downsizing to a 20mm water meter would be \$405.50, a 25mm would be \$395.50

Council adopted this pricing in the 2003/4 Fees & Charges after understanding that the water meter disconnection fee and new service costs for 20mm and 25mm services are an average of the cost to complete the work in the field. For example, some new 20mm services cost Macleay Water more than \$700, others cost less than \$700. Factors that influence the costs include ground type (rocky, sandy), proximity to other services or building development (Telstra, optical fibre, stormwater, stability of building when excavating), need to provide under-road boring (when mains not on the same side of the road as house) and traffic considerations (additional staff to comply with OH&S traffic control). To avoid individual costs and cut down administration costs, an average has been determined.

Council can change the downsizing costs if it wishes. The factors for consideration are

- covering the cost of materials, labour and plant
- fairness to those who have already downsized their water meters

The cost of downsizing was discussed with other neighbouring Councils. Contact was made with Coffs Harbour, Hastings, Nambucca Councils and MidCoast Water. These Council's did not experience much activity with water meter downsizing or disconnection. Water meter downsizing is predominantly generated by a change to user-pays water pricing. MidCoast Water, Hastings and Coffs Harbour have had user-pays pricing in for approximately 10 years, Nambucca is in the process to change their water pricing to meet best-practice guidelines. Table 1 gives a comparison of the prices that were available.

Table 1

	Hastings	MidCoast Water	Coffs Harbour	Nambucca
Downsizing	At cost	\$90 (20 to 25mm only)	\$80 kit plus plumbers costs	None as yet
New service 20mm	\$374 (cost to main not included)	\$420	\$380	\$375 but \$900 if road crossing
New service 25mm	Quoted individually	\$620	\$580	None all 20mm
Disconnection	0	\$100	\$55	At cost

Councillors also asked at the financial workshop that a comparison of the water supply pricing at other Councils be provided. Comparisons of the same four Councils are provided in Table 2. A discussion with Councils further afield found that most Councils are in a similar state of indecision at present with regards the draft final best-practice guidelines. Those Councils who

were already on user-pays water pricing are considering if they comply and what would be needed to comply. These user-pays Councils are not making changes for the 2004/5 financial year but are awaiting the adopted guidelines and assuming they would phase in changes over a 3-5 year period. Some Councils are intending not to comply and financially support themselves any major capital costs. Councils without user-pays and who were adopting user-pays pricing for the 2004/5 financial year are in turmoil.

Table 2

	Hastings		Midcoast		Coffs Harbour		Nambucca	
	Access	usage	access	usage	access	usage	access	usage
vacant	\$180	95c/kl next year		81c/kl next yr	\$193	\$1.31/kl next year	still working on pricing structure to be compliant	\$0.70- \$1.10/kl depends on Ccls choice
20mm	\$180		\$168					
25mm	\$281		\$262					
32mm	\$461		\$430					
40mm	\$720		\$672					
50mm	\$1,125		\$1,050					
80mm	\$2,880		\$2,688					
100mm	\$4,500		\$4,200					
150mm	\$10,125							
200mm	\$18,000							

There is a variation in the user-pays pricing but all Council's indicated their access charges related to their capital costs and usage charges related to their operational costs. This does not meet the draft final best practice guidelines.

Council requested several pricing variations for consideration. A further case is provided, should Council wish to also reduce the cost of the larger water meters is was the case for 2003/4. The pricing is given as the following case numbers.

1. Fire Services to be charged at \$500
2. 20mm and 25mm being charged at a similar price.
3. Reducing the cost of the larger meters; 100mm, 150mm, 200mm

Case 1

The cost implications are the same as those adopted for the purposes of draft estimates. That pricing is listed in Table 3.

Table 3

Access Charge		Usage Charge
20mm	\$256	83 c /kl (per 1,000 litres)
25mm	\$398	
32mm	\$651	
40mm	\$1,015	
50mm	\$1,584	
80mm	\$4,051	
100mm	\$6,328	
150mm	\$14,234	
200mm	\$25,303	

Case 2

The aim was to achieve a similar cost difference to that in the 2003/4 financial year for 20mm and 25mm water meters.

To achieve this, the cost implications are

- 20mm water meters would be charged \$261
- 25mm water meters would be \$271

The implications are that town properties will be cross-subsiding rural residential properties (410), agricultural properties (262) and retails/industrial properties (122). Given the opportunities that have been available to downsize, this option is not recommended.

Case 3

The larger water supply meters can be subsidised in a similar manner to that in the 2003/4 year. To achieve this there is an additional cost of \$2 on the 20mm meter and this cascades up on the larger meters (see attachment containing Table 4).

Summary of Cases

The Table 4 is presented as a summary of the 3 cases. If Council wishes to select combinations of 3 the cases for the water pricing, Table 4 can provide a quick answer as to the cost impact. Just sum the draft estimate with the relevant 'cost above estimate' column(s).

Council resolved at the meeting of 13th April 2004 "that items DBE4 and DBE5 be deferred for consideration in conjunction with the budget at the Extraordinary Meeting of Council to be held Thursday, 29th April 2004".

These reports are attached as [\(Appendix A\)](#) for consideration. It is suggested that these be considered in conjunction with DBE2 of this meeting of 29th April 2004.

Due to the uncertain nature of the final format of the State Government "best practice" guideline conditions it is suggested that it would be prudent for council to take a conservative approach to changing pricing structures for the coming year.

Water

It is suggested that a pricing structure for water be similar to the current 2003/04 pricing with inclusion of access charge allowances, as set out in cases 1, 2 and 3 in DBE2, for;

- \$500 access for fire services
- \$11 difference in access charge between 20mm and 25mm services (\$265 cf \$276)
- No increase in access charges for larger sized meters (except CPI allowance)

This would mean access charges are;

Meter Size (mm)	No. of Meters	Current Charge (03/04) \$	Proposed Charge (04/05) \$
Vacant	607	\$252	\$265
20	8445	\$252	\$265
25	1016	\$262	\$276
32	64	\$630	\$654
40	94	\$984	\$1,021
50	67	\$1,538	\$1,593
80	17	\$3,936	\$4,073
100	21	\$4,500	\$4,620
150	1	\$6,919	\$7,117
200	0	\$12,300	\$12,652

The suggested usage charge is 83c per kilolitre which is an increase of 3c/kl on the current charge.

Projected water sales for 2003/4 - Usage Accounts (as raised)

Usage account type	Period covered	Accounts raised (\$)	Projected income (\$)	Comment
6-monthly	June'03-Nov'03, (winter & spring)	\$905,151	\$2,400,600	The total is just under half the projected Usage Charges for the 2003/4 financial year.
Monthly	July'03-Dec'03, (most of winter, all spring & 1 st month of summer)	\$238,635		
Total		\$1,143,786		

- Experience across NSW has shown that user-pays water pricing has the effect of reducing water usage. It is expected the reduction for the Kempsey Shire to be in the order of 15%, in total, mostly across the residential sector. Traditionally, the reduced consumption is not apparent until after the first Usage Account has been received. A reduction in consumptions is not expected for the Kempsey Shire until the second 6-monthly read is completed (data unavailable until early July).
- Attached as [\(Appendix B\)](#) is a graph showing a downward trend in water usage since January.

Sewer and Liquid Trade Waste

Council commenced the process towards the introduction of best-practice pricing structure for sewerage and liquid trade waste with an Extraordinary Meeting and workshop held 20th January 2004, whereat Council resolved;

2004. 57 **RESOLVED:**

*Moved: Cl. Hunt
Seconded: Cl. Sowter*

- 1 *That Council adopt a new pricing policy incorporating Best Practice Pricing Guidelines for Sewerage and Liquid Trade Waste, which includes access and usage components. Such new pricing policy will be phased in over the period from 1st July 2004 to 30th June 2007.*
- 2 *That Council provide information to those ratepayers who will be adversely affected by the new system.*
- 3 *That action be implemented to ascertain the degree of non-compliance with both stormwater and liquid trade waste requirements and that Council be advised on a continuing basis.*
- 4 *That Council employ sufficient compliance officers from Sewerage working funds to identify and educate consumers to ensure that in all cases environmental standards are met commencing with liquid trade waste business and then residential.*
- 5 *That the Director Business Enterprise report back to Council on the introduction of a fee structure for sewerage and liquid trade waste charges commencing 1st July 2004 inclusive of a sewer usage charge for non-residential customers.*

This was followed by a report submitted to Council on 24th February 2004, see [\(Appendix C\)](#).

2004. 139 **RESOLVED:**

*Moved: Cl. Bowell
Seconded: Cl. Hunt*

1. *That the proposed pricing structure for Sewerage and Liquid Trade Waste be adopted for the purposes of public exhibition and community consultation.*
2. *That the new pricing structure be placed on public exhibition and that a series of workshops be held for the various business sectors within the community.*
3. *That the Director Business Enterprises report back to Council following completion of this process with recommendations for formal adoption of a pricing structure for inclusion in the 2004/05 Fees and Charges and the Management Plan.*

However, as indicated to Council at its last meeting (re. 13th April 2004) the “goalposts” for best-practice pricing have moved and it is suggested that Council should defer any major shifts in pricing structures until such time as the guidelines are finalised and the real impact on consumers can be accurately assessed.

Accordingly the above resolution 2004.139 should be rescinded.

It is recommended that Council’s sewerage charges for 2004/05 remain on the same basis as previous years, that is, a “Base Charge” and additional sewerage charges according to the number of dwelling units or the equivalent.

The suggested pricing structure for sewerage is;

	<u>2004/05</u>	<u>2003/04</u>
Sewerage Base Charge - unconnected properties	\$261	(\$252)
Sewerage Base Charge - connected properties	\$499	(\$482)

Nevertheless it would be in Council’s best interests to proceed along the lines of Councils resolution of 20th January 2004 in relation to the employment of a Liquid Trade Waste Officer to identify, liaise with, and provide advice to our liquid trade waste customers on meeting environmental standards in readiness for new Trade Waste pricing in 2005/06.

Submission on Final Draft Guidelines

A submission was prepared and forwarded to Department Energy Utilities and Sustainability, Water Directorate, and Local Government and Shires Association.

A copy of the submission is attached at [Appendix D](#).

Directors Comments:

As per Report.

Report Implications:

The financial implications will be dependent upon Council’s decision on the pricing structure adopted for 2004/05.

If Council adopts the following Recommendations the increases in charges would be as follows:-

Water Access Charge - 20mm - 5.16% (\$252 to \$265)
Water Usage Charge - - 3.75% (80¢ to 83¢)
Sewerage Base Charge - Connected - 3.53% (\$482 to \$499)

Should Council prefer to increase the Sewerage Base Charges rather than deficit fund the employment of a Liquid Trade Waste Officer, it would be necessary to increase the Base Charge by a further \$9.00 (ie. an increase of 5.39% on 2003/04 charge).

The adopted pricing structures will form part of Council's 2004/05 Fees and Charges and the 2004/05 Management Plan. There are no other statutory or policy implications.

Director Business Enterprises Recommendation:

1. That the following water supply access charges be considered in conjunction with the 2004/05 Draft Budget –

Meter Size (mm)	Proposed Access Charge (04/05) \$
Vacant	\$265
20	\$265
25	\$276
32	\$654
40	\$1,021
50	\$1,593
80	\$4,073
100	\$4,620
150	\$7,117
200	\$12,652

2. That Councils water usage charge of 83 cents per kilolitre be considered in conjunction with the 2004/05 Draft Budget.
3. That a concessional Access Charge of \$500 be applied where a water service is provided for fire fighting purposes and is of proven low use.
4. That a Draft Policy be prepared and submitted to Council to establish the qualifying requirements for Access Charges for fire services.
5. That Council defer the introduction of “best-practice” sewerage and liquid trade waste pricing.
6. That the following sewerage base charges be considered in conjunction with the 2004/05 Draft Budget.

Unconnected properties \$261.00
Connected properties \$499.00

7. That provisions in the 2004/05 Draft Budget in relation to both income and expenditure items for construction of the Bellbrook, Willawarrin and Stuarts Point Sewerage Schemes be deleted from the 2004/05 Draft Budget.
8. That in light of the new subsidy funding criteria, further investigations be undertaken and a report submitted to Council on the funding implications and options for provision of sewerage services to the villages of Bellbrook, Willawarrin and Stuarts Point.
9. That Council proceed with the employment of a Liquid Trade Waste Officer and provision of \$55,000 (Salary and Oncosts); \$32,000 (Vehicles); and \$5,000 (Computer and Office Equipment) be included as deficit funding in the Sewerage Budget for 2004/05.
10. That Council ratify the action of the Mayor in making a submission on the Final Draft Guidelines for Best Practice Management of Water Supply and Sewerage.

GENERAL MANAGER'S REPORT

GM1	2003/04 BUDGET FILE: A2-10 AVB (NRN)	{Folio No. 273590}
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SUMMARY:

To provide an overview of the financial implications of the proposed 2004/2005 Budget.



The Budget document is the five year financial plan and comprises; General Water and Sewerage funds. Council in February 2004 resolved:-

- 1 That as the new Council will have new Councillors who would be inexperienced in Local Government, budgeting and financial matters, and due to the limited timeframe to consider the budget, the General Manager present to Council a balanced budget for the 2004/05 year.
- 2 That in the report by the General Manger on the budget, all items submitted by Council and the departments for inclusion in the 2004/05 budget that are deleted and or amended by the General Manager, be listed to enable Councillors to consider their inclusion where required.

Each of the five years have been adjusted to provide for a small surplus.

The amount that General Fund rates can be increased is determined by the Minister for Local Government. The Minister generally makes an announcement at this time of year, although at the time of writing this report, no decision has been made. The percentage increase allowed by the Minister generally is in line with CPI increases for the previous year and do not cover increased costs. Salary increases to Local Government awards last year alone were 3.25% with costs of plant and materials exceeding that percentage. State Government authorities such as the Valuer General, Rural Fire Service and Fire Brigades impose increases that are not limited. The State Government in particular is each year transferring responsibilities to Local Government or increasing requirements under legislation without providing financial resources or a means to raise financial resources to pay for the additional responsibilities. In reality these increases mean that Council is required to provide less and less service each year because of a dwindling financial base. On the other hand the community is expecting more and more from Council.

From the 2003/2004 year Council received Department of Local Government approval to impose an Environmental Levy. The Levy has been approved for a five year period up to and including the year 2007/08. Council is levying a fixed amount per assessment of \$28.00 in 2003/04, \$29.00 in 2004/05, \$30.00 in 2005/06, \$31.00 in 2006/07 and \$32.00 in 2007/08. In 2007/08 Council will need to reapply to the Minister to continue the Environmental Levy to 2012/13 the period when the loan repayments for the capital works funded by the levy cease.

The domestic waste charge and the water and sewerage rates are not subject to the direction of the Minister for Local Government and can be increased by whatever amount Council believes the community can support.

Each fund and domestic waste is a separate entity and income raised within a fund, can only be expended in that fund and cannot be used to finance works and services outside of the fund.

Councillors should be mindful of the fact that ratepayers receive only one Rate Notice that requires payment of General Rate, Environmental Levy, Domestic Waste Charge, Water Rates and Sewerage Rates. Ratepayers are only concerned with the bottom line, that is, what is the total amount that I have to pay. They are not concerned with components and Council when deciding on Rate increases should remember this.

In preparing the draft Budget document the following assumptions have been made:-

Minister Increase General Fund	3.5%
Inflation Rate	2%
Interest Rate Loan Borrowings	6.6%
Interest Rate on Investments	5%
Salary Increases under the Award	3.5%

If Council adopts the draft Budget as presented the following Rate increases would be applicable for the 2004/05 year:-

General Rate	3.5%
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Environmental Levy	\$29.00
Domestic Waste	4%
Water - Access Charge	1.55%
- Usage Charge	7%
Sewerage	3.5%

Because of the new valuations applicable to the 2004/05 years Council has adopted a differential Rating system which will reduce the amount of the base rate and have a different rate in the dollar for each rating category. This is designed to give those areas that had large valuation increases some relief. However, because of the increased valuations Rate increases will not be uniform with some property Rates increasing by a greater percentage than 3.5% while others will have an increase below 3.5%. Council is also introducing water pricing based on user pays, which will affect the way water billing is paid and the amount that is paid.

Traditionally Council each year because of an accumulation of works has not been able to expend its total budgets. This accumulation results as a consequence of bad weather, matching grant funds not being available on time, additional grant funds being made available or works being delayed because of statutory requirements. Unexpended funds from previous years are revoted to be undertaken in the current year. Because of the level of revotes in 2003/04 Council was able to balance its General Fund Budget and increase its allocation for Plant purchases simply by deleting all of the Town Improvement works from the budget as there was a backlog of Town Improvement projects.

The level of revotes will be greatly reduced in all funds in 2004/05. The Town Improvement works have been reinstated in the budget which in effect means that an additional \$380,750 of works needs to be funded. Other additional expenditures that are affecting the General Fund budget are:-

- The replacement bridge program for regional roads that will reduce the amount to be expended on maintenance and repair of regional roads.
- Occupational Health and Safety requirements at the Crescent Head Tip.
- An allocation of \$190,000 for Occupational Health and Safety requirements at the swimming pools.
- The withdrawal of the State Government subsidy for the Youth Officer with Council now paying the full salary and overhead costs.
- The withdrawal of the State Government subsidy for the overhead costs for the Aboriginal Liaison Officer.
- The end of the Community Solutions grant funding with Council needing to fund a Crime Prevention Program.
- The need to employ four additional staff in Environmental Services due to workload demands.

On the plus side our Environmental Services fees and charges have been reviewed and significantly increased to bring us in line with other Councils (see the Acting Director, Environmental Services Report) and Water and Sewerage funds have been charged \$280,000 and \$49,000 respectively under Section 611 of the Local Government Act. Under Section 611 Council may make an annual charge on the person for the time being in possession, occupation or

enjoyment of a rail, pipe, wire, pole, cable, tunnel or structure laid, erected, suspended, constructed or placed on, under or over a public place. Water has been charged for 400 kilometres of pipe at \$700 per kilometres while Sewerage has been charged for 70 kilometres of pipe at the same rate. Part of the Water Fund expense of \$280,000 has been offset by increased rates from General Fund, Domestic Waste and Sewerage Fund.

As reported to Council on the 13th April the latest Community Survey indicated that those services that had a high importance and low satisfaction rating were:-

- Parks, Picnic and BBQ areas
- Swimming Pools
- Playgrounds
- Youth Services and Facilities
- Planning for an Ageing Community
- Provision of Services and facilities for an Ageing Community
- Provision of Recycling facilities
- Noxious Weed Control
- Maintaining Roads
- Managing Development in the Shire
- Generating Local Employment Opportunities
- Image of Kempsey in the eyes of people who do not live in the area
- Council's response time to requests
- Consultation with the Community
- Provision of an Operational Airport

Council needs to ensure that programs for next year address these concerns.

In reviewing the Budget the adjustments outlined in [\(Appendix A - Expenditure\)](#), [\(Appendix B - Income\)](#) and [\(Appendix C - Macleay Water\)](#) have been made.

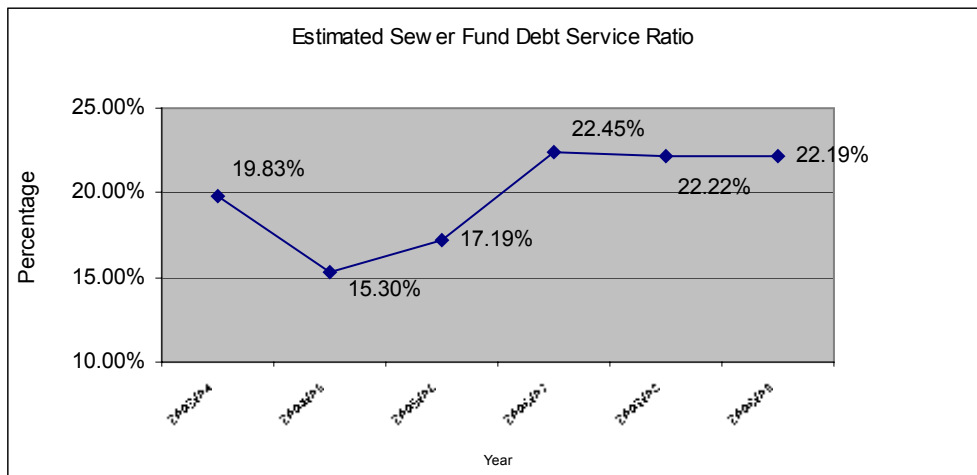
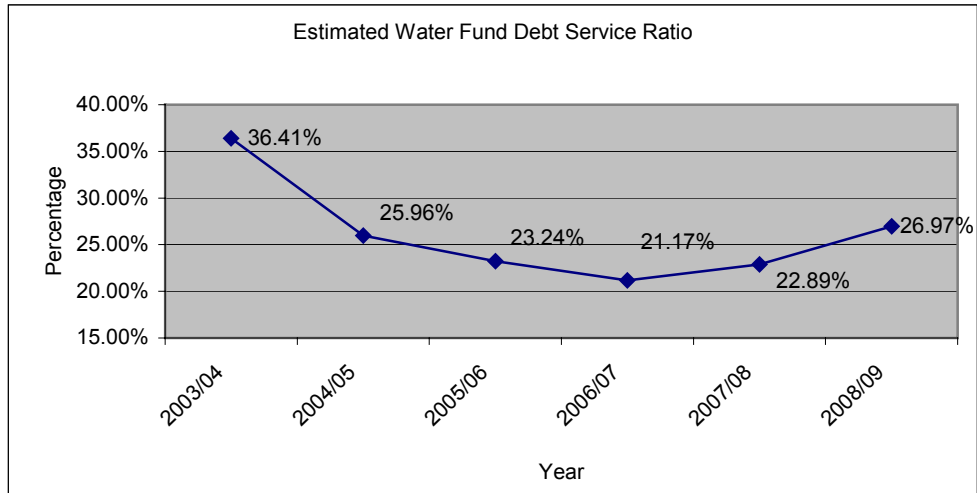
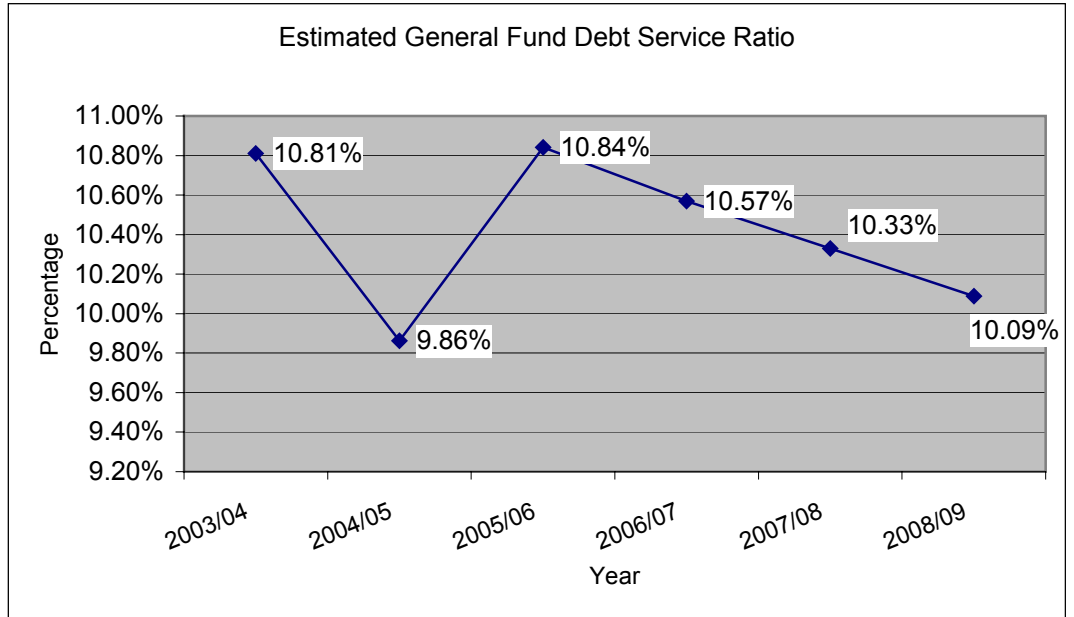
The appendices are separate to allow Councillors to easily remove them and easily study the changes while working through the Budget document. The estimates working funds in respect of each of the funds as at 31 December 2003 are as follows; General Fund \$339,206 – Water Fund \$544,613 – Sewerage Fund \$793,406.

The Budget reflects a significant loan borrowing program. Borrowings for 2004/05 are; General Fund \$3,398,500, Water Fund \$1,000,000, and Sewerage Fund \$2,000,000. General Fund borrowings are dominated by the redevelopment of Macleay Street, Frederickton and Management Plan works on the Caravan Parks. An amount of \$200,000 has been provided to internally reorganise the Civic Centre after the new structure has been determined. The second bridge crossing works have been pushed back twelve months to the 2005/06 and 2006/07 years. Loans for water fund are for a water treatment plant while loans for sewerage are in respect to new sewerage schemes. If subsidy for these sewerage schemes are not available because Council is not compliant in respect of water charges, then the method of financing the schemes will need to be looked at. As can be seen above the working funds may be able to soften any impacts on additional borrowings. Any moneys that

Council wish to borrow need to be approved by the Department of Local Government in line with the Loan Council Guidelines.

The Debt Service Ratios for water and sewerage are high because of the large amount of capital expenditure needed to pay for expanding and renewing infrastructure. Council has been endeavouring to reduce its General Fund Debt Service Ratio to 6% by the year 2012/13 but with the loan program suggested this will not be achieved. The Debt Service Ratio figures for General Fund are currently manageable but they should not be allowed to escalate above 11%.

Below are graphs of the Debt Service Ratios of each of the funds:-



As mentioned earlier General Fund suffers from a lack of resources largely due to rate pegging. Sufficient funds are not being allocated to maintain our existing assets and community expectations are becoming higher and higher. Council cannot continue to stretch the maintenance dollar over a multitude of services. To do so means that each service is only getting a proportion of the funds that it needs to be effective and we end up providing all services below standard. Council needs to prioritise its services and to withdraw from the low priority areas. Maintenance funds can then be reallocated to increase the level of service provision elsewhere.

To withdraw from a service is difficult as vested interests are able at times to portray usage beyond actual levels. Council however must look at low use services and make a decision to withdraw or at the very least to reduce operating costs. Services that are being investigated, or should be investigated include:-

A. Swimming Pools

Council employs a Safety Officer who has a responsibility to report on matters pertinent to the Occupational Health and Safety Act. Under the Act Council has a responsibility to ensure that employees of Council and persons who have access to Councils workplaces operate under a safe environment. Failure to ensure a safe workplace environment can result in management and the elected Council being heavily fined for breaches.

The Kempsey swimming pool and the village pools at Crescent Head, Gladstone, South West Rocks and Crescent Head are workplaces of Council. As part of his responsibilities the Safety Officer as a matter of priority is assessing all workplaces to ensure that they comply with the Occupational Health and Safety Act.

The four swimming pools were inspected and the Safety Officer requested a risk audit. This was undertaken initially by staff and then followed up by a professional audit by an engineer.

The audit was discussed by Council in May 2003 and reports considered by Council in January and March this year. The swimming pools are ageing infrastructure with the Kempsey pool being constructed in 1935 (25m pool) and 1968 (50m pool) while the Gladstone pool was constructed in 1963 and Crescent Head and South West Rocks in the mid 1970's.

Reports have been submitted to Council since 1985 on many of the matters identified for attention eg. grandstand, pool structural faults and tiling.

The \$190,000 additional expenditure in 2004/05 is for maintenance works and needs to be funded from rate revenue. This additional work will have to be undertaken at the expense of other services.

The future of the swimming pools and the way they operate needs to be critically examined. This is being undertaken by a committee but a report is not expected until after budget deliberations. In my view Council can:-

- Elect not to undertake the safety audit works and if there is an accident face the prospect of a heavy fine. This option is not recommended.
- Close the pools and not provide the service. Each candidate for election indicated support for keeping the pools open.
- Operate the pools differently and reduce running costs eg. Lease.
- Reduce the hours the pools are open.

I have heard that the Committee may suggest that the pools need to operate over extended hours. Staff arrangements at the pools allows extended working hours without penalty payments being made with staff time-banking the additional hours and taking the time off in the off season. The award requires staff to have a minimum time off each day between shifts. The pool hours could not be extended using the existing staff.

Airports

Council as its meeting on the 23rd March examined a number of options ie. "Continue Operation As Is", "Abandon Night-time Operation Completely", "Abandon Night-time Operation Partially" and "Other Options", that involved closing the Airport for redevelopment. Council resolved, "That the various options be referred to the new Council and a community based committee with a view to developing a preferred option for the future management of Airport assets and infrastructure.

The Airport no longer attracts a commercial air service and is now used by the Air Ambulance, businesses located at the Airport and by recreational aircraft. Landing fees are reduced and the Airport is being run at an escalating loss – a loss that Council cannot afford to fund. The budget has been prepared on the "Abandon Night-time Operation Completely", option. The Committee needs to investigate alternative income producing uses for the Terminal.

Playing Fields

Playing field usage has been investigated and previously reported on by the Director Engineering. It was recommended that a number of facilities be closed but Council did not endorse this course of action. As an alternative Council should look at leasing out some sports fields to community groups. If this was done I believe voluntary community assistance could be used which is currently prohibited as Council needs to comply with OH&S standards.

Tips

The cost of running the tips is escalating out of control because of wage costs, EPA and OH&S requirements. The Crescent Head Tip is open for extensive hours and not necessarily the right ones and needs to be examined to see if wage costs can be reduced through reduced operating hours that are customer friendly. Contractor operation of the Tips should be revisited.

Surf Lifesaving

Beach Inspectors are contracted through Surf Lifesaving Australia and beaches at Crescent Head, Hat Head, South West Rocks, and Grassy Head are manned. Is it necessary to man two beaches at South West Rocks? If only one beach was patrolled there would be a saving in costs and those people who wish to swim at a patrolled beach could while those that don't could use the unpatrolled beach as an alternative. Costs at Grassy Head are

high as there is not a Surf Club and the inspectors man the beach seven days a week.

The budget allows for the investigation of a recycling service with the commencement of the service in 2005/06. There are extensive expenses involved in purchasing bins and collection costs. It is estimated that a fortnightly service can be provided for approximately \$60.00 per household. We know through community surveys that the community wants a recycling service but they have also indicated that they do not want to pay extra for it. The latest Local Government Department comparative statistics for NSW Councils is for the 2001/2002 year. Council's domestic waste charge for that year was \$106.75. If \$60.00 was added a domestic waste service that included recycling would have cost \$166.75. Changes by other Councils that are quoted by residents as providing a good kerbside recycling service were:-

Hastings	\$230.76
Bankstown	\$189.93
Blacktown	\$184.72
Penrith	\$225.08
Liverpool	\$211.19

In my budget report last year I reported that under Section 496 of the Local Government Act Council must make and Levy an annual charge for the provision of domestic waste management serviced for each parcel of ratable land for which the service is available. In other words, Council can impose a charge on vacant land within a garbage collection district. Council has not imposed a charge in the past but other Councils in the area have. Charges made by other adjoining Councils are:-

		2002/2003	2003/2004
Bellingen		\$20.00	\$40.00
Nambucca	Urban	\$87.25	\$99.00
	Rural	\$26.00	\$29.00
Coffs Harbour		\$17.00	\$20.00
Hastings		\$20.00	\$30.00
Greater Taree		\$20.00	\$21.00
Great Lakes		\$20.00	\$20.00
Armidale Dumersque		\$60.00	\$60.00

There are 523 vacant blocks within our residential areas where a charge could apply. We are not proposing a charge on vacant rural land within a garbage district. If a charge of \$20.00 was applied this would ease the rate burden on residential properties by \$10,460 and similarly if the charge was \$25.00 the amount raised would be \$13,075.

The current balances of the Section 94 funds are shown in [\(Appendix D\)](#)
The funds are to be spent on the purposes and within the catchments

indicated and are to be expended on works outlined in the schedules attached to the Section 94 Plan. In respect to the recreation and open space plan Councils expenditure has been examined to determine whether enough rate payment funds have been spend in advance to release Section 94 funds. In South West Rocks \$33,345 can be expended from the Section 94 fund. I have allocated \$20,000 of the money to fund the cycleway in Horseshoe Bay. An annual provision of \$320,000 has been provided in the budget from Section 94 Road Contributions for road works.

Projects funded by Grants generally require a contribution from Council. Council should not accept grants if the project funded is not a high priority. Projects funded by grants in this draft budget should be subject to the same scrutiny as services funded by other sources. Council should not apply for future grants unless Council funding for its share of the project costs is available or can be made available easily by redistributing votes.

Council can apply to the Department of Local Government for a Special Rate increase but this will only be considered by the Department in the following Circumstances:-

- Where a Council proposes to participate in a project which has regional significance. Regional significance would be demonstrated through project participation by several councils and/or the State/Commonwealth contributing funds towards the project or an outcome with a demonstrable economic benefit.
- Where the Council is seeking to fund a major enhancement to community services or facilities. In particular this would include the need to increase income to address infrastructure maintenance or replacement, public health or environmental benefit or protection.
- Where the Council is required to meet substantial increases in Government contributions or charges for example: variation of charges by the Valuer General, NSW Fire Levy or Rural Fire Contribution.

Should Council wish to reduce the projected rate increases a reduction in expenditure of \$88,000 in General Fund, \$33,200 in Water Fund, Access Charge \$26,200 in Water Fund Usage Charge and \$51,000 in Sewerage Fund equates to 1%.

Once the budget is adopted by Council, details need to be included in the Draft Management Plan which must be placed on exhibition for at least 28 days. Council needs to finalise its budget deliberations by the 7th May to enable it to adopt the Management Plan for 2004/2005 by the due date the 30th June 2004.

General Manager's Recommendation:

For Council's determination.



2004. 279

RESOLVED:

*Moved: Cl. Hunt
Seconded: Cl. Gribbin*

100	\$4,620
150	\$7,117
200	\$12,652

2. That Councils water usage charge of 83 cents per kilolitre be adopted for the 2004/05 Budget.
3. That a concessional Access Charge of \$500 be applied where a water service is provided for fire fighting purposes and is of proven low use.
4. That a Draft Policy be prepared and submitted to Council to establish the qualifying requirements for Access Charges for fire services.
5. That Council defer the introduction of "best-practice" sewerage and liquid trade waste pricing.
6. That the following sewerage base charges be adopted for the 2004/05 Budget.

Unconnected properties	\$261.00
Connected properties	\$499.00

7. That provisions in the 2004/05 Draft Budget in relation to both income and expenditure items for construction of the Bellbrook, Willawarrin and Stuarts Point Sewerage Schemes be deleted from the 2004/05 Draft Budget.
8. That in light of the new subsidy funding criteria, further investigations be undertaken and a report submitted to Council on the funding implications and options for provision of sewerage services to the villages of Bellbrook, Willawarrin and Stuarts Point.
9. That Council proceed with the employment of a Liquid Trade Waste Officer and provision of \$55,000 (Salary and Oncosts); \$32,000 (Vehicles); and \$5,000 (Computer and Office Equipment) to be financed from reserve in the Sewerage Budget for 2004/05
10. That Council ratify the action of the Mayor in making a submission on the Final Draft Guidelines for Best Practice Management of Water Supply and Sewerage.

2004. 286

RESOLVED:

*Moved: Cl. Howell
Seconded: Cl. Walker*

That Council make application to the Minister for an additional 5% special rate variation for local roads and bridges for a period of 10 years.

MOVED:

*Moved: Cl. Howell
Seconded: Cl. Sowter*

That consideration of providing \$40,000 to engage a consultant to determine a corporate approach to asset management, be deferred for consideration in conjunction with the report from the General Manager on Council's restructure proposals.

An AMENDMENT was MOVED.

*Moved: Cl Green
Seconded: Cl Hunt*

That Council provide \$40,000 for development of a Corporate Asset Management Strategy.

The AMENDMENT was PUT to the Meeting and was LOST.

2004. 287 The MOTION was PUT to the MEETING and was CARRIED.

2004. 288 RESOLVED:

*Moved: Cl. Bowell
Seconded: Cl. Hunt*

That an additional \$25,000 be provided for cemetery maintenance.

2004. 289 RESOLVED:

*Moved: Cl. Bowell
Seconded: Cl. Sowter*

That a Report be prepared for Council on fees and charges in place at other comparable Sale Yards.

2004. 290 RESOLVED:

*Moved: Cl. Bowell
Seconded: Cl. McWilliam*

- 1 That a review of Tourist Information Services and a possible fee for service be included in the report from the General Manager on the re-structure proposals.
- 2 That the feasibility of combining Tourist Promotion Services and Economic Development Services be investigated.

2004. 291 RESOLVED:

*Moved: Cl. Hunt
Seconded: Cl. Bowell*

That the salaries vote for Corporate & Community Services be reduced by \$21,000.

2004. 292 RESOLVED:

*Moved: Cl. Sowter
Seconded: Cl. McWilliam*

That a report be submitted to Council on the re-allocation of the Environmental Levy allocated to the capping of the Stuarts Point tip.

2004. 293 RESOLVED:

*Moved: Cl. Hunt
Seconded: Cl. Bowell*

That Council joins with Nambucca Shire Council in the employment of a Road Safety Officer.

2004. 294 RESOLVED:

Moved: Cl. Sowter

Seconded: Cl. Walker

That the Director Business Enterprise prepare a full report on garbage services such report to include:-

- Vacant land rate and Nambucca, Bellingen and Armidale/Dumaresq Councils vacant land charge and its effect.
- Extension of service
- Recycling collection
- Crescent Head Road and other tips life, operation costs and charges at tip
- A charge for properties that are not serviced by collection

2004. 295

RESOLVED:

*Moved: Cl. Howell
Seconded: Cl. Hunt*

That Council pursue, through the Country Mayors and the Local Government Association and Mid North Coast Group of Councils, the continuation of the Country Towns Water and Sewerage Scheme funding and that a late resolution be submitted to the Shires Association NSW Conference in June 2004.

2004. 296

RESOLVED:

*Moved: Cl. Hunt
Seconded: Cl. Green*

That the balance of the 2004/2005 Budget be adopted.



QUESTIONS WITHOUT NOTICE

Councillor J A C Hayes

Councillor Hayes advised the meeting:-

- 1 That a Community Safety Council meeting is to be held at 2.00pm today 4th May 2004 and Councillors were invited to stay for that meeting.
- 2 That the date for the next Works Inspection would be Tuesday 25th May following the Planning Meeting.

Councillor J Gribbin

Councillor Gribbin was advised:-

- 1 That the Director Environmental Services had previously arranged for his staff to inspect a drainage problem at two (2) home units at Links View Estate and he would arrange for a further inspection to take place in an endeavor to determine a solution to the problem.

Councillor B Green

Councillor Green was advised:-

- 1 That the Director Engineering had arranged for the grass along the footpaths of the streets in the vicinity of the Kempsey Racecourse to be mown prior to Kempsey Cup day.



CONCLUSION:

There being no further business, the Meeting terminated at 1.05 p.m.

