



3<sup>rd</sup> May, 2002

## **EXTRAORDINARY COUNCIL MEETING**

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY COUNCIL MEETING OF THE COUNCIL OF THE CITY OF RANDWICK WILL BE HELD IN THE COUNCIL CHAMBER, TOWN HALL, 90 AVOCA STREET, RANDWICK, ON TUESDAY, 14<sup>TH</sup> MAY, 2002 AT 5:30 P.M.

- 1 Council Prayer**
- 2 Apologies**
- 3 Addresses to the Council by the Public**
- 4 Mayoral Minutes**
- 5 General Manager's Report**
- 5.1 GENERAL MANAGER'S REPORT 5/2002 - 2002/05 DRAFT 2  
MANAGEMENT PLAN.
- 6 Confidential Reports**
- 7 Committee-of-the-Whole**
- 8 Report of the Committee-of-the-Whole**
- 9 Notice of Rescission Motions**

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GENERAL MANAGER

# **GENERAL MANAGER'S REPORT**

## **5/2002**



<b>SUBJECT:</b>	2002/05 DRAFT MANAGEMENT PLAN
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<b>DATE:</b>	1 May, 2002	<b>FILE NO:</b>	98/S/0555
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**REPORT BY:** GENERAL MANAGER

### **INTRODUCTION:**

Section 402 of the Local Government Act 1993 requires each council to prepare a draft management plan each year, setting out:

- (a) The Council's activities for at least the next 3 years, and
- (b) The Council's revenue policy for the next year.

The Act specifies in more detail the information that is to be included in the draft management plan:

### **s403 Contents of draft management plan with respect to council's work and activities**

- (1) The draft management plan must contain the following statements with respect to the council's activities for the period to which it relates:
  - a statement of the principal activities that the council proposes to conduct
  - a statement of the objectives and performance targets for each of its principal activities
  - a statement of the means by which the council proposes to achieve these targets
  - a statement of the manner in which the council proposes to assess its performance in respect of each of its principal activities
  - statements with respect to such other matters as may be prescribed by the regulations.
- (2) The statement of principal activities must include the following particulars:
  - capital works projects to be carried out by the council
  - services to be provided by the council
  - asset replacement programs to be implemented by the council
  - sales of assets to be conducted by the council

- activities of a business or commercial nature to be undertaken by the council
- human resource activities (such as training programs) to be undertaken by the council
- activities to properly manage, develop, protect, restore, enhance and conserve the environment in a manner that is consistent with and promotes the principles of ecologically sustainable development
- activities in response to, and to address priorities identified in, the council's current comprehensive report as to the state of the environment and any other relevant reports
- programs to be undertaken by the council to implement its equal employment opportunity management plan.

#### **s404 Contents of draft management plan with respect to council's revenue policy**

- (1) A draft management plan must include the following statements with respect to the council's revenue policy for the next year, subject to the regulations:
  - a statement containing a detailed estimate of the council's income and expenditure
  - a statement with respect to each ordinary rate and each special rate proposed to be levied
  - a statement with respect to each charge proposed to be levied
  - a statement of the types of fees proposed to be charged by the council and the amounts of each such fee
  - a statement of the council's pricing policy with respect to the goods and services provided by it
  - a statement of the amounts or rates proposed to be charged for the carrying out by the council of work on private land
  - a statement of the amounts of any proposed borrowings (other than internal borrowing), the sources from which they are proposed to be borrowed and the means by which they are proposed to be secured
  - statements with respect to such other matters as may be prescribed by the regulations.
- (2) The statement with respect to an ordinary or special rate proposed to be levied must include the following particulars:
  - the ad valorem amount (the amount in the dollar) of the rate
  - whether the rate is to have a base amount and, if so:
    - the amount in dollars of the base amount, and
    - the percentage, in conformity with section 500, of the total amount payable by the levying of the rate, or, in the case of the rate, the rate for the category or sub-category concerned of the ordinary rate that the levying of the base amount will produce
  - the estimated yield of the rate

- in the case of a special rate-the purpose for which the rate is to be levied
  - the categories or sub-categories of land in respect of which the council proposes to levy the rate.
- (3) The statement with respect to each charge proposed to be levied must include the following particulars:
- the amount or rate per unit of the charge
  - the differing amounts for the charge, if relevant
  - the minimum amount or amounts of the charge, if relevant
  - the estimated yield of the charge.
- (4) A draft management plan must include a statement containing a general estimate of the council's income and expenditure for the second and subsequent years for which the draft management plan is prepared.
- (5) The statement of fees and the statement of the pricing policy need not include information which could confer a commercial advantage on a competitor of the Council.

#### **s405 Public notice of draft management plan**

- (1) A council must give public notice of its draft management plan
- (2) The period of public exhibition must not be less than 28 days
- (3) The public notice must specify that submissions may be made to the council at any time during the period of public exhibition

#### **s406 Adoption of management plan**

Before the end of each year, a council must adopt a management plan for the following year after it has been prepared and exhibited. In deciding on the final plan to be adopted, a council must take into consideration any submissions that have been made concerning the draft management plan prepared and exhibited.

#### **ISSUES:**

Attached to this report is the draft management plan including the five-year projections, detailed draft estimates of income and expenditure, and a copy of the draft statement of fees, charges and pricing policy.

The draft management plan describes the strategic direction of Council and provides a management tool for its achievement. It outlines the planning process applied in developing the framework for the management plan and shows the relationship between the key directions that describe the strategic intent and the major strategies that will be implemented to achieve our objectives and targets.

The draft management plan also includes other key plans and strategies such as the Social Plan, the EEO Plan, the State of the Environment Report and the Financial Plan.

The draft management plan incorporates the five-year financial projections that will underlie our planning. Our key directions, through a focus on core activities and the

management of assets together with the recognition of the need to be more efficient, effective and customer focused, acknowledge the importance of planning for the sustainability of the organisation.

The Budget for 2002/03 proposes a balanced budget, and to achieve this it is proposed to apply for a special variation to rates of 6% over the permissible increase of 3.3%, to give a total increase of 9.3%.

The funding available from the operational budget again only provides limited capital to meet the funding requirement of capital acquisitions and infrastructure capital works. The 6% rate increase, a further reduction in reserves, together with assistance from some government grants is being used to fund an enhanced capital works programme to bring forward high priority projects.

The five-year financial projections that are being submitted with this budget indicate that while Council is able to continue with balanced budgets, there remains a significant shortfall in available resources for a reasonable level of infrastructure works in the future.

The fundamental problem is that maintenance costs of Council's assets and infrastructure such as roads, footpaths, drainage, parks and reserves as well as the costs of services provided by Council is increasing at a rate significantly in excess of the revenue Council is able to raise from rates and charges. (Rates represent only some 50% Council's operating revenue.) This is comprehensively documented in Council's submissions to the Sproats and Woodward Inquiries.

A further compounding factor is that Council has an expanding asset and infrastructure base as new works are completed at locations such as Maroubra, Clovelly and Malabar beaches. These additional and improved assets exacerbate the demand for maintenance.

The expectations of Council's community are also constantly rising and this generates demand for increase expenditure on environmental and social issues.

Rate pegging and statutory limitations on other charges are limiting the revenue growth necessary to keep up with increasing maintenance and service costs. Council's inability to bridge this gap between revenue and costs will be ultimately reflected in a further deterioration of Council's assets and infrastructure as well as a reduction in other services or service levels.

Every line item in the budget submitted to Council has undergone rigorous scrutiny and has satisfied strict criteria prior to inclusion in the detailed budget. Every opportunity has also been taken to maximise income from fees, charges and grants within the limitations imposed by the State Government.

The documents attached to this report provide detailed information and projections of the source and application of funds, operating result from ordinary activities, and the estimated balances of financial reserves.

The Council is therefore faced with the challenge of meeting not only the demands of an ageing infrastructure but also the demands for expansion, and improvement of its services.

These challenges are not unique to Randwick City Council. Government agencies at all levels face the same difficulties. However, few face the combination of demands affecting Randwick City which has a comparatively low rating base.

There is an ongoing commitment to achieving increased revenue, efficiency savings and/or administrative savings. Internal targets will be set with the aim of achieving further structural changes in the budget that will allow Council over a period of time, to adjust its activities to the funds available and provide a more acceptable level of essential maintenance of our assets and infrastructure.

### **TCS Replacement**

As Council is aware, tenders have been called for the replacement of the Stowe system. This has resulted from the buy-out of Stowe and the subsequent decision not to maintain the product. The tenders are currently being evaluated by the 5-council syndicate, of which Randwick is a member. This will be a major expenditure item, as it will involve replacement of all current computer systems and a long-term contract. Council has been building up funds in a reserve account for this purpose.

### **Domestic Waste Management Charge**

Under S.496 of the *Local Government Act 1993*, Council must make and levy an annual charge for providing domestic waste management services. Under S.504 of the Act, income from the charge must not exceed the reasonable cost to Council of providing those services. The domestic waste management charge is proposed to increase from \$220 to \$242.00 for each residential occupancy.

The change will cover the costs related to CPI adjustments in waste disposal contracts, anticipated increases in disposal fees and the funding of remedial action on a number of closed landfill sites including Yarra Bay and Malabar .

### **Rates To Be Levied**

Land within the City of Randwick is categorised as either Residential or Business for rating purposes under the Local Government Act 1993.

Council has resolved not to use base rates. It has decided to apply *ad valorem* rates on all parcels of rateable land, and subject the land to minimum rate charges.

Council has based its budget on the estimated permissible increase in rates income that has been determined by the State Government of 3.3%, and a proposed special variation of 6%.

Accordingly, it is proposed to levy an *ad valorem* rate of 0.28327 cents in the dollar on all parcels of rateable residential land (subject to a minimum charge of \$435.40), and an *ad valorem* rate of 1.1212 cents in the dollar on all rateable business land (subject to a minimum charge of \$701.30) for 2002/2003.

The following table sets out details of the proposed rates levy:

	<b>3.3% INCREASE</b>		<b>6% PROPOSED SPECIAL VARIATION</b>	
<b>TYPE (ORDINARY)</b>	<b>Residential Rate</b>	<b>Business Rate</b>	<b>Residential Rate</b>	<b>Business Rate</b>
CENTS IN THE DOLLAR	0.26772	1.0596	0.28327	1.1212
MINIMUM RATE	\$411.50	\$662.80	\$435.40	\$701.30
EST. GROSS YIELD	\$28,223,090	\$7,931,640	\$29,862,347	\$8,392,737

### INTEREST CHARGES

The Minister has determined that the maximum interest for 2002/2003 is 9%. Where rates or charges are unpaid after they become due and payable, interest shall accrue on a daily basis at the rate of 9% per cent per annum simple interest in accordance with S.566 of the Local Government Act 1993.

### CONCLUSION:

The draft management plan and the associated documents are now tabled for Council's consideration. Following the adoption of these drafts, the draft management plan must be placed on public exhibition for a minimum of 28 days.

### RECOMMENDATION:

1. That the Draft Management Plan be placed on public exhibition for not less than 28 days, from 15 May to 14 June 2002, inviting submissions from the public.
2. That at the conclusion of the period of public exhibition a meeting of Council be held to consider any submissions made concerning the Draft Plan, and after taking into consideration such matters, as it considers relevant, Council adopt the Management Plan.

### ATTACHMENT/S:

1. 2002/05 Draft Management Plan (to be distributed Tuesday 7 May)
2. 2002/03 Draft Budget (under separate cover)
3. 2002/03 Draft Fees and Charges (under separate cover)

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GENERAL MANAGER