

NOTICE OF EXTRAORDINARY MEETING

Notice is hereby given that a meeting of

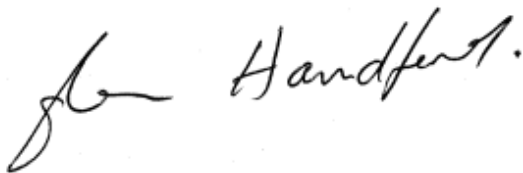
MidCoastCouncil

Will be held at the Forster Administration Centre, 4 Breese Parade, Forster

10 MAY 2017 AT 2.00PM

The order of the business will be as detailed below (subject to variation by Council)

1. Acknowledgement of Country
2. Declaration of Pecuniary or Conflicts of Interest (nature of Interest to be Disclosed)
3. Apologies
4. Matters for Information
5. Close of Meeting



Glenn Handford
INTERIM GENERAL MANAGER

TABLE OF CONTENTS

DIRECTOR CORPORATE & BUSINESS SYSTEMS..... 1

1 MIDCOAST COUNCIL DRAFT OPERATIONAL PLAN FOR 2017-2018..... 1

DIRECTOR CORPORATE & BUSINESS SYSTEMS

1 MIDCOAST COUNCIL DRAFT OPERATIONAL PLAN FOR 2017-2018

Report Author Lynn Duffy, Corporate Strategy Coordinator

File No. / ECM Index Operational Plan 2017-2018 - MidCoast Council

Date of Meeting 10 May 2017

SUMMARY OF REPORT

Under the Integrated Planning & Reporting (IP&R) Framework all Councils are required to prepare a Delivery Program and Operational Plan. Councils that merged in May 2016 are only required to have a 1-year Operational Plan pending the election of a new Council. The Delivery Program requirement is fulfilled by the Delivery Programs of the former Councils (including any adopted addendums). A new Delivery Program for MidCoast Council will be prepared by the new Council after its election in September 2017.

A draft 2017-2018 MidCoast Council Operational Plan has been completed for Council's consideration. This is the first fully integrated Operational Plan for Council, a significant step in aligning the activities and services Council provides its community across the MidCoast region.

The report provides an outline of the document and seeks Council's approval to place the Operational Plan on public exhibition as required by legislation, to allow for community feedback and submissions.

SUMMARY OF RECOMMENDATION

That Council place the draft 2017-2018 Operational Plan on public exhibition for a period of not less than 28 days to allow consideration of its contents by the public and the lodgement of submissions during the exhibition period.

FINANCIAL/RESOURCE IMPLICATIONS

The Operational Plan contains the Statement of Revenue Policy and Fees & Charges for the coming year. A Long Term Financial Plan is currently being developed that covers both financial scenarios and will be made available to the public prior to the lodgement of a special rate variation application.

The 2017-2018 Operational Plan includes two financial scenarios for the consolidated MidCoast Council budget - a base case (with no Special Rate Variation) and a SRV scenario. This information will be updated pending the determination of any SRV application made by Council.

Under legislation newly merged Councils cannot harmonise the rating structure across the former Council areas. Therefore Council has provided separate scenarios that indicate the impact on rates of the base case and the SRV scenario for Gloucester, Great Lakes and Manning ratepayers.

LEGAL IMPLICATIONS

The preparation and exhibition of an Operational Plan is required by legislation.

BACKGROUND

The 2017-2018 Operational Plan is the first fully integrated Operational Plan for MidCoast Council. It is a significant milestone in aligning the activities and services Council provides its community across the MidCoast region.

Operational plans represent Council's commitment to their community on how and where funds will be expended and what services and activities the community can expect to be delivered during the year. These plans link to the Community Strategic Plan, being the long term wishes and aspirations of the community.

As MidCoast does not currently have a single Community Strategic Plan, the Operational Plan uses quadruple bottom line reporting as the broad headings for the activities undertaken by Council. These include Environmental Focus, Economic Responsibility, Social Commitment and Civic Leadership. Under each of these broad headings are Objectives and Strategies representative of the direction of each of the former three Council's plans.

MidCoast continues to deliver 'business as usual' services to its community whilst also undertaking a number of merger related integration activities. The MidCoast journey to date has focussed on a number of key areas including:

- Our people and partnerships
- Engaging with our community
- Integrating our work
- Funding our infrastructure
- Ongoing asset challenge

These areas of focus will continue to be developed, reviewed and improved where appropriate. At the same time, Council has an increased scale and capacity to deliver improved and/or expanded services. This can be seen in the \$30M Roadcare program that is being provided in addition to existing funding for roads. This has been possible through a combination of merger savings and State government-related merger funding through the Stronger Communities - Major Projects program.

The asset challenge that faces MidCoast Council is significant and the Roadcare program will not solve the ongoing issue of an annual shortfall in funding for roads. Asset management evidence confirms that an additional \$5M per year is required to fund the renewal works necessary to stop the physical decline of our road network.

The result of this continual underfunding of required asset renewal works is the current asset backlog which is estimated to be \$180 million.

To address this fundamental issue, Council is currently considering making an application for a special rate variation (SRV) that would assist in addressing the \$5M annual funding gap. The SRV is critical in making a positive difference to our region's transport network, a key community priority. An addendum to Council's current Delivery Program/Operational Plan relating to the SRV proposal is currently on exhibition and was the subject of a report to Council on 1 May 2017.

MidCoast County Council (trading as MidCoast Water)

At the time of writing, the NSW State Government is considering a proposal to dissolve MidCoast County Council (trading as MidCoast Water) and transfer its assets, liabilities and functions to MidCoast Council. This proposal is a result of ongoing discussions with the State Government and follows careful consideration of all options for the future delivery of water and sewer services to our community. Council will keep the community informed of any decision or change in the structure of Council.

DISCUSSION

Council is required by the Local Government Act 1993 (the Act) to prepare a series of plans under the Integrated Planning & Reporting Framework. Specifically, the subject of this report is the Operational Plan:

- The Operational Plan is an annual plan that identifies works and activities to be undertaken during the financial year. It is integrated with and aligned to the Key Directions, Objectives and Strategies of the Community Strategic Plan. The Plan includes the annual budget, schedule of fees and charges and statement of revenue policy.

The Act requires Council to prepare a draft Operational Plan and give public notice of the draft, allowing for public submissions to be made at any time during the exhibition period (not less than 28 days). Council must have the Operational Plan adopted before the beginning of each year.

The Plan must include a Statement of Revenue Policy for the year covered by the plan which includes statements and particulars required by the regulations. Additional detail on that section of the Operational Plan is included in this report.

For merged Councils, the requirement to have the majority of the other documents that form the IP&R framework is aligned with the election of the new Council and these documents will be developed in accordance with Government requirements. Development of a MidCoast Community Strategic Plan is a priority with community engagement forming a critical part of that development, some of which has occurred in 2016-2017 as part of identity and branding workshops.

Statement of Revenue Policy

The Statement of Revenue Policy contains information required to be disclosed under section 405 of the Act and clause 201 of the Local Government (General) Regulation. This includes a detailed estimate of Council's income and expenditure for 2017-2018.

Income Statements and Capital Budget Statements for both a Base Case budget and a Special Rate Variation scenario have been included within the Statement of Revenue Policy.

The Base Case budget has been prepared on the basis of a 1.5% rate peg applying to the former Great Lakes and Greater Taree City Council rate structures and a 13% rate increase for the Gloucester Shire Council area. This is in keeping with the rate paths that existed at the date of amalgamation.

The Special Rate Variation Scenario assumes that an 11% increase will apply uniformly to each of the former Council's rate structures for 2017-2018. This scenario also assumes that the final year of the 3 X 13% rate variation granted to the former Gloucester Shire Council will be forgone as will the Environmental Levies currently contained within the former Great Lakes and Greater Taree City Council rating structures. This figure includes the rate peg of 1.5%.

The 11% increase sought through the Special Rate Variation is to be allocated as follows:

- 6% - Environmental Levy applied uniformly across the 3 former Council areas
- 2.5% - Allocation to address Council's road infrastructure assets renewal requirements
- 2.5% - Maintenance of existing service levels (includes the rate peg of 1.5%)

Rating structures for the two scenarios are also contained within the Statement of Revenue Policy. There are individual structures for each of the former Council areas. In accordance with government policy for merged Councils there are no changes proposed for these rate structures. Harmonisation of rate structures is not likely to be undertaken for at least 3 years. Maps showing the categories and sub-categories of all land within the former Council areas are available for inspection at the 3 Council administration offices as required by legislation.

There are no changes proposed for Domestic and Commercial Waste Management Charges. The section 496 and 501 charges that applied in 2016-2017 will apply again in 2017-2018. These charges are also set out in the Statement of Revenue Policy.

There is a change proposed to the annual on-site sewage management approval fee that is levied each year on the rate notice of each of the former Council areas. Three different fees previously applied and it is proposed that this fee be standardised at \$70.00. This represents an increase of \$12 for the former Greater Taree City Council area, a \$10 increase for the former Gloucester Shire Council area and a \$20 decrease for the former Great Lakes Council area. It is estimated that the same level of income will be raised should these changes be adopted.

The draft Fees and Charges Schedule for 2017-2018 is also included in the Statement of Revenue Policy. This is a harmonised document with decisions made across the document to set a single fee for the services provided by Council. As such there has been no across the board increase applied. Many of the fees are regulated by legislation and are unable to be increased. In other instances the 3 fees of the former Councils have been reviewed and a decision made as to the relevant fee which should apply. This has not been the highest of the former fees in each case.

The draft Operational Plan will be on public exhibition from 15 May - 13 June (COB) and Council welcomes feedback on the plan in the form of written submissions. Submissions on the draft plan will be considered by Council prior to adopting the final plan.

RECOMMENDATION

That Council place the draft 2017-2018 Operational Plan on public exhibition for a period of not less than 28 days to allow consideration of its contents by the public and the lodgement of submissions during the exhibition period.

ATTACHMENTS

- A: Draft 2017-2018 Operational Plan including Statement of Revenue Policy.
- B: Draft 2017-2018 Fees & Charges Schedule.

Due to their large size, Attachments A and B have been circulated in hard copy to the Administrator and Senior Staff only as a paper conservation measure. However, these Attachments are publicly available on Council's Website, copies are available at Council offices and copies are available on request.



Glenn Handford
INTERIM GENERAL MANAGER