

Extraordinary Council Meeting

Tuesday 12 February 2019



EXTRAORDINARY COUNCIL

Notice is hereby given that an Extraordinary Council meeting of the City of Randwick will be held in the Council Chamber, 1st Floor, 90 Avoca Street, Randwick on
Tuesday, 12 February 2019 at 6:00pm

Prayer and Acknowledgement of the local indigenous people

Prayer

*"Almighty God,
We humbly beseech you to bestow your blessings upon this Council and to direct and prosper our deliberations to the advancement of your glory and the true welfare of the people of Randwick and Australia. Amen"*

Acknowledgement of Country

"I would like to acknowledge that we are meeting on the land of the Bidjigal and the Gadigal peoples who occupied the Sydney Coast, being the traditional owners. On behalf of Randwick City Council, I acknowledge and pay my respects to the Elders past and present, and to Aboriginal people in attendance today."

Apologies/Granting of Leave of Absences

Declarations of Pecuniary and Non-Pecuniary Interests

Address of Council by Members of the Public

Privacy warning;

In respect to Privacy & Personal Information Protection Act, members of the public are advised that the proceedings of this meeting will be recorded for the purposes of clause 69 of Council's Code of Meeting Practice.

Audio/video recording of meetings prohibited without permission;

A person may be expelled from a meeting for using, or having used, an audio/video recorder without the express authority of the Council.

Mayoral Minutes

Mayoral Minutes, if any, will be distributed on the night of the meeting.

Urgent Business

General Manager's Reports

GM1/19 Proposed continuation of the Environmental Levy 2019-2024 1

Therese Manns
GENERAL MANAGER

General Manager's Report No. GM1/19

Subject: Proposed continuation of the Environmental Levy 2019-2024



Folder No: F2018/00346

Author: Cherie Muir, Coordinator Integrated Planning

Introduction

The Environmental Levy has funded Council's Sustaining our City program of environmental works and services for the past 15 years while delivering innovative and award winning sustainability outcomes for Randwick City consistently during that time.

The current special rate variation (SRV) for the current Environmental Levy will expire on 30 June 2019 and reduce Council's revenue by \$4.45m.

At its meeting on 22 October 2018, Council resolved to commence community engagement activities aimed at informing the community and gauging the level of support for the possibility of continuing the Environmental Levy for a further five years.

Over a seven-week period from 20 November 2018, Council conducted a comprehensive conversation with the community while also exhibiting updated Integrated Planning documentation associated with the possibility of continuing the Environmental Levy temporarily for a further five years.

In accordance with IPART requirements, Council's non-binding intention to apply for a SRV for 2019-20 was lodged on 30 November 2018, as shown attached.

Issues

Community Engagement

Consistent with the Office of Local Government (OLG) Guidelines and IPART submission requirements as well as Council's own Community Consultation Policy, Council developed an extensive community engagement plan to inform the community about the proposal and its impact and to obtain a measure of the community's willingness to continue paying the Environmental Levy and level of support for proposed projects.

The consultation period ran for seven weeks from mid-November to mid-January.

A wide variety of engagement techniques were undertaken to ensure residents, ratepayers, businesses and interest groups were aware of and had the opportunity to have their say.

Consultation techniques included:

- A dedicated consultation website (www.yoursay.randwick.nsw.gov.au/EnviroLevy2019)
- Ratepayer survey – mailed to every ratepayer in Randwick City
- Telephone survey
- Submissions
- Advertising
- Digital communication
- Information sessions
- Media and publicity
- Outdoor advertising

GM1/19

A high level summary of the results of the consultation is contained in the following table. A full report on the findings is attached to this report.

Consultation activity	Level of support	Summary and notes	Random and representative?	Conducted by
Telephone survey	72%	A random and representative survey of 600 Randwick City residents with +- 4% error margin. Surveys of this type are statistically considered a reliable indicator of community sentiment. (n = 600 respondents)	Yes	Taverner Research
Ratepayer survey	54%	Opt-in survey open to Randwick City ratepayers. (n = 5,823 respondents)	No	WebSurvey
Information sessions	NA	Three sessions held with 15 attendees.	No	Randwick Council
Submissions	40%	Submissions provide the opportunity for interested community members, groups and businesses to provide feedback. (n = 164 submissions)	No	Randwick Council

The results show a strong level of awareness of the proposal to continue the Environmental Levy and based on the detailed comments, respondents show a good level of understanding of the proposed projects, costs and impact to rates.

Generally there is support for the levy continuing. This support amongst the general community is 72% as measured by the telephone survey and 65% amongst ratepayers sampled in the telephone survey. Of those ratepayers who responded to the ratepayer survey, support is at 54%. Support amongst those who lodged submissions is at 40%.

The telephone survey, ratepayer survey and submissions provide three different measures. Opt-in surveys like the ratepayer survey and submissions are representative of those who chose to respond and consequently tend to be more reflective of the views of motivated respondents with stronger views. Randomly conducted and representative surveys, such as telephone surveys, are generally considered a more reliable indicator of typical community sentiment.

Of those respondents who support the levy continuing, approximately half indicated the reason for their support was based upon a philosophical value for supporting the environment. Others said they had seen the benefit of Environmental Levy projects to them personally and the broader community. Other respondents said there was a need to continue the projects to complete essential work such as the Coastal Walkway and Gross Pollutant Traps.

Of those respondents who did not support the levy continuing, the most common reasons were that the levy was too expensive and unfair. Specific groups such as pensioners, sole parents and self-funded retirees said the levy has a negative financial impact on them. Many respondents who opposed the levy said the projects should be accommodated within Council's budget and not subject to a separate levy. There was also mention by some respondents of the Our Community Our Future (OCOF) three-year SRV which commenced on 1 July 2018.

Exhibition of updated Integrated Planning documentation

The Long Term Financial Plan (LTFP) is a dynamic document, which is reviewed and updated twice yearly, with the development of the Operational Plan which includes the budget and the completion of the annual Financial Reports. It is created using a model that draws on information contained within the Council's City Plan, Delivery Program, Financial Statements, current budget and costed short, medium and long term plans. The LTFP is integrated throughout the Asset Management Strategy, the Workforce Plan and ICT Digital Strategy.

In order to meet OLG and IPART submission requirements the LTFP was updated in December 2018 to model the possible financial scenario of a continuing Environmental Levy.

At its meeting of 11 December 2018, the Council resolved to publicly exhibit the updated LTFP as well as the subsequently updated Integrated Planning documentation, including our 20-year Randwick City Plan and the 2018-19 Operational Plan/Delivery Program.

The attached updated LTFP includes modelling for the following three scenarios:

- Option 1 Primary model – Continue Environmental Levy and Program
- Option 2 Discontinue Environmental Levy and Program
- Option 2A Discontinue Environmental Levy and retain operational Program

The update of the 20-year Randwick City Plan and 2018-19 Operational Plan is of a minor nature incorporating financial modelling for a continued Environmental Levy, which does not detract from or change the substance of the original documents previously adopted by the Council on 13 February 2018 and 26 June 2018 respectively.

The updated Integrated Planning documents were made available online and in hardcopy during the exhibition period. No submissions were received.

Expiring current levy and existing special variation

On 30 June 2019, Council’s rate base (maximum rates revenue allowed) will reduce by \$4.45m with the expiration of the current Environmental Levy.

In May 2018, Council received IPART approval for a permanent multi-year SRV, aligned with our 2018-21 Delivery Program and the OCOF package of works and services, including the introduction of a Port Botany Business sub-category and borrowings in Year 1, as shown in the table below.

Year	Approved increase %
Year 1 2018-19	7.64%
Year 2 2019-20	5.52%
Year 3 2020-21	5.52%

Should the Council decide to apply to IPART for a 5-year temporary continuation of the Environmental Levy, the remaining approved increases of 5.52% for both 2019-20 and 2020-21 will still apply.

The SRV application for a continued Environmental Levy will be calculated at 5.90% in the first year 2019-20. This will allow for the levy to be continued, charged at the same rate that it was charged in 2018-19 plus the 2019-20 increase of 5.52%.

The application process to IPART will explicitly show the expiration of the current levy at \$4.45m, that is; reducing Council’s revenue before the 5.90% reintroduction of the Environmental Levy and the already approved 5.52% increase is applied. When these three elements are taken together for IPART application purposes the increase in the first year 2019-20 is 11.42%, as shown on the attached letter of intention.

The IPART submission deadline for SRV applications for 2019-20 is 11 February 2019. Council’s application to IPART will be formalised subject to the resolution of Council. IPART will assess the application allowing for further submissions from the community before advising Council of their decision in mid-May 2019.

The environment as a priority

Over the years, the environment has rated as an important issue to the Randwick community. Every three years since 2005, Council has conducted the ‘Who Cares about the Environment’ survey to gauge the community’s ongoing concern about the environment. Consistently, the most important environmental issue revealed by the Who Cares surveys overtime is pollution of our beaches. This finding was reiterated in our recent consultation about continuing the Environmental Levy with ratepayers ranking ‘improving water quality at the beaches’ as the most important project.

The Sustaining our City Program focuses on fostering sustainable behavioural changes across five key areas:

- Protecting our coastal and marine environment.
- Conserving resources, particularly water and energy consumption, while reducing the amount of waste going to landfill.
- Tackling greenhouse gas emissions, with a focus on sustainable transportation such as cycling, walking and public transport.
- Protecting our biodiversity that provides the natural ecosystem services we rely on for clean air, clean water and clean soil.
- Community engagement and participation in a range of environmental sustainability opportunities for change, such as school and community food gardens and keeping bees and chickens.

Ratepayer considerations

In order to continue to fund the Sustaining Our City program in the familiar manner and format that has been used for the past 15 years, it is proposed that Council continue the Environmental Levy for a further five years as per the Primary Financial Model in the LTFP. A continued levy is not a new levy in the sense that it means increased rates – but simply a continuation of rates already being paid.

On 1 July 2018, Council granted an additional \$75 pensioner rates rebate for eligible pensioners. This was in response to the OCOF SRV approval, relieving the burden for pensioner ratepayers. This additional rebate is fully funded by Council, unlike the \$250 mandatory pensioner concession which is co-funded by the State government. The additional rebate will continue in 2019-20 and thereafter unless otherwise altered by Council.

At the end of each year Council consistently has less than 3% of rates and charges remaining outstanding – this is well below the metropolitan benchmark of 5%. Council has maintained lean rates recovery results over the past decade while instigating comparatively few debt recovery actions via the Courts. This is because Council's policies and practices are embedded to prefer ratepayer communications and payment arrangements over legal action. Council's policies also allow for consideration of financial hardship, no recovery against pensioners and also accrual of rates for pensioners.

The average Environmental Levy will equate to approximately \$85 for Residential ratepayers in 2019-20.

Relationship to City Plan

The relationship with the City Plan is as follows:

Outcome1:	Leadership in Sustainability
Direction 1a2:	Ensure sound long term financial strategies underpin the Council's asset management policies and strategic vision.
Direction1a.3	Review and incorporate the financial strategies, underpinning all short and medium term plans in the Long Term Financial Plan.
Outcome 3:	An Informed and Engaged Community
Direction 3b:	The Community has increased opportunities to participate in decision-making processes.

Financial impact statement

The Primary Financial Model in the LTFP is based on continuing the Environmental Levy for a further five years on a temporary basis. This continuation would incorporate the current SRV approval for OCOF which funds the 2018-21 Delivery Program, providing for continuing operating surpluses, strong growth in capital expenditure and Council meeting all of its financial indicator benchmarks and financial objectives.

Conclusion

The current Environmental Levy will expire by reducing Council's revenue on 30 June 2019.

Council has comprehensively engaged the community about the possible continuation of the Environmental Levy and feedback received indicates strong community support for the Sustaining our City program and its continued Environmental Levy funding path.

Recommendation

That:

- a) Council adopt the updated 10-year Long Term Financial Plan, and the subsequently updated 20-year Randwick City Plan and 2018-19 Operational Plan/Delivery Program;
- b) Council make application to IPART for a temporary continuation of the Environmental Levy for five years from 2019-20 through 2023-24 incorporating the existing special variation approved in May 2018, with the Environmental Levy component calculated at 5.90% in the first year, resulting in a first year increase of 11.42% and a cumulative increase of 19.91% over the next five years, before expiry of the Environmental Levy component on 30 June 2024;
- c) Council endorse the development of a draft budget for 2019-20 based on the Primary Financial Model as outlined in the Long Term Financial Plan;
- d) the General Manger be authorised to make any minor changes as requested by Council; and
- e) as per Section 402(7) of the Local Government Act 1993, the updated 20-year Randwick City Plan will be published to Council's website, and a copy provided to the Departmental Chief Executive via notification to the Minister of the URL link on Council's website.

Attachment/s:

1.   Notice of intent to IPART - to lodge 2019-20 SRV
2.  [Link to the Environmental Levy - Community consultation report](#)
3.  [Link to the Long Term Financial Plan](#)
4.  [Link to the 2018-19 Operational Plan/Delivery Program](#)
5.  [Link to the Randwick City Plan](#)



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Follow us here



Mr Matthew Edgerton
Executive Director Local Government
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Dear Mr Edgerton

Re Notice of intent to submit special variation application

I write to notify of Randwick City Council's intention to apply for a special variation to its general income from the 2019-20 financial year, for the purpose of temporarily continuing an expiring Environmental Levy as follows:

Type:	Permanent s508A (with a temporary component)
Length:	Five (5) years
Start:	1 July 2019
End:	30 June 2024 (with expiration of temporary component)
Cumulative increase:	19.91%

The current Environmental Levy was approved in June 2014 and will expire on 30 June 2019, at which time Council's rate base will be reduced by the indexed amount of \$4,455,954.

The following table summarises our anticipated Section 508A multi-year special variation application, including the temporary replacement of the Environmental Levy and the remaining two years of our existing Section 508A multi-year permanent application, which was approved in May 2018.

Year	Increase %	Increase component
Yr 1 2019-20	11.42%	Temporary replacement of Environmental Levy at 5.9% + Existing s508A approved increase of 5.52%
Yr 2 2020-21	5.52%	Existing s508A approved increase
Yr 3 2021-22	2.5%	Rate-peg
Yr 4 2022-23	2.5%	Rate-peg
Yr 5 2023-24	2.5%	Rate-peg

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At the ordinary meeting of the Council held on 16 October 2018, Randwick City Council resolved to do the following:

- a) *endorse the commencement of community engagement activities aimed to inform and gauge support for an ongoing Environmental Levy; and*
- b) *endorse the lodgement of Randwick City Council's non-binding intention to apply for a special variation from 2019-20 with the IPART on or before the 30 November 2018 deadline.*

Community consultation activities regarding this special variation have already commenced and can be viewed on our website: www.yoursay.randwick.nsw.gov.au/EnviroLevy2019

Contact details for staff in regard to the application are as follows:

Primary contact: Ms Anne Warner
Manager Corporate Improvement
02 9093 6832
anne.warner@randwick.nsw.gov.au

Secondary contact: Ms Cherie Muir
Coordinator Integrated Planning
02 9093 6844
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Council looks forward to working with IPART in relation to our anticipated special variation application.

Regards



Therese Manns
General Manager

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