



## AGENDA

Extra Ordinary Meeting of Council

to be held at

Council Administration Centre

180 Mort Street, Lithgow

on

Tuesday 29 January 2019

at 7:00 pm

# AGENDA

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- 1. Acknowledgement of Country**
- 2. Present**
- 3. Apologies**
- 4. Confirmation of Minutes of the Ordinary Meeting of Council held on 26 November 2018**
- 5. Declaration of Interest**
- 6. Commemorations and Announcements**
- 7. Staff Reports**
  - General Manager's Reports
  - Finance and Assets Reports
- 8. Business of Great Urgency**
- 9. Closed Council**
  - People & Services – Confidential Report – Union Theatre Tender
- 9.99. Closed Council Reopen to Public**
- 10. Meeting Close**

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# ORDER OF BUSINESS

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<b>1.</b>	<b>Acknowledgement of Country</b> .....	<b>2</b>
<b>2.</b>	<b>Present</b> .....	<b>2</b>
<b>3.</b>	<b>Apologies</b> .....	<b>2</b>
<b>4.</b>	<b>Confirmation of Minutes</b> .....	<b>2</b>
<b>5.</b>	<b>Declaration of Interest</b> .....	<b>2</b>
<b>6.</b>	<b>Commemorations and Announcements</b> .....	<b>2</b>
<b>7.</b>	<b>Staff Reports</b> .....	<b>2</b>
<b>7.1.</b>	<b>General Manager's Reports</b> .....	<b>2</b>
7.1.1.	GM - 29/1/19 - September 2020 Council Election .....	4
<b>7.2.</b>	<b>Finance and Assets Reports</b> .....	<b>6</b>
7.2.1.	FIN - 29/1/19 - Special Rate Variation Application .....	6
<b>8.</b>	<b>Business of Great Urgency</b> .....	<b>19</b>
<b>9.</b>	<b>Closed Council</b> .....	<b>20</b>
9.1.	P&S – 29/1/19 - Confidential Report - Union Theatre Tender .....	20
<b>9.99.</b>	<b>Closed Council Reopen to Public</b> .....	<b>21</b>
<b>10.</b>	<b>Meeting Close</b> .....	<b>21</b>

### 7.1.1. GM - 29/1/19 - September 2020 Council Election

Report by General Manager

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## SUMMARY

This report provides for the appointment of the NSW Electoral Commissioner for the conduct of the 2020 election in the Lithgow Local Government Area.

## COMMENTARY

Councils wishing to elect to have the NSW Electoral Commissioner conduct their 2020 local government elections must resolve to do so by 11 March 2019. Those councils must also enter into a contract for the provision of election management services by 11 June 2019.

The NSW Local Government Act 1993 provides:

### **296 How elections are to be administered**

- (1) Elections for the purposes of this Chapter are to be administered by the general manager of the council concerned, except as provided by this section.
- (2) A council can enter into an arrangement (an "**election arrangement**") with the Electoral Commissioner, by contract or otherwise, for the Electoral Commissioner to administer elections of the council as provided by this section. If such an arrangement is entered into, the Electoral Commissioner is to administer elections of the council in accordance with the arrangement.
- (3) An election arrangement for the Electoral Commissioner to administer all elections of a council can be entered into if:
  - (a) the council resolves at least 18 months before the next ordinary election of councillors that such an arrangement is to be entered into, and
  - (b) the arrangement is entered into no later than 15 months before the next ordinary election of councillors.

It is recommended that Council appoint the NSW Electoral Commissioner for the conduct of the 2020 election in the Lithgow Local Government Area.

## POLICY IMPLICATIONS

Nil.

## FINANCIAL IMPLICATIONS

- Budget approved - N/A
- Cost centre - 1059
- Expended to date - N/A
- Future potential impact - TBA

Funds are transferred to the Elections Reserve in each Operational Plan to cover the cost of the 4 yearly Council election.

## **LEGAL AND RISK MANAGEMENT IMPLICATIONS**

The recommendation of this report is consistent with the NSW Local Government Act 1993 and the Office of Local Government model resolution.

## **ATTACHMENTS**

1. OLG Council Circular 18-43 [7.1.1.1]

## **RECOMMENDATION**

THAT Council resolves:

1. pursuant to s. 296(2) and (3) of the Local Government Act 1993 (NSW) ("the Act") that an election arrangement be entered into by contract for the Electoral Commissioner to administer all elections of the Council.
2. pursuant to s. 296(2) and (3) of the Act, as applied and modified by s. 18, that a council poll arrangement be entered into by contract for the Electoral Commissioner to administer all council polls of the Council.
3. pursuant to s. 296(2) and (3) of the Act, as applied and modified by s. 18, that a constitutional referendum arrangement be entered into by contract for the Electoral Commissioner to administer all constitutional referenda of the Council.

## 7.2. Finance and Assets Reports

### 7.2.1. FIN - 29/1/19 - Special Rate Variation Application

REPORT BY: CFIO

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## REFERENCE

Min 17-151	Extra Ordinary Meeting of Council 15 May 2017
Min 17-194	Ordinary Meeting of Council 26 June 2017
Min 18-96	Ordinary Meeting of Council 23 April 2018
Min 18-165	Ordinary Meeting of Council 25 June 2018
Min 18-227	Ordinary Meeting of Council 27 August 2018
Min 18-254	Ordinary Meeting of Council 24 September 2018
Min 18-262	Ordinary Meeting of Council 24 September 2018
Min 18-352	Ordinary Meeting of Council 26 November 2018

## SUMMARY

This report seeks endorsement for Council to submit an application to IPART for a permanent one-off 9% (plus the annual rate peg) Special Rate Variation from 2019/20 as follows:

*Maintain the current SRV + rate peg + one-off (permanent) 4.23% SRV*

Council proposes to apply to retain the current SRV of 4.77% which expires on 30 June 2019. Council also plans to request an additional one-off SRV of 4.23%. The total SRV application will be for a 9% increase in rates revenue (i.e. the current 4.77% SRV plus a new 4.23% SRV). The 2.7% rate peg will also be added. In the 2019/20 year this will be a total of 11.7% above the general base rate. The impact on ratepayers will be a new 4.23% SRV plus the rate peg. The projected total SRV income (from maintaining the current SRV plus adding the new SRV) is estimated at \$1.178 million for the 2019/20 year.

## COMMENTARY

The proposed Special Rate Variation is an important step to help maintain and manage our current assets to ensure that we deliver services in line with community expectations and are financially sustainable into the future.

Like many other NSW Councils, our roads, footpaths, buildings, drainage and other community assets are ageing and need to be renewed or upgraded. We know that our community places a high value on these assets, in particular our road network. Our assets in their current state are continually deteriorating and need costly maintenance. To improve our public assets we need to spend more money on maintaining and renewing these assets to ensure that they meet the needs of our community. The additional expenditure will also enable Council to meet the OLG asset renewal and maintenance benchmarks over the term of the Long Term Financial Plan (LTFP).

As Council is aware, in 2014 the NSW State Government initiated its 'Fit for the Future' (FFTF) local government reform program that required all NSW councils to submit a proposal demonstrating plans to achieve long term financial sustainability and meet seven asset and financial performance benchmarks.

As a part of our 'Fit for the Future' process we reviewed the condition of our assets and detailed long term financial modelling. We currently spend around \$19 million on the maintenance and renewal of community assets each year; however, we have a funding gap and need to invest an additional \$1.1 million per year. This additional investment will ensure that the number of assets in poor condition does not continue to grow.

On 6 December 2016, Council received a 'Notice of intention' to issue a Performance Improvement Order to Lithgow City Council under Section 438A of the Local Government Act 1993 from the, then Minister for Local Government, the Hon. Paul Toole, MP. The Minister identified a number of reasons for issuing the Notice including:

- Failure by Council to follow the principles of sound financial management with respect to ensuring that Council's forecast spending is responsible, sustainable, aligning general revenue and expenses.
- Reporting of annual deficits in the financial statements over the past five financial years.
- Consistently forecasted deficits in Council's Long Term Financial Plan (LTFP) for the next ten years until 2024-25.
- Council's FFTF reassessment proposal forecast to meet the financial sustainability criteria relied heavily on two proposed SRV's.
- Council did not have a documented strategy to meet its forecast operating performance ratio to ensure its long term financial sustainability did not include a SRV.
- Council did not provide substantive evidence of strategies implemented since the IPART review to move Council towards long term financial sustainability.
- The financial sustainability ratios forecast in Council's FFTF reassessment submission (General Fund) did not align with the ratios forecast in Council's LTFP (Consolidated Fund).

In response, Council engaged the services of specialist consultants, Morrison Low to develop a Performance Improvement Plan that would position Council for a sustainable future by:

- Reviewing and developing Council's LTFP to incorporate a Fit for the Future Improvement Plan and strategies.
- Reviewing Council's Asset Management Plan and Financial Statements Assets Special Schedule 7.
- Preparing a Financial Management Maturity Assessment to understand Council's Financial Management Maturity Status and developing an Improvement Plan with specific priority actions.

The improvements work was completed as part of Council's Integrated Planning and Reporting Framework (IPR) and the actions identified support the following objective in the Community Strategic Plan 2030:

- GL2 – Moving towards a sustainable Council.

Strategies identified in the Fit for the Future Improvement Plan are included in Council's Supplementary 2018/19 Operational Plan. In addition to this the following actions have commenced to improve service delivery, cut costs and reduce reliance on rates revenue:

- Implementation of a range of initiatives to generate operational efficiencies and achieve cost savings / additional revenue.
- Review of the 2018/19 fees and charges to optimise revenue by covering costs.
- Service reviews to determine affordable levels of service (commenced in 2018/19).
- Implementation of asset management and financial management improvement plans.
- Applications for grants and seeking corporate sponsorship.

The 2017-2027 LTFP developed by Morrison Low identified the need for a new permanent SRV to commence upon the expiry of the existing SRV on 1 July 2019 (2017 LTFP Scenario 3). The 2019-2029 LTFP Scenario 3 reiterated the need for a continuing SRV.

Morrison Low identified a range of options for long-term sustainability and developed three LTFP scenarios. The scenarios modelled in both the 2017-2027 and 2019-2029 Long Term Financial Plans were:

### **Scenario 1 – Base case**

The base case represents the continuation of 'as is' without applying a range of improvement strategies and without the addition of extra asset renewal expenditure to ensure the FFTF asset

ratios are achieved. This includes the loss of revenue when the existing SRV for an infrastructure levy ceases in 2019. In the Base Case scenario, Council does not meet the key financial sustainability measure of a balanced operating performance ratio nor does it meet the asset performance benchmarks.

**Scenario 2 – Base case with improvements**

This takes the base case and adjusts the financial projections based on a number of improvement opportunities that have been identified. With the improvements proposed, Council is able to meet the operating performance ratio for the consolidated entity under this scenario but does not have sufficient funds for asset renewal nor to clear the infrastructure backlog. This means that Council is not ‘Fit for the Future’ in Scenario 2.

**Scenario 3 – Sustainable assets**

Scenario 3 takes the revised financial projections in Scenario 2 but also includes a new SRV of 9% in 2019/20. This represents the continuation of the existing 4.77% SRV (Infrastructure Levy) when it ceases, on the assumption that a new permanent SRV of the same amount will be applied for and approved commencing in 2019/20. It also includes an additional 4.23% above the current rates charged to residents to provide extra financial capacity so that Council is able to meet all financial sustainability benchmarks. Scenario 3 also includes significant, additional, asset renewal expenditure over ten years to ensure that the asset benchmarks are met over the term of the LTFP. Scenario 3 enables Council to become financially sustainable.

**Alternative to a Special Rate Variation**

The only alternative to a SRV application is to make further cuts to services to deliver a balanced operating result (before capital), consistent with ‘Fit for the Future’ requirements. The improvements included in LTFP Scenario 2 would proceed as planned. Council would need to reallocate revenue from service delivery to asset renewal / maintenance to meet the ‘Fit for the Future’ asset benchmarks.

**Proposed Increase in Funding**

The table below shows the current amount of funding allocated each year, towards renewal and maintenance work across key asset types, as well as recommendations for increases to improve their condition.

Asset Type	Current Maintenance & Renewal Budget (\$'000 p.a.)	Proposed increase in Investment (\$'000 p.a.)	Proposed Total Investment (\$'000 p.a.)	Proposed % increase in investment
Transport	4,188	725	4,913	17%
Stormwater Drainage	107	100	207	93%
Buildings	831	250	1,051	26%

**Impact on Rates**

The impact of each of the Special Rate Variation options on average rates is shown in the tables below.

Scenario 1 – Current SRV expires + rate peg: on 1 July 2019, the current 4.77% SRV expires. The 2.7% rate peg would be added to the lower rate base. The projected loss of rates revenue due to the expiry of the current SRV is estimated at \$624,000 for the 2019/20 year.

Scenario 2– Maintain the current SRV + rate peg + one-off (permanent) 4.23% SRV: Council proposes to apply to retain the current SRV of 4.77%. Council also plans to request an additional one-off SRV of 4.23%. The total SRV application will be for a 9% increase in rates revenue (i.e. the current 4.77% SRV plus a new 4.23% SRV). The 2.7% rate peg will also be added. The impact on ratepayers will be a new 4.23% SRV plus the rate peg. The projected total SRV income (from maintaining the current SRV plus adding the new SRV) is estimated at \$1.178 million for the 2019/20 year.



Impact on average rate	Average Rate	Average	Variance \$	Variance \$
	2018/19 \$	2019/20 \$	per annum	per week
<b>Residential Rates</b>				
Scenario 1	763	747	-16	
Scenario 2	763	815	52	1
<b>Business Rates</b>				
Scenario 1	3,950.00	3,868.00	-82	
Scenario 2	3,950.00	4,225.00	275	5.29
<b>Farmland Rates</b>				
Scenario 1	1,439.00	1,410.00	-29	
Scenario 2	1,439.00	1,539.00	100	1.92
<b>Mining Rates</b>				
Scenario 1	160,461.00	157,139.00	-3,322.00	
Scenario 2	160,461.00	171,581.00	11,120.00	213.85

**Resolutions to Date**

The 2017-2027 Long Term Financial Plan developed by Morrison Low was adopted for exhibition (Minute No. 17-194) as part of Council’s Integrated Planning and Reporting Framework at the Extra Ordinary Meeting held on 15 May 2017. On page 10 of the report to Council it was noted that:

*“The Long Term Financial Plan indicates that in order for Council to remain sustainable, it will be necessary to seek a Special Rate Variation (SRV) following cessation of the current SRV in 2019.”*

The 2017-2027 Long Term Financial Plan developed by Morrison Low identified the need for a new permanent SRV to commence upon the expiry of the existing SRV on 1 July 2019 (2017 LTFP Scenario 3). The 2019-2029 LTFP Scenario 3 reiterated the need for a continuing SRV.

At the 23 April 2018 meeting, Council resolved (Minute No. 18-96) to

- (3) Council confirm Long Term Financial Plan Scenario 3 as its preferred option for financial sustainability and notify the Independent Pricing and Regulatory Authority (IPART) of its intention to prepare an Application for a Special Variation based on the table below:

SRV Information	Proposed Application
Type of Special Rate Variation	Application under Section 508(2) of the NSW Local Government Act – being an increase in a single year.
Percentage increase	9% in 2019/20 (to replace the expiring 4.77% SRV in 2019/20).
Permanent or temporary increase	A permanent increase which is retained within the rate base.
Purpose of the Special Rate Variation	Primary purposes (based on IPART categories): <ul style="list-style-type: none"> <li>• Improvements in financial sustainability; and</li> <li>• Reductions in backlogs for asset maintenance and renewal.</li> </ul>

- (4) Council staff prepares an Application for a Special Rate Variation and submit the draft application for endorsement prior to the 2018/19 SRV deadline.

On the 26 November 2018 meeting, Council considered a report to notify IPART of its intention to apply for a Special Rate Variation and resolved (Minute No. 18-352)

THAT

1. Council notify the NSW Independent Regulatory and Pricing Tribunal of its intention to lodge an application under Section 508(2) of the NSW Local Government Act for a permanent 9% increase in 2019/20 (to replace the expiring 4.77% Special Rate Variation in 2019/20) for the primary purposes (based on IPART categories) of:
  - a. Improvements in financial sustainability; and
  - b. Reduction in backlogs for asset maintenance and renewal.
2. The following documents be placed on public exhibition for a minimum of 28 days. This will include the following documents:
  - a. Supplementary combined Delivery Program 2017– 2021 and Operational Plan 2018/19.
  - b. 2019-2029 Long Term Financial Plan
  - c. Supplementary 2017-2021 Workforce Plan
  - d. 2019-2029 Strategic Asset Management Plan
3. The closing date for submissions is Friday 11 January 2019.

### **Community Engagement**

The Lithgow City Council Community Engagement Strategy “Special Rate Variation Proposal 2019/20 – Community Engagement Strategy” was endorsed by Council at its meeting held on 24 September 2018. However Council commenced engaging with the community in April 2018 as part of the exhibition of the draft 2018/19 Operational Plan. The SRV proposal has been included in the Council’s IP&R documents since the 2017-2027 LTFP was placed on public exhibition in May 2017.

As part of its consultation program Council has incorporated the consultation elements identified in the IPART Guidelines for appropriate community engagement platforms within Council’s resourcing capacity. The aims of the Community Engagement Strategy are to:

- Seek to gain an understanding of the community’s satisfaction with Council Assets and what the community believes are the asset funding priorities for the future;
- Seek the community’s views on Councils current and future service level priorities and levels;
- Seek the community’s support or otherwise for the proposed Special Rate Variation:
  1. Support for reduced service levels/No increase to rates above rate peg.
  2. Support for improved service levels/ increased rates.

Since April 2018 Council has engaged with the local community on a number of levels including:

#### Reports to Council –

- 15 May 2017 – Draft Integrated Planning and Reporting Framework (Minute No. 17-151)
- 26 June 2017 – Integrated Planning and Reporting Framework (Minute No. 17-194)
- 23 April 2018 – Combined Delivery Program 2017-21 and Draft Operational Plan 2018/19. (Minute No. 18-96)
- 25 June 2018 – Combined Delivery Program 2017-21 & Operational Plan 2018-19 (Minute No. 18-165)
- 27 August 2018 – Asset Management Study Results (Minute No. 18-227)
- 24 September 2018 – Special Rate Variation Community Engagement Strategy (Minute No. 18-262)

- 24 September 2018 – Extra Ordinary Meeting of Council – Tuesday 29 January 2019 (Minute No. 18-254)
- 26 November 2018 – Special Rate Variation Notice of Intention to IPART (Minute No. 18-352)
- 29 January 2019 – Special Rate Variation Application to IPART

Agendas for Council meetings are posted on Council’s website [www.council.lithgow.com](http://www.council.lithgow.com) on the Thursday prior to the meeting. They are also promoted on Council’s facebook page when they are posted on the website for interested members of the community. Members of the community may register to speak to an item on the agenda by 12 noon on the day of the Council meeting. There were no requests to speak to any of the reports listed above during the period 17 May 2017 – 26 November 2018.

Three of the community submissions received for the Draft 2018/19 Operational Plan (reported to Council on 25 June 2018) were in response to the proposed Special Rate Variation. The submissions (which were included as attachments to the report) were summarised and recorded in the council report with an officer’s response for the information of council. A written response was provided to the community members following the Council meeting.

<b>Summary of written submissions – Special Rate Variation</b>	
<b>Summary of Community Submission</b>	<b>Officers Response</b>
<i>“The rate rise of 9% is exorbitant and something the people of Lithgow cannot afford”.</i>	The submission is noted. The 9% Special Rate Variation (SRV) application will include permanent retention of the existing 4.77% SRV. The proposed actual increase on 2018/19 rates will be 4.23%.
<i>“I am a single person with a mortgage and I don’t want another rate increase when we just had one last year...My neighbour is an elderly person who owns her home and lives on a single pension. I see her struggle and she doesn’t have any spare money to fix things around her home or pay someone to mow her lawns. This rate increase will have a significant impact on pensioners”.</i>	The submission is noted. Under the Local Government Act 1993, eligible pensioners are provided concessions on their ordinary rates and domestic waste management services charge. The cost of providing these concessions is shared between the State Government (55%) and local councils (45%).
<i>“Cost cutting is not considered. Reliance on rate increases is always the answer and too easily relied upon... You’ve missed making it possible for all members of the community to voice their concerns regarding a SRV. You’ve also missed considering the situations of the majority of your community members and their ability to absorb this increase, and so many other increases in costs that barely enable a very basic living standard. You’ve missed reference to the cost to our community of the termination of our previous general manager, before consulting anyone as to the pitfalls. You’ve missed transparency as to those members of the community that are being surveyed regarding Draft Plans.”</i>	The submission is noted. The 2017-2027 Long Term Financial Plan identified a range of measures to generate long-term operational efficiencies estimated at <u>\$2.5M</u> by the end of 2019/20. The efficiencies currently being implemented include a service review program and a review of a range of governance practices and procedures. As an outcome, the Council will deliver services based on thorough analysis of the long term demand, need and type of facilities that meet the community’s requirements and which are affordable within the means of Council. The Council will use an appropriate variety of engagement methods to ensure community awareness and input into the Special Rate Variation process.

Community Submissions to Council during exhibition period 27 November 2018 – 11 January 2019

On 26 November 2018, Council resolved to notify IPART of its intent to apply for a Special Rate Variation. As part of this process, the following documents which form the Integrated Planning and Reporting Framework were adopted for exhibition:

- Supplementary Combined 2017-21 Delivery Program and 2018/19 Operational Plan
- Supplementary 2017-21 Workforce Plan
- Long Term Financial Plan 2019-29
- Strategic Asset Management Plan 2019-29

Submissions on the Special Rate Variation closed on 11 January 2019. 28 submissions were received during the exhibition period with 3 submissions being received after the cut-off date of

11 January (submissions received after 11 January are not included in this report). Of the 28 Submissions received by close of exhibition on 11 January

- 20 stated that they did not support the Special Rate Variation
- 2 stated that they either supported or were “mildly supportive” of the Special Rate Variation.

Due to the large volume of comments/issues raised, a summarised matrix of the submissions is included as Attachment 3 and copies of the submissions is Attachment 4 of this report for Council consideration. The matrix was broken up into four parts:

- Summary of submissions received against the Proposed SRV
- Summary of submissions received – General Matters Raised
- Summary of submissions received ‘in support of’ the Proposed SRV
- Summary of submissions received which offer an alternative to the Proposed Special Rate Variation.

All correspondents were responded to during the process, acknowledging receipt of submissions and informing them of the date of the Council meeting so they could attend if they wished. In addition, following the Council meeting, they will receive a letter detailing of the outcome of their submissions and the informing them of next steps in the process.

It is interesting to note that of the 28 submissions received, most provided a list of requests for services/issues/complaints that they felt were needed to be addressed in the Lithgow LGA.

#### Media releases

Media releases are distributed to local and regional media, posted on Council’s website, Have Your Say website, and social media pages and distributed via Council’s subscriber eNewsletters.

- Proposed Special Rate Variation – Telephone Survey Results 21 Dec 2018
- Special Rate Variation – The Process 17 Dec 2018
- Council’s proposed works program for 2019/20 revealed 13 Dec 2018
- What would the proposed Special Rate Variation be used for? 12 Dec 2018
- Have Your Say – Special Rate Variation Telephone Survey 10 Dec 2018
- The Proposed Special Rate Variation – Has Council considered the community’s capacity to pay? 7 Dec 2018
- What Do You Get For Your Rates Dollar? 27 Sep 2018
- Investing in our future 28 Jun 2018
- If you look after the pennies, the dollars will look after themselves 1 May 2018
- Have your say on the future of the Lithgow LGA 24 Apr 2018

#### Videos

- Video by the then Mayor, Clr Stephen Lesslie introducing the Draft 2018/19 Operational Plan and providing an overview of the proposal to apply for a special rate variation (this received 117 views). [www.youtube.com/watch?v=VNzZzCTLjKk](http://www.youtube.com/watch?v=VNzZzCTLjKk)
- Video by the Chief Finance and Information Officer providing an overview of Council’s financial position including actions taken to achieve long term financial sustainability and the proposal to apply for a special rate variation (this received 30 views) <https://www.youtube.com/watch?v=nMIh5f0LXsc>

#### Fact Sheets

- Proposed Transport, Stormwater Drainage & Buildings Program for 2019/20 (Draft for Consultation)
- Budgeting for our future

- Lithgow at a glance
- Special Rate Variation Fact Sheet
- How will this affect my rates
- IPART – 2019/20 Rate Peg Determination

Drop in Session in Cook Street, Plaza was held on Thursday 3 May for residents to ask questions of Senior Staff and Councillors on the Draft Operational Plan and the proposed Special Rate Variation.

Mail out to ratepayers

A letter from the Mayor was distributed via the mailing house used to distribute Council’s Rate Notices to ratepayers. 9,867 letters were distributed and 63 were returned to sender. Council has 11,342 ratepayers (see break-up in table below). Of the 1,475 ratepayers who did not receive a copy of the letter from the Mayor, a percentage receive their rate notices electronically and a number have multiple properties, in order to reduce costs multiple property owners received only 1 letter (not one for each property).

Number of assessments as at 30 June 2018			
Residential	Farmland	Business	Mining
9,560	1,279	490	13

eNewsletters

Inclusion of media releases and call to action to visit the Have Your Say Website in Council’s eNewsletters:

- Council Connections weekly eNewsletter – September - January (239 subscribers)
- Have Your Say monthly eNewsletter – September - January (368 subscribers)
- Lithgow Business & Tourism Matters monthly eNewsletter in November (1500 subscribers)

Have Your Say website – [www.haveyoursay.lithgow.com/srv/](http://www.haveyoursay.lithgow.com/srv/) (837 page views)

- Documents Library (87 page views)
- Fact Sheets (59 page views)
- Survey (160 completed surveys)
- Rates Calculator (245 page views)
- Proposed program of works for 2019/20 (54 downloads)

Two telephone surveys undertaken by Micromex Consulting

July 2018, Asset Management Study previously reported to Council on 27 August 2018 (Minute No. 18-227).

The Study was undertaken to identify and inform council’s long-term management/resourcing strategies for the assets of the LGA. (Attachment 5) as identified in Council’s “Special Rate Variation Proposal 2019/20 – Community Engagement Strategy”

*“Seek to gain an understanding of the community’s satisfaction with Council assets and what the community believes are the asset funding priorities for the future.”*

Specifically the research quantitatively explored:

- Relative priority and satisfaction of key community assets.
- The level of investment residents believe should be dedicated to different community assets, both before and after receiving an information pack.
- Understanding support for Council’s funding position in regards to key asset areas.
- Identifying any community endorsed revenue options for Council to explore in order to address funding requirements.

This Asset Management Study consisted of a three stage methodology:

- Stage 1: Initial recruitment of 631 Lithgow LGA residents selected by means of a computer based random selection process using Sample Pages, collection of several 'pre' measures.
- Stage 2: Mail-out by Council of an information pack explaining the various asset management options.
- Stage 3: Recontact telephone interviews with 401 of the initial 631, collection of numerous 'post' measures.

#### Summary of Results

- Overall satisfaction with the performance of Council (pre-info pack): 66% at least somewhat satisfied
- Overall satisfaction with the performance of Council (post-info pack ): 76% at least somewhat satisfied
- Satisfaction with the quality of community assets: 80% at least somewhat satisfied
- Satisfaction with the community consultation: 91% at least somewhat satisfied

The level of investment that residents believe Council should be dedicating to 6 of the 10 community assets significantly differed after reading the information pack. Residents were significantly more likely to state that there should be more investment in the recontact survey for 'stormwater drainage', 'rural roads – unsealed' and 'bridges', but significantly less likely to state there should be more investment in the 'water network', 'footpaths' and 'playgrounds and parks'.

Overall residents are supportive of investment increasing for all 3 types of services/facilities, though support was highest for 'transport', with 91% of residents being at least 'somewhat supportive

92% of residents would support Council identifying additional organisational improvements that result in efficiencies, and 80% would support selling off community assets.

52% of residents already accept that they need to pay directly (via rates: 31%) or indirectly (via service charges and fees: 38%) to allow council to meet these funding requirements in order to improve the quality of community assets.

Community expectation is that Council will continue to deliver a broad range of services including:

- parks, sports grounds, playgrounds and community halls;
- libraries, arts and culture;
- community development services for children, youth, older people, people living with a disability and Aboriginal and Torres Strait Islander People;
- public and environmental health;
- environmental sustainability projects and invasive species management;
- transport services including roads, footpaths, car parks, road safety and traffic facilities;
- business development, events and tourism;
- development services, such as development applications and certification;
- land use and natural environmental planning;
- stormwater and flood management;
- emergency management;
- community and council strategic planning;
- executive, communication and support service

The cost of providing all of these services raises challenges around service delivery and the potential opportunity cost of the delivery of those services.

The surveys above show that the community expectation is for Council to be "responsive to community needs" however, 92% of residents would support Council identifying additional organisational improvements that result in efficiencies, and 80% would support selling off community assets. Balancing community expectation and demand whilst delivering organisational improvement and efficiencies is a challenge for Council.

52% of residents already accept that they need to pay directly (via rates: 31%) or indirectly (via service charges and fees: 38%) to allow council to meet these funding requirements in order to improve the quality of community assets.

#### Special Rate Variation Telephone Survey 10-14 December 2018

Micromex consulting undertook a random, telephone survey (between 10 – 14 December) of a representative sample of the community (see attachment 6). 401 respondents who were selected by means of a computer based random selection process using the electronic White Pages and SamplePages .

The Special Rate Variation Survey (telephone and online) were identified in Council's "Special Rate Variation Proposal 2019/20 – Community Engagement Strategy"

*"Seek the community's support or otherwise for the proposed Special Rate Variation:*

- 1. Support for reduced service levels/No increase to rates above rate peg.*
- 2. Support for improve service levels/increased rates.*

A report of the survey results is included as attachment 6 of this report however, in summary:

- Prior to contact 62% of residents were already aware of the proposed SRV – 57% become aware via the Council mail out (letter from the Mayor).
- 58% of residents were at least somewhat supportive of Option 2 (Maintain the Current SRV + Rate Peg + One-off (permanent) 4.23% SRV) compared to 52% who were at least somewhat supportive of Option 1 (Current SRV Expires + Rate Peg)
- Residents were split with regards to their preferred option, with 50% selecting Option 1 (Current SRV Expires + Rate Peg) and 50% selecting Option 2 (Maintain the Current SRV + Rate Peg + One-off (permanent) 4.23% SRV) as their first preference
- Primary reasons residents selected Option 1 included: 'Council are ineffective/I do not trust they will spend any extra money effectively' (19%), 'I cannot afford a rate increase/I am a pensioner' (12%) and Option 1 'is the most affordable option' (8%)
- Primary reasons for selecting Option 2 included: 'I am supportive of services/facilities/infrastructure being kept up to standard/improved' (29%), 'we cannot afford to have services/facilities/ infrastructure further deteriorate' (7%) and 'it is evident the City needs additional funding' (5%)

#### Special Rate Variation Online Survey 14 December 2018 – 11 January 2019

Following completion of the telephone survey on 14 December, an online version of the survey was made available on [www.haveyoursay.lithgow.com](http://www.haveyoursay.lithgow.com). The survey provided an opportunity for ratepayers who do not live in the Lithgow local government area and members of the community who weren't contact by telephone to complete the survey. 160 rate payers completed the survey (see attachment 7). 85% (136) of respondents chose Option 1 – Current SRV expires + rate peg as their 1<sup>st</sup> preference with 15% (24) of respondents choosing options 2 – Maintain the current SRV + Rate peg + one off (permanent) 4.23% SRV). When asked:

- *How supportive are you of Council proceeding with Option 1?* Of the 160 respondents 97 were somewhat – very supportive and 63 were not very – not at all supportive.
- *How supportive are you of Council proceeding with Option 2?* Of the 160 respondents 24 were somewhat – very supportive and 147 were very – not very – not at all supportive.

The survey results should be read in context with 8. Special Rate Variation - Reasons for Choosing option 1 or 2 as your highest preference report ((Q3b of online survey (see attachment 8)). The comments/reasons in this document are verbatim from the complete excel report provided by Micromex Consulting. However, the information has been collated into several key areas:

- In support of the proposed Special Rate Variation
- General comments
- Council's financial and management capabilities
- Employment for the Local Government Area
- Employee costs

- Local economy
- CBD Revitalisation
- Pension/low income earners
- Cost of rates
- Consultation
- Transport facilities.

#### Community Reference Panel for Service Priorities

During September/October Council invited interested members of the community to participate in a Community Reference Panel to assist in the identification of Service Priorities which was undertaken by Martin Bass from Local Government NSW. 15 community members from a broad cross-section of the local government area committed to attending three meetings over a 6 week period at the Lithgow Council Chambers (11 & 25 September and 9 October).

In addition to a general media release calling for interested members of the community to participate, invitations were sent out to the mailing list compiled from the 631 residents who had participated in the initial recruitment survey for the Asset Management Study telephone survey undertaken by Micromex Consulting in July.

The Service Priorities Community Reference Panel was identified in Council's "Special Rate Variation Proposal 2019/20 – Community Engagement Strategy" to:

*"Seek the community's views on Councils current and future service level priorities and levels"*

Although the Community Reference Panel (CRP) was convened to discuss Service Priorities, it became apparent that members of the panel also, wished to discuss the proposed special rate variation. The CRP provided Council with an opportunity to educate the community on the issues faced by Council and the need for a SRV. At the final meeting, time was allocated to allow the members of the CRP an opportunity, to:

- provide feedback on the application of a Special Rate Variation – Yes or No.
- Discuss – reasons for / against a Special Rate Variation.

A poll around the room provided a general consensus with the need for an SRV. The CRP members reasons for supporting the SRV are as follows:

- As a ratepayer with multiple properties I say no. BUT, if I can see where my money is going, I don't care as long as it's going to the benefit of the town.
- Yes, it's not a lot of money. If spent properly and we get 'bang for our buck' that's fine. I feel there should be a Works Committee for rural roads made up of rural ratepayers of the community from all rural areas that come together to discuss rural road issues.
- Yes, as a ratepayer I'd be happy if I could see where it's going.
- Yes, rates are cheaper here than in other Council areas in real terms and we will see good development happen.
- Yes for worthwhile projects that benefit the community.
- Yes, happy to retain current SRV (4.77%) UNTIL Council can show their improvements – best practice. There will be rural push back if people can't see it in their areas.
- Yes, in principle, although I'd love to see the projects for this with or without the SRV.
- Wavering – I think there will be resistance. Some people in the community will have difficulty understanding the concept of what they will be getting. Understanding how is that increase going to serve the bigger picture.
- Yes, one of the issues in that we need to understand what work is done. We need to be clear about what's happening.
- Yes, its been pointed out, its less than a cup of coffee.
- Yes, its need to be able to get things done.

#### Social Media



Monitoring of social media and responding to community questions/comments. – All of Council’s media releases are placed on the Lithgow Council Facebook page. The information was shared to other local social media and personal Facebook pages ensuring the message received a wider coverage of the community. Where possible, Council monitored public comment and responded to the communities comments/questions through Council’s Facebook page, media releases and fact sheets.

Community Enquiries

Council staff in the Administration Centre (Customer Service) and Lithgow, Wallerawang and Portland Libraries were provided with training to assist residents with questions regarding the proposal for an SRV and accessing the Rates Calculator.

During the exhibition period (27 November – 11 January) Staff in Council’s Customer Service Centre reported that they experienced a steady volume of calls/visits from members of the community who required clarification on the proposal or to identify the impact of the proposed SRV on their rates.

In December, once the letter from the Mayor to ratepayers was received by the community, it is estimated that approximately 20 calls/counter enquiries were experienced per day for the first week, then it slowed to around 10 per day for the second week and then 5 or less per day in the lead-up to Christmas. Enquiries mainly consisted of:

- people wanting to know what the SRV was about;
- why council was looking for more money when they already pay so much in rates; and
- why roads aren’t being fixed.

**Next Steps**

<b>Timeline</b>	<b>Action</b>
29 January 2019	Council resolution to proceed with making application to IPART for special rate variation (specifying percentage increase to rates) and adoption of updated supporting Integrated Planning and Reporting documents.
11 February 2019	Deadline for special rate variation application to be submitted to IPART.
29 April 2019	Council places Draft Combined Delivery Program 2017-2021 and Operational Plan 2019-2020 on public exhibition (showing impact of no special rate variation and special rate variation if approved).
14 May 2019	IPART announces determinations for special rate variations
24 June 2019	Council adopts Combined Delivery Program 2017-2021 and Operational Plan 2019-2020.

**POLICY IMPLICATIONS**

Nil.

**FINANCIAL IMPLICATIONS**

Community Survey  
 Budget approved - \$66,000  
 Cost centre - 600076  
 Expended to date - \$61,533.64  
 Future potential impact - Nil

Service Review  
 Budget approved - \$133,024  
 Cost centre - 700048

Expended to date - \$54, 437.94

Commitments (Service Review Coordinator) - \$26,869.99

Commitments (Community Reference Panel – Service Priorities) - \$27,567.95

Future potential impact - Nil

## **LEGAL AND RISK MANAGEMENT IMPLICATIONS**

The proposed Special Rate Variation will assist Council with managing financial sustainability risks.

## **ATTACHMENTS**

1. Application form Part B – Special Variation 2019-20
2. Application form Part A – Special Variation 2019-20
3. Summary of community submissions received between 27 November 2018 – 11 January 2019
4. Community submissions received between 27 November 2018 – 11 January 2019
5. Asset Management Study Report
6. Special Rate Variation – Telephone Survey Report
7. Special Rate Variation – Online Survey –
8. Special Rate Variation - Reasons for Choosing option 1 or 2 as your highest preference Report (Q3b of online survey)

## **RECOMMENDATION**

### **THAT Council:**

1. Acknowledge the feedback received from the community during the community engagement and public exhibition process and provide this to the NSW Independent Regulatory and Pricing Tribunal (IPART) as part of the Special Rate Variation application by Lithgow City Council.
2. Adopt the following Integrated Planning and Reporting Framework documents that include the permanent Special Rate Variation Scenario - Maintain the current SRV + rate peg + one-off (permanent) 4.23% SRV:
  - a. Supplementary Combined 2017-21 Delivery Program and 2018/19 Operational Plan
  - b. Supplementary 2017-21 Workforce Plan
  - c. 2019-2029 Long Term Financial Plan
  - d. 2019-2019 Asset Management Strategy
3. Make application to the NSW Independent Regulatory and Independent Pricing Tribunal for the Scenario - Maintain the current SRV + rate peg + one-off (permanent) 4.23% SRV under section 508 (2) of the NSW Local Government Act – being an increase in a single year commencing in 2019/20 for the specific purposes of:
  - a. Maintaining existing services
  - b. Enhancing financial sustainability
  - c. Infrastructure maintenance/renewal
  - d. Reduce infrastructure backlogs.

## **8. Business of Great Urgency**

In accordance with Clause 241 of the Local Government Act (General) Regulations 2005 business may be transacted at a meeting of Council even though due notice of the business has not been given to the Councillors. However, this can happen only if:

- a) A motion is passed to have the business transacted at the meeting; and
- b) The business proposed to be brought forward is ruled by the Chairperson to be of great urgency.

## **9. Closed Council**

### **9.1. Confidential Report - Union Theatre Tender**

#### **Reason for Confidentiality**

This report is **CONFIDENTIAL** in accordance with Section 10A (2) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to the following: -

- (d) commercial information of a confidential nature that would, if disclosed
  - (i) prejudice the commercial position of the person who supplied it, or
  - (ii) confer a commercial advantage on a competitor of the council, or
  - (iii) reveal a trade secret,

#### **REFERENCE**

Nil

#### **SUMMARY**

This report seeks a determination from Council to award Tender 05/18 for Union Theatre Construction works.

#### **RECOMMENDATION**

**THAT** Council consider the information in relation to the tender pertaining to the Union Theatre in Confidential Council in accordance with section 10A (2) of the Local Government Act 1993

**9.99. Closed Council Reopen to Public**

**10. Meeting Close**

