



clarence  
VALLEY COUNCIL

2016

# Extraordinary Council Meeting



**Minutes**

**Maclean Chambers**

Wednesday, 30 November 2016 -

2.00 pm

## Items for Consideration of Council

1.	OPENING OF ORDINARY MEETING		
2.	ACKNOWLEDGEMENT OF THE TRADITIONAL CUSTODIANS OF THE LAND		
3.	STATEMENT IN RELATION TO RECORDING OF COUNCIL MEETINGS		
4.	APOLOGIES	1	
5.	DISCLOSURE AND DECLARATION OF INTERESTS		
6.	REPORTS FROM THE GENERAL MANAGER		
	13.063/16      Fit for the Future Improvement Plan – Updated Report	2	Y
7.	MOTIONS ON NOTICE		
	17.014/16      Rescission Motion – Development Service Plans (Developer Contributions Plans) for Sewer and Water	18	Y
	17.015/16      Rescission Motion – Organisation Review	20	Y
8.	CLOSE OF EXTRAORDINARY MEETING		

**MINUTES of the EXTRAORDINARY MEETING of the CLARENCE VALLEY COUNCIL held in the Council Chambers, Maclean on Wednesday, 30 November 2016 commencing at 2.00 pm.**

**PRESENT**

Crs Jim Simmons (Mayor), Jason Kingsley (Deputy Mayor), Andrew Baker, Peter Ellem, Arthur Lysaught (until 4.41 pm), Karen Toms, Debrah Novak, Richie Williamson (until 4.41 pm), General Manager (Scott Greensill), Director Environment Planning and Community (Des Schroder), Director Works and Civil (Troy Anderson), Director Corporate (Ashley Lindsay), Executive Manager Organisation Performance and Governance (Kristian Enevoldson) and Minutes Secretary (Lesley McBay).

**CHAIR'S ACKNOWLEDGEMENT OF THE TRADITIONAL CUSTODIANS OF THE LAND ON WHICH THE MEETING IS BEING HELD**

I acknowledge the Yaegl peoples, Traditional Custodian of these lands on which this meeting is taking place, and pay tribute and respect to the Elders both past and present of the Bundjalung, Gumbaingirr and Yaegl nations which lie within the Council boundaries.

**STATEMENT IN RELATION TO RECORDING OF MEETINGS**

I advise all present that this meeting is being broadcast and audio recorded. The recordings of the non-confidential parts of the meeting will be made available on Council's website once the Minutes have been finalised. Speakers are asked not to make insulting or defamatory statements, and to take care when discussing other people's personal information. No other persons are permitted to record the meeting, unless specifically authorised by Council to do so.

**APOLOGIES**

**COUNCIL RESOLUTION – 04.012/16**

**Williamson/Ellem**

**That an apology for unavoidable absence, lodged on behalf of Cr Greg Clancy, be accepted.**

**Voting recorded as follows**

**For: Williamson, Baker, Simmons, Kingsley, Toms, Novak, Ellem, Lysaught**

**Against: Nil**

**DISCLOSURE AND DECLARATIONS OF INTEREST - Nil**

**REPORTS FROM THE GENERAL MANAGER**

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<b>ITEM</b>	<b>13.063/16</b>	<b>FIT FOR THE FUTURE IMPROVEMENT PLAN – UPDATED REPORT</b>
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<b>Meeting</b>	Council	30 November 2016
<b>Directorate</b>	Corporate	
<b>Reviewed by</b>	Director - Corporate (Ashley Lindsay)	
<b>Attachment</b>	Yes	

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**SUMMARY**

This report was deferred from the 15 November 2016 Council Ordinary meeting (Item 13.060/16) to be resubmitted to this extraordinary meeting following a Councillor workshop which was held on 23 November 2016 to discuss and review the proposed Fit for the Future Improvement Plan. This report brings back to Council the schedule of Improvement Opportunities (Appendix 3 – Morrison Low report) adopted by Council at the October 2016 meeting (refer Item 13.052/16) to enable further consideration of the actions to implement the improvement strategies within the timeframes outlined in the Morrison Low report. The report also presents Council's Fit for the Future Reassessment Proposal and a revised 2016/17 Long Term Financial Plan for endorsement prior to its submission to the Office of Local Government which is required by 30 November 2016.

**OFFICER RECOMMENDATION**

That

1. The actions to implement the improvement strategies in accordance with the timeframes outlined in the Morrison Low report be commenced and the General Manager continue to implement the actions and strategies identified in his report (Item 22.001/16) from March 2016.
2. The proposed strategy to change how Council delivers tourism services be included in Council's Fit for the Future Submission and the associated savings of \$307,500 from 2018/19 be incorporated in Council's 2016/17 Long Term Financial Plan.
3. Council adopt the revised 2016/17 Long Term Financial Plan (Scenario 2) as attached to this report to support Council's Fit for the Future Reassessment Proposal.
4. Council endorse the Fit for the Future Reassessment Proposal as attached to this report which includes the strategy for Council to seek approval for a Special Rate Variation of 9% (being the 6.5% approved SRV from 2016/17 and the estimated rate peg for 2017/18 of 2.5%) and authorise the General Manager to lodge the submission with the Office of Local Government today, 30 November 2016.

**MOTION**

Lysaught/Kingsley

That

1. The actions to implement the improvement strategies in accordance with the timeframes outlined in the Morrison Low report be commenced and the General Manager continue to implement the actions and strategies identified in his report (Item 22.001/16) from March 2016.
2. The proposed strategy to change how Council delivers tourism services be included in Council's Fit for the Future Submission and the associated savings of \$307,500 from 2018/19 be incorporated in Council's 2016/17 Long Term Financial Plan.

3. Council adopt the revised 2016/17 Long Term Financial Plan (Scenario 2) as attached to this report to support Council's Fit for the Future Reassessment Proposal.
4. Council endorse the Fit for the Future Reassessment Proposal as attached to this report which includes the strategy for Council to seek approval for a Special Rate Variation of 9% (being the 6.5% approved SRV from 2016/17 and the rate peg for 2017/18 of 2.5%) and authorise the General Manager to lodge the submission with the Office of Local Government today, 30 November 2016.

Voting recorded as follows

For: Lysaught, Williamson, Kingsley, Simmons

Against: Ellem, Novak, Baker, Toms

**The Motion was put and declared LOST on the Mayor's casting vote.**

The Foreshadowed Motion was then moved.

*Crs Lysaught and Williamson left the meeting at 3.09 pm and returned at 3.10 pm.*

## MOTION

Baker/Novak

That Council:

1. Adopt a Fit for the Future Continual Compliance Policy for immediate implementation and a Nil-Deficit General Fund Budget Policy for 2017/18 and subsequent years with each General Fund Budget to encompass at least:
  - a. Operating Performance Ratio at or better than breakeven to satisfy Benchmark 1.
  - b. Building and Infrastructure Renewal at or better than 100% to meet or exceed Benchmark 3.
  - c. Infrastructure Backlog Ratio of 2% or less to satisfy Benchmark 5, after an initial utilization of \$17.7 million of own Capital Reserves is applied to infrastructure backlog reduction by the actions required at 3 and 4 below.
  - d. Asset Maintenance Ratio of 100% or more to meet or exceed Benchmark 5.
  - e. Already-adopted efficiency measures, revenue increases, expenditure reductions and other measures adopted for financial sustainability purposes.
2. Commence Fit for the Future Continuing Compliance immediately by:
  - a. Adjusting the 2016/17 adopted budget deficit by any amounts realised from the adoption of this resolution and,
  - b. Adjusting current budget projections to include the results of a Business Case review of the Depot Rationalisation Project that is to include current known costs and projections together with the items at 8a, 8b and 8c below and with this revised business case to be reported to Council February 2017 and,
  - c. Implementing the actions required in following Sections 3 to 8 inclusive.
3. Adopt a Fleet Financing Policy that requires all fleet renewals and acquisitions to be financed by external commercial financing where item cost is prorated monthly over the planned economic life of the asset.
4. Create an Infrastructure Backlog Accelerated Reduction Reserve of \$17.7 million by the transfer from the Fleet Reserve Fund of \$10 million or such other final amount when calculated and by additional capital to emerge from the adoption of the Fleet Financing Policy and:
  - a. Apply Internal Fleet Hire funds emerging from this Fleet Financing Policy estimated: \$3.53m remaining 6 months 2016/17, \$3.33m 2017/18, \$1.1 million 2018/19, \$0.41 million 2019/20, \$0.14 million 2020/21 for an estimated total \$8.6 million over 54 months and subject to final

calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls and,

- b. Apply fleet disposal income funds emerging at end of economic life disposal of fleet items estimated at \$8 million over 48 to 60 months and subject to final calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls.
5. Eliminate the cost of non-core subsidisation by the cessation of the provision of Economic Development and Tourism Development services that deliver no direct income to Council by:
    - a. Firstly, offer to transfer at value the existing service activities including employees to the relevant direct beneficiary industry organisations and should such offers not be accepted,
    - b. Offer to transfer at value the existing service activities including employees by way of open market transfer and should such offers not be accepted,
    - c. Implement the orderly termination of those services with the associated reduction in employee numbers.
  6. After accounting for the employee numbers reduction to Council workforce numbers in 5 above and accounting for the adopted forecast reductions that will result from depot rationalisation natural attrition and other adopted efficiency savings measures, develop a workforce model that results in no nett reduction of adjusted workforce numbers with such model to be developed by inclusion of selected reductions to consultant and contract engagements in favour of maintaining at least current Council FTE workforce numbers.
  7. Receive a report to the February 2017 Ordinary meeting and to subsequent meetings as necessary with such report to include:
    - a. Options and variations available for delivery of this resolution and,
    - b. Effects of implementation on subsequent budget forecasts and,
    - c. The capability and constraints of this resolution being implemented by existing Council management expertise alone and,
    - d. The likely cost and benefit of further resolving the implementation of this resolution by the engagement of external administration services.
  8. Adopt a Business Case Reporting to Council Policy for pre-acquisition reporting on all proposed capital acquisitions of \$20,000 or above to show all financial costs and benefits and alternatives if any with each report to include:
    - a. The Cost of Funds using best commercial borrowing rates available to Council at the time and,
    - b. The Cost of Funds using best commercial investment rates available to Council at the time and
    - c. Any depreciation amounts attributable to the expected life of the acquisition.
  9. Make a Fit for The Future Submission to the Office of Local Government showing the amended budget results and forecasts resulting from adoption of this resolution Sections 1 to 8 inclusive together with any other already-adopted future savings and revenue-increase measures to be implemented by Council to achieve financial sustainability.

#### **AMENDMENT TO MOTION**

Toms/Ellem

That Council:

1. Adopt a Fit for the Future Continual Compliance Policy for immediate implementation and a Nil-Deficit General Fund Budget Policy for 2017/18 and subsequent years with each General Fund Budget to encompass at least:
  - a. Operating Performance Ratio at or better than breakeven to satisfy Benchmark 1.

- b. Building and Infrastructure Renewal at or better than 100% to meet or exceed Benchmark 3.
  - c. Infrastructure Backlog Ratio of 2% or less to satisfy Benchmark 5, after an initial utilization of \$17.7 million of own Capital Reserves is applied to infrastructure backlog reduction by the actions required at 3 and 4 below.
  - d. Asset Maintenance Ratio of 100% or more to meet or exceed Benchmark 5.
  - e. Already-adopted efficiency measures, revenue increases, expenditure reductions and other measures adopted for financial sustainability purposes.
2. Commence Fit for the Future Continuing Compliance immediately by:
    - a. Adjusting the 2016/17 adopted budget deficit by any amounts realised from the adoption of this resolution and,
    - b. Adjusting current budget projections to include the results of a Business Case review of the Depot Rationalisation Project that is to include current known costs and projections together with the items at 7a, 7b and 7c below and with this revised business case to be reported to Council February 2017 and,
    - c. Implementing the actions required in following Sections 3 to 8 inclusive.
  3. Adopt a Fleet Financing Policy that requires all fleet renewals and acquisitions to be financed by external commercial financing where item cost is prorated monthly over the planned economic life of the asset.
  4. Create an Infrastructure Backlog Accelerated Reduction Reserve of \$17.7 million by the transfer of all of the Fleet Reserve Fund of \$10 million or such other final amount when calculated and by additional capital to emerge from the adoption of the Fleet Financing Policy and:
    - a. Apply Internal Fleet Hire funds emerging from this Fleet Financing Policy estimated: \$3.53m remaining 6 months 2016/17, \$3.33m 2017/18, \$1.1 million 2018/19, \$0.41 million 2019/20, \$0.14 million 2020/21 for an estimated total \$8.6 million over 54 months and subject to final calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls and,
    - b. Apply fleet disposal income funds emerging at end of economic life disposal of fleet items estimated at \$8 million over 48 to 60 months and subject to final calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls.
  5. After accounting for the adopted forecast reductions that will result from depot rationalisation natural attrition and other adopted efficiency savings measures, develop a workforce model that results in no nett reduction of adjusted workforce numbers with such model to be developed by inclusion of selected reductions to consultant and contract engagements in favour of maintaining at least current Council FTE workforce numbers.
  6. Receive a report to the February 2017 Ordinary meeting and to subsequent meetings as necessary with such report to include:
    - a. Options and variations available for delivery of this resolution and,
    - b. effects of implementation on subsequent budget forecasts and,
    - c. The capability and constraints of this resolution being implemented by existing Council management expertise alone and,
    - d. The likely cost and benefit of further resolving the implementation of this resolution by the engagement of external administration services.
  7. Adopt a Business Case Reporting to Council Policy for pre-acquisition reporting on all proposed capital acquisitions of \$20,000 or above to show all financial costs and benefits and alternatives if any with each report to include:
    - a. The Cost of Funds using best commercial borrowing rates available to Council at the time and,

- b. The Cost of Funds using best commercial investment rates available to Council at the time and
  - c. Any depreciation amounts attributable to the expected life of the acquisition.
8. Make a Fit for The Future Submission to the Office of Local Government showing the amended budget results and forecasts resulting from adoption of this resolution Sections 1 to 7 inclusive together with any other already-adopted future savings and revenue-increase measures to be implemented by Council to achieve financial sustainability.

Voting recorded as follows

For: Toms, Ellem, Simmons, Williamson, Baker, Novak, Lysaught, Kingsley

Against: Nil

The Amendment was put and declared CARRIED and became the substantive motion.

## MOTION

Baker/Novak

That Council:

1. Adopt a Fit for the Future Continual Compliance Policy for immediate implementation and a Nil-Deficit General Fund Budget Policy for 2017/18 and subsequent years with each General Fund Budget to encompass at least:
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  - c. Infrastructure Backlog Ratio of 2% or less to satisfy Benchmark 5, after an initial utilization of \$17.7 million of own Capital Reserves is applied to infrastructure backlog reduction by the actions required at 3 and 4 below.
  - d. Asset Maintenance Ratio of 100% or more to meet or exceed Benchmark 5.
  - e. Already-adopted efficiency measures, revenue increases, expenditure reductions and other measures adopted for financial sustainability purposes.
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  - b. Adjusting current budget projections to include the results of a Business Case review of the Depot Rationalisation Project that is to include current known costs and projections together with the items at 7a, 7b and 7c below and with this revised business case to be reported to Council February 2017 and,
  - c. Implementing the actions required in following Sections 3 to 8 inclusive.
3. Adopt a Fleet Financing Policy that requires all fleet renewals and acquisitions to be financed by external commercial financing where item cost is prorated monthly over the planned economic life of the asset.
4. Create an Infrastructure Backlog Accelerated Reduction Reserve of \$17.7 million by the transfer of all of the Fleet Reserve Fund of \$10 million or such other final amount when calculated and by additional capital to emerge from the adoption of the Fleet Financing Policy and:
  - a. Apply Internal Fleet Hire funds emerging from this Fleet Financing Policy estimated: \$3.53m remaining 6 months 2016/17, \$3.33m 2017/18, \$1.1 million 2018/19, \$0.41 million 2019/20, \$0.14 million 2020/21 for an estimated total \$8.6 million over 54 months and subject to final calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls and,
  - b. Apply fleet disposal income funds emerging at end of economic life disposal of fleet items



estimated at \$8 million over 48 to 60 months and subject to final calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls.

5. After accounting for the adopted forecast reductions that will result from depot rationalisation natural attrition and other adopted efficiency savings measures, develop a workforce model that results in no nett reduction of adjusted workforce numbers with such model to be developed by inclusion of selected reductions to consultant and contract engagements in favour of maintaining at least current Council FTE workforce numbers.
6. Receive a report to the February 2017 Ordinary meeting and to subsequent meetings as necessary with such report to include:
  - a. Options and variations available for delivery of this resolution and,
  - b. Effects of implementation on subsequent budget forecasts and,
  - c. The capability and constraints of this resolution being implemented by existing Council management expertise alone and,
  - d. The likely cost and benefit of further resolving the implementation of this resolution by the engagement of external administration services.
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  - a. The Cost of Funds using best commercial borrowing rates available to Council at the time and,
  - b. The Cost of Funds using best commercial investment rates available to Council at the time and
  - c. Any depreciation amounts attributable to the expected life of the acquisition.
8. Make a Fit for The Future Submission to the Office of Local Government showing the amended budget results and forecasts resulting from adoption of this resolution Sections 1 to 7 inclusive together with any other already-adopted future savings and revenue-increase measures to be implemented by Council to achieve financial sustainability.

#### AMENDMENT TO MOTION

Lysaught/Kingsley

That Council:

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  - e. Already-adopted efficiency measures, revenue increases, expenditure reductions and other measures adopted for financial sustainability purposes.
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  - a. Adjusting the 2016/17 adopted budget deficit by any amounts realised from the adoption of this resolution and,
  - b. Adjusting current budget projections to include the results of a Business Case review of the Depot Rationalisation Project that is to include current known costs and projections together with the items at 7a, 7b and 7c below and with this revised business case to be reported to

Council February 2017 and,

- c. Implementing the actions required in following Sections 3 to 8 inclusive.
3. Adopt a Fleet Financing Policy that requires all fleet renewals and acquisitions to be financed by external commercial financing where item cost is prorated monthly over the planned economic life of the asset.
4. Create an Infrastructure Backlog Accelerated Reduction Reserve of \$17.7 million by the transfer of all of the Fleet Reserve Fund of \$10 million or such other final amount when calculated and by additional capital to emerge from the adoption of the Fleet Financing Policy and:
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  - b. Apply fleet disposal income funds emerging at end of economic life disposal of fleet items estimated at \$8 million over 48 to 60 months and subject to final calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls.
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  - b. Effects of implementation on subsequent budget forecasts and,
  - c. The capability and constraints of this resolution being implemented by existing Council management expertise alone and,
  - d. The likely cost and benefit of further resolving the implementation of this resolution by the engagement of external administration services.
7. Adopt a Business Case Reporting to Council Policy for pre-acquisition reporting on all proposed capital acquisitions of \$100,000 or above to show all financial costs and benefits and alternatives if any with each report to include:
  - a. The Cost of Funds using best commercial borrowing rates available to Council at the time and,
  - b. The Cost of Funds using best commercial investment rates available to Council at the time and
  - c. Any depreciation amounts attributable to the expected life of the acquisition.
8. Make a Fit for The Future Submission to the Office of Local Government showing the amended budget results and forecasts resulting from adoption of this resolution Sections 1 to 7 inclusive together with any other already-adopted future savings and revenue-increase measures to be implemented by Council to achieve financial sustainability.

Voting recorded as follows

For: Lysaught, Williamson, Kingsley, Simmons

Against: Ellem, Novak, Toms, Baker

**The Amendment was put and declared CARRIED on the Mayor's casting vote. The Amendment became the substantive Motion.**

The Mayor adjourned the meeting at 4.06 pm and resumed at 4.13 pm.

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**COUNCIL RESOLUTION – 13.063/16**

**Baker/Novak**

**That Council:**

- 1. Adopt a Fit for the Future Continual Compliance Policy for immediate implementation and a Nil-Deficit General Fund Budget Policy for 2017/18 and subsequent years with each General Fund Budget to encompass at least:**
  - a. Operating Performance Ratio at or better than breakeven to satisfy Benchmark 1.**
  - b. Building and Infrastructure Renewal at or better than 100% to meet or exceed Benchmark 3.**
  - c. Infrastructure Backlog Ratio of 2% or less to satisfy Benchmark 5, after an initial utilization of \$17.7 million of own Capital Reserves is applied to infrastructure backlog reduction by the actions required at 3 and 4 below.**
  - d. Asset Maintenance Ratio of 100% or more to meet or exceed Benchmark 5.**
  - e. Already-adopted efficiency measures, revenue increases, expenditure reductions and other measures adopted for financial sustainability purposes.**
- 2. Commence Fit for the Future Continuing Compliance immediately by:**
  - a. Adjusting the 2016/17 adopted budget deficit by any amounts realised from the adoption of this resolution and,**
  - b. Adjusting current budget projections to include the results of a Business Case review of the Depot Rationalisation Project that is to include current known costs and projections together with the items at 7a, 7b and 7c below and with this revised business case to be reported to Council February 2017 and,**
  - c. Implementing the actions required in following Sections 3 to 8 inclusive.**
- 3. Adopt a Fleet Financing Policy that requires all fleet renewals and acquisitions to be financed by external commercial financing where item cost is prorated monthly over the planned economic life of the asset.**
- 4. Create an Infrastructure Backlog Accelerated Reduction Reserve of \$17.7 million by the transfer of all of the Fleet Reserve Fund of \$10 million or such other final amount when calculated and by additional capital to emerge from the adoption of the Fleet Financing Policy and:**
  - a. Apply Internal Fleet Hire funds emerging from this Fleet Financing Policy estimated: \$3.53m remaining 6 months 2016/17, \$3.33m 2017/18, \$1.1 million 2018/19, \$0.41 million 2019/20, \$0.14 million 2020/21 for an estimated total \$8.6 million over 54 months and subject to final calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls and,**
  - b. Apply fleet disposal income funds emerging at end of economic life disposal of fleet items estimated at \$8 million over 48 to 60 months and subject to final calculation amount to be inserted here to firstly reach the \$17.7 million required for the Infrastructure Backlog Accelerated Reduction Reserve amount and then to apply to other Benchmark shortfalls.**
- 5. After accounting for the adopted forecast reductions that will result from depot rationalisation natural attrition and other adopted efficiency savings measures, develop a workforce model that results in no nett reduction of adjusted workforce numbers with such model to be developed by inclusion of selected reductions to consultant and contract engagements in favour of maintaining at least current Council FTE workforce numbers.**
- 6. Receive a report to the February 2017 Ordinary meeting and to subsequent meetings as necessary**

with such report to include:

- a. Options and variations available for delivery of this resolution and,
- b. Effects of implementation on subsequent budget forecasts and,
- c. The capability and constraints of this resolution being implemented by existing Council management expertise alone and,
- d. The likely cost and benefit of further resolving the implementation of this resolution by the engagement of external administration services.

7. Adopt a Business Case Reporting to Council Policy for pre-acquisition reporting on all proposed capital acquisitions of \$100,000 or above to show all financial costs and benefits and alternatives if any with each report to include:

- a. The Cost of Funds using best commercial borrowing rates available to Council at the time and,
- b. The Cost of Funds using best commercial investment rates available to Council at the time and
- c. Any depreciation amounts attributable to the expected life of the acquisition.

8. Make a Fit for The Future Submission to the Office of Local Government showing the amended budget results and forecasts resulting from adoption of this resolution Sections 1 to 7 inclusive together with any other already-adopted future savings and revenue-increase measures to be implemented by Council to achieve financial sustainability.

*Cr Williamson and Cr Lysaught left the meeting at 4.41 pm prior to the voting taking place.*

**Voting recorded as follows**

**For:** Simmons, Ellem, Novak, Toms, Baker

**Against:** Kingsley

#### LINKAGE TO OUR COMMUNITY PLAN

Theme 5 Our Leadership

Objective 5.2 We will have an effective and efficient organisation

Strategy 5.2.11 Ensure compliance with Statutory and Regulatory reporting requirements

#### BACKGROUND

Council at its 18 October 2016 meeting considered a report from the General Manager (refer Item 13.052/16) in response to the Office of Local Government's (OLG) requirement for Council to submit a new Fit for the Future Improvement Plan to the OLG by 30 November 2016 and resolved as follows:

#### *COUNCIL RESOLUTION - 13.052/16*

*That*

1. *The schedule of Improvement Opportunities as detailed in Appendix 3 to the Morrison Low report and associated proposed Special Rate Variation be adopted for the purpose of inclusion in Council's Fit for the Future Improvement Plan and the General Manager prepare the required documentation and submit same.*
2. ***Actions to implement the improvement strategies in accordance with the timeframes outlined in the Morrison Low report be deferred for determination at the Ordinary Council Meeting in November.***
3. *Council commence consultation with the community regarding a proposal to make application to IPART for a Section 508 (2) Special Rate Variation for a single year rate increase for 2017/18 of 9% (being the 6.5% approved SRV from 2016/17 plus estimated rate peg of 2.5%) with the increase to be retained permanently in Council's rate base.*

4. *The attached Community Engagement Plan be adopted for the purpose of community consultation.*
5. *A report outlining the process and timeframes for detailed Service Reviews be brought back for further consideration of Council.*

At the 15 November 2016 Ordinary meeting (Item 13.060/16) Council considered the report which addressed Point 2 in the above resolution and also considered Council's Fit for the Future Reassessment Proposal and a revised 2016/17 Long Term Financial Plan for Council's endorsement prior to submission to the Office of Local Government for assessment. Having considered this report Council subsequently resolved the following:

*"That this item be deferred to an Extraordinary Meeting in Maclean on 30 November 2016 commencing at 2.00 pm following a Councillor Workshop to inform that Extraordinary Meeting."*

A workshop with Councillors to discuss the improvement strategies outlined in Appendix 3 of the Morrison Low report (copy attached) and also Council's current services and sub-services and the associated budgets for these services was held on 23 November 2016.

This report now considers an updated Fit for the Future Reassessment Proposal and a revised 2016/17 Long Term Financial Plan for Council's endorsement prior to submission to the Office of Local Government today.

## **KEY ISSUES**

### **Workshop 23 November 2016**

At the workshop, Councillors were presented with an interactive financial model of Council's General Fund Income Statement for the ten (10) years 2016/17 to 2025/26 which enabled assessment and review of the impact on the Operating Performance Ratio of changing any of the proposed strategies and actions contained within the Morrison Low report and the General Manager's savings reported to Council 15 March 2016 (refer Item 22.001/16). A copy of this model is attached (refer Attachment C) which has been revised to incorporate the recommendation below regarding the proposed changes to tourism services.

Councillors also completed a review of Council's services and sub-services and the associated 2016/17 budgets for each service.

A proposal was put forward by staff regarding Council's current tourism service and, in particular, for Council to take advantage of new information technologies and information systems to increase our reach to markets beyond our existing bricks and mortar tourist information centres. By diversifying and differentiating the standardised service delivery of tourism information centres into dispersed digital information hubs, interactive websites and "pop up" stations we are in effect reversing the existing tourism model by taking information to the market rather than expecting the market to come to us. By moving forward in this approach we are aiming to become more competitive in a saturated Northern Rivers – Mid North Coast tourism market and solidifying the brand of the Clarence Valley in tourism. It is estimated that this change in our approach to how we deliver tourism information services can save Council \$307,500 per year. It is recommended that this new initiative be included as an additional cost saving measure in Council's Fit for the Future Improvement Proposal effective from 2018/19.

**No SRV Option**

At the workshop an alternative approach was put forward by some Councillors to replace the income generated by the SRV with cost reductions associated with service reviews. This strategy would require cost reductions or increased income (other than rates) of some \$18.061M over the nine (9) years of the plan (2017/18 to 2025/26) or, on average, \$2M per year. When assessed further by staff, this approach would have a significant impact on Council's ability to maintain the delivery of services at the levels expected by the community and potentially could impact on Council's ability to meet its legislative obligations. If the \$2M per year is assessed as one-third staff costs and two-thirds materials/contract expenses, this approach would result in staff reductions of approximately seven (7) per year (based on \$90k inclusive of on costs) or sixty three (63) staff over the nine (9) years. If this approach was adopted the additional costs of staff redundancies would be incurred.

The General Manager's strategies and actions reported to Council in March 2016 had indicative staff reductions of 20.55 FTE over the next 5 years. These staff reductions were anticipated to be effected by natural attrition as Council currently has an aging workforce with many staff nearing retirement age. This 20.55 FTE combined with the 63 FTE from the "No SRV" option would see a reduction in Council's workforce of some 83 staff (15%) over the next 9 years.

Given the anticipated impact on Council's workforce (loss of a further 63 staff) the approach to replacing the SRV income (as outlined above) in the Fit for the Future Improvement Proposal is not recommended.

**Fit for the Future Reassessment Proposal**

The Office of Local Government (OLG) Fit for the Future Financial Criteria Reassessment Round 2 Guidelines (refer Attachment B) require Council's Fit for the Future Reassessment Proposal to be endorsed by Council. A copy of Council's "Fit for the Future Reassessment Proposal" has been distributed separately to Councillors and is tabled at this meeting.

When considering Mayoral Minute 11.012/16 Organisation Review at the 18 October 2016 meeting Council resolved *inter alia* as follows:

That.....

3. *A decision on implementing a rate increase above the rate pegging limit be made as part of the annual budget process and also after consideration of the organisation review and the development of an overarching Financial Policy, if adopted.*
4. *Having regard to and in order to allow for the necessary processes and associated lead times, Council make application to IPART for an SRV of 6.5% exclusive of rate pegging. (This in effect would mean an increase of 1.8% above the current rate level plus the 2017/18 rate peg amount). Council undertake the actions as otherwise recommended in the General Manager's report to allow for the IPART application and advise the Office of Local Government that this forms part of Council's Fit for the Future Improvement Plan.*

In accordance with this resolution, Council's "Fit for the Future Reassessment Proposal" includes the proposal for the 9% Special Rate Variation (SRV) and the improvement strategies contained within the Morrison Low report which accompanied the General Manager's report to the October meeting (refer Item 13.052/16).

Since this Mayoral Minute was adopted a Rescission Motion has been submitted and is to be considered at this meeting. The motion is as follows:

"That points 1, 2, 3 and 5 of Council Resolution 11.012/16 be reinstated and point 4 be replaced with the following:

*Council, after community consultation, hold an extraordinary meeting on or before Friday 9<sup>th</sup> December, to consider application to IPART for an SRV of 6.5% exclusive of rate pegging."*

A revised 2016/17 Long Term Financial Plan (LTFP) has been prepared and distributed separately to Councillors and is tabled at this meeting. This updated LTFP (Scenario 2) incorporates the Morrison Low improvement strategies plus the savings from the proposed changes to tourism services (as outlined above) and the proposed 9% SRV (inclusive of assumed 2.5% rate peg) for 2017/18 permanently built into Council's rate income. The revised LTFP has been prepared as supporting documentation for Council's Fit for the Future Reassessment Proposal.

A Scenario 3 within the LTFP has also been prepared which includes the proposal put forward at the 23 November workshop to replace the SRV income of \$18.061M over the nine (9) years by Council undertaking service reviews in order to achieve the equivalent cost reductions/increased income to replace the SRV income. This Scenario 3 is not the recommended approach to address Council's long term financial sustainability.

The Fit for the Future Reassessment Round 2 Guidelines for most criteria showed a relaxing of the timeframe in which the benchmarks are to be achieved i.e. a move from must achieve by 2020/21 to must meet or show improvement by 2020/21. However, the OLG required benchmark for the Operating Performance Ratio of break even being met by 2020/21 remains. Council does not meet the benchmark for Operating Performance Ratio under the proposed improvement proposal by 2020/21, although there is improvement in the ratio over the ten year period of the revised 2016/17 Long Term Financial Plan with breakeven point being achieved in 2022/23.

As IPART reinforced to Council in their assessment of Council's multi-year SRV application for 2016/17 (of 6.5% per year for 5 years), the Clarence Valley Council area is a low socio-economic area which, if the multi year SRV had been approved, would have had a significant financial impact on ratepayers and in particular their ability to afford such an increase. Council's current SRV proposal seeks only to maintain the existing one-off 6.5% SRV plus an estimated 2.5% rate peg. This approach along with the Morrison Low improvement strategies are considered to be a responsible approach to planning for Council's financial sustainability. The proposed increase in rates is not seen as being onerous for ratepayers and the OLG should appreciate that it's sensible for Council to take a longer term approach to meet the Fit for the Future benchmarks.

## COUNCIL IMPLICATIONS

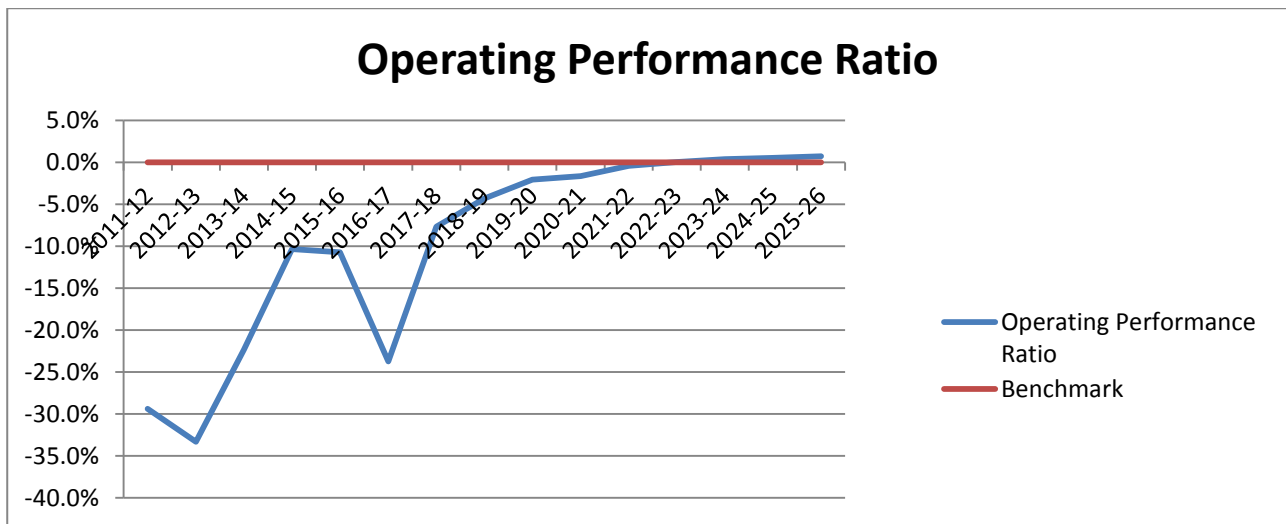
### **Budget/Financial**

Set out below are graphs showing Council's performance for each of the Fit for the Future benchmarks based on the revised 2016/17 Long Term Financial Plan which is tabled at this meeting. These graphs have been prepared commencing from 2011/12 to demonstrate Council's improved performance since 2012.

### Sustainability

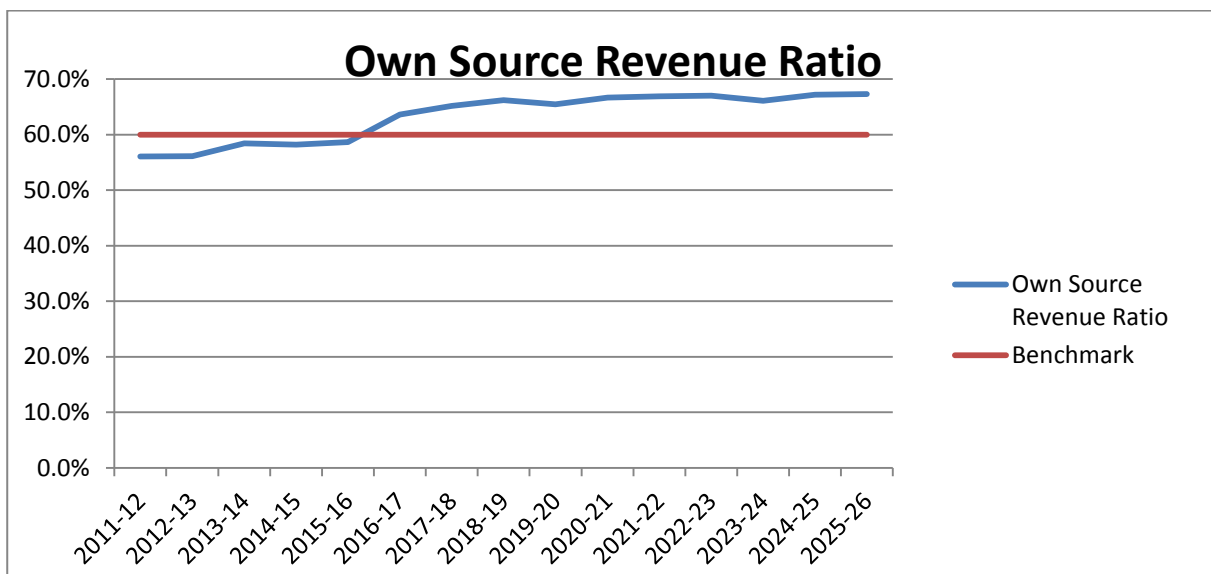
**Operating Performance Ratio** – total continuing operating revenue excluding capital grants and contributions less operating expenses, divided by total continuing operating revenue. Total continuing operating revenue excludes fair value adjustments and reversal of revaluation decrements, net gain/ (loss) on sale of assets and the net share of interests in joint ventures and associates.

Purpose - This ratio measures Council's achievement of containing operating expenditure within operating revenue. Councils should not be recording recurring operating deficits, or funding operating results from capital revenues.



**Own Source Revenue Ratio** – total continuing operating revenue (excluding ALL grants and contributions), divided by total continuing operating revenue inclusive of all grants and contributions. Total continuing operating revenue excludes fair value adjustments and reversal of revaluation decrements, net gain/ (loss) on sale of assets and the net share of interests in joint ventures and associates.

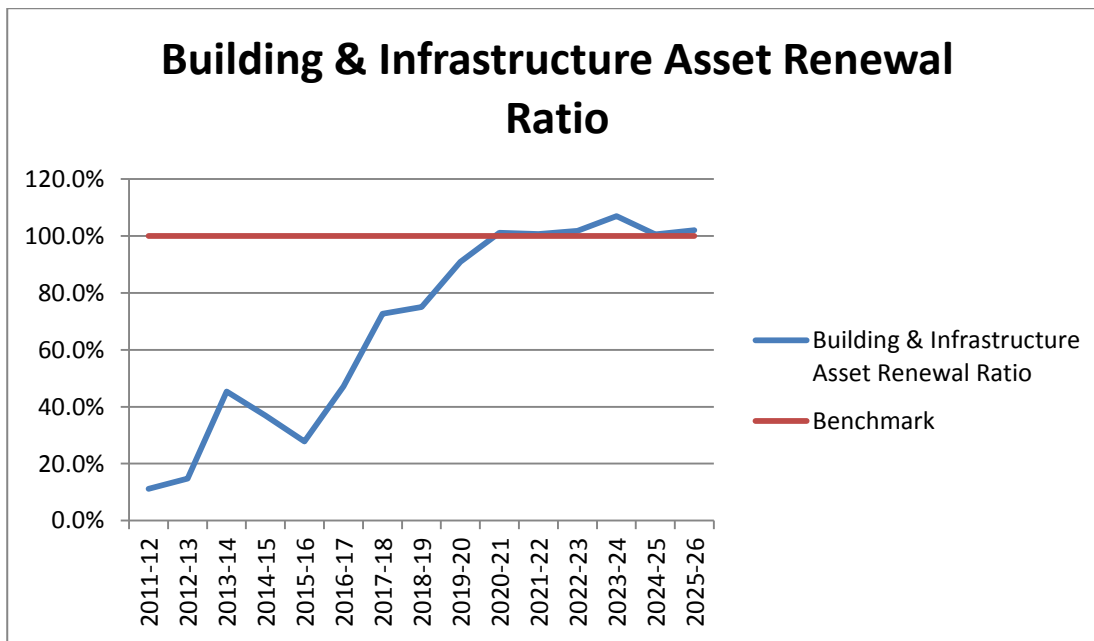
Purpose - This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council’s financial flexibility improves as its own source revenue increases.



**Building & Asset Renewal Ratio** – expenditure on building and infrastructure asset renewals divided by depreciation, amortisation and impairment for building and infrastructure assets.

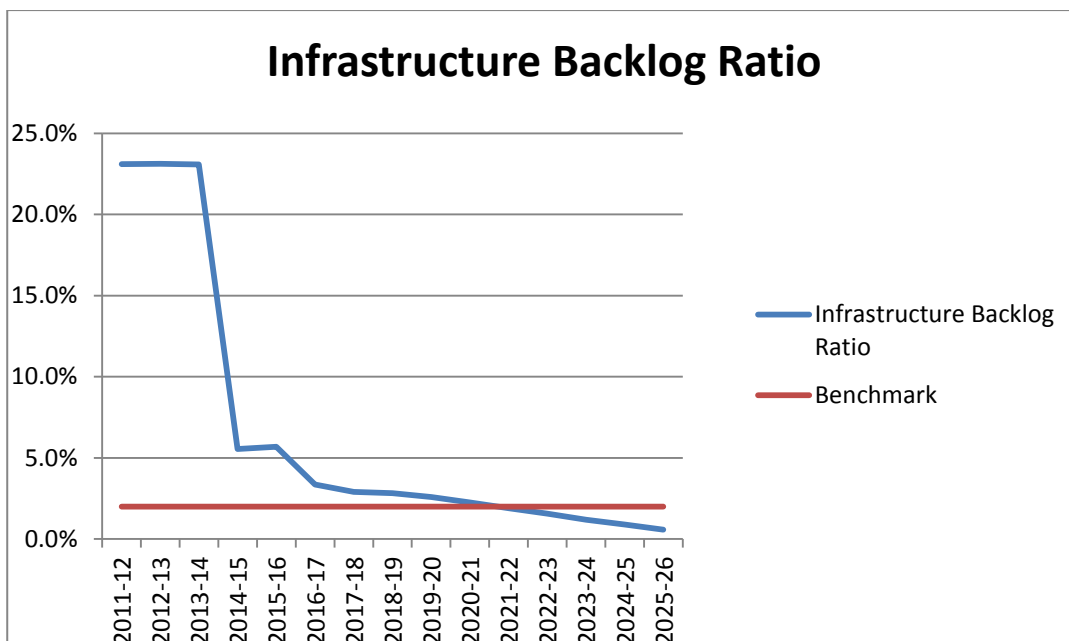
Purpose – This measure assesses the rate at which building and infrastructure assets are being renewed and upgraded against the rate at which they are depreciating.





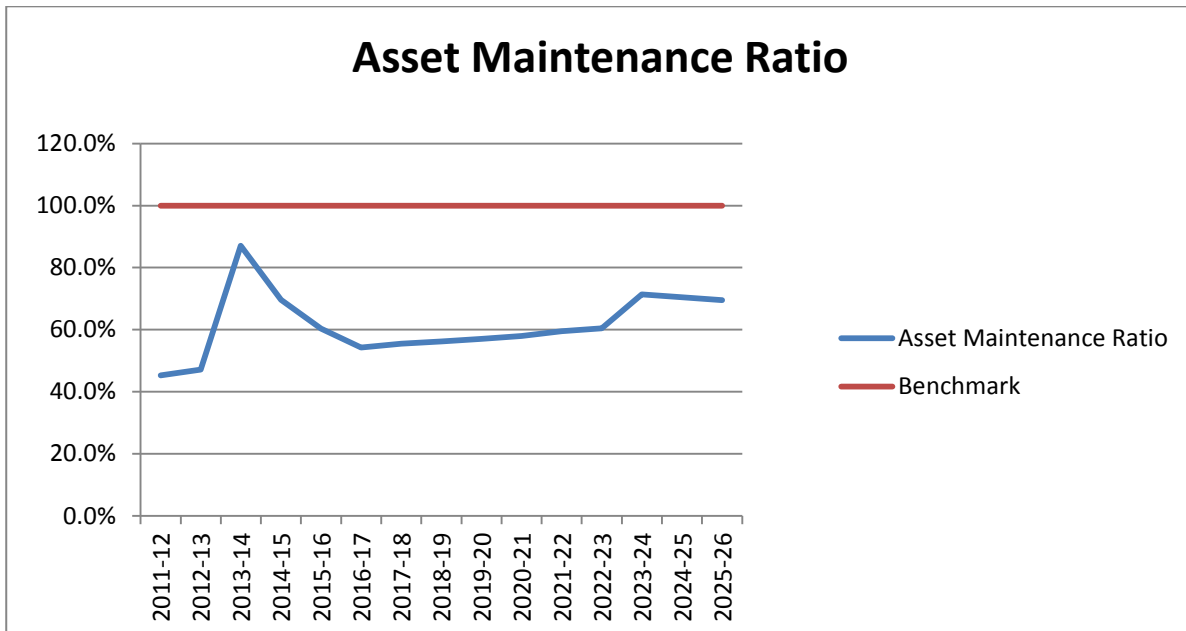
**Infrastructure Backlog Ratio** - Estimated Cost to bring Assets to a Satisfactory Condition, divided by carrying value of infrastructure, building, other structures and depreciable land improvement assets.

Purpose - This ratio shows what proportion the infrastructure backlog is against the total value of a council’s infrastructure.



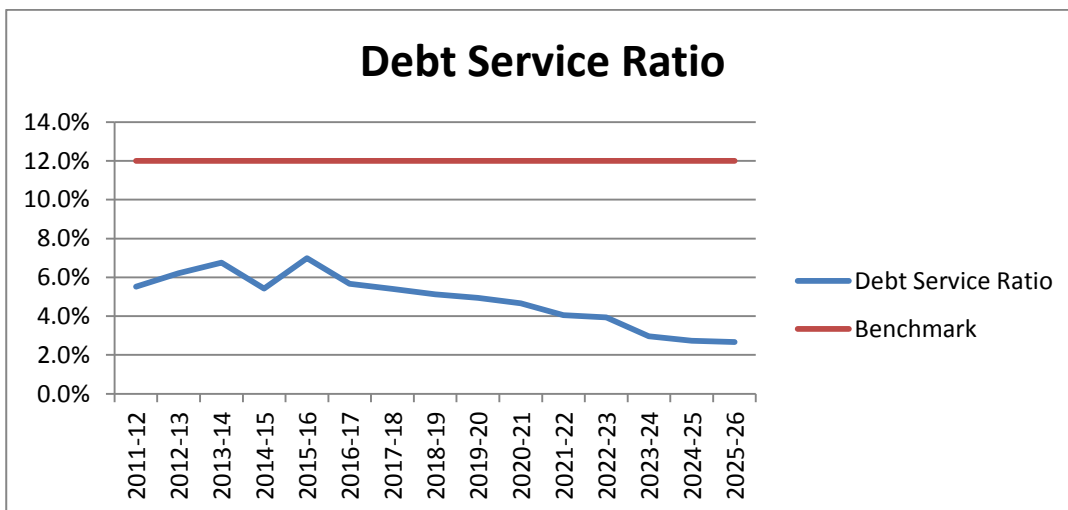
**Asset Maintenance Ratio** - Actual Asset Maintenance divided by Required Asset Maintenance.

Purpose - Compares actual vs required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds that year to halt the infrastructure backlog from growing.



**Debt Service Ratio** - Cost of debt service (interest expense and principal repayments) divided by total continuing operating revenue (excluding capital grants and contributions).

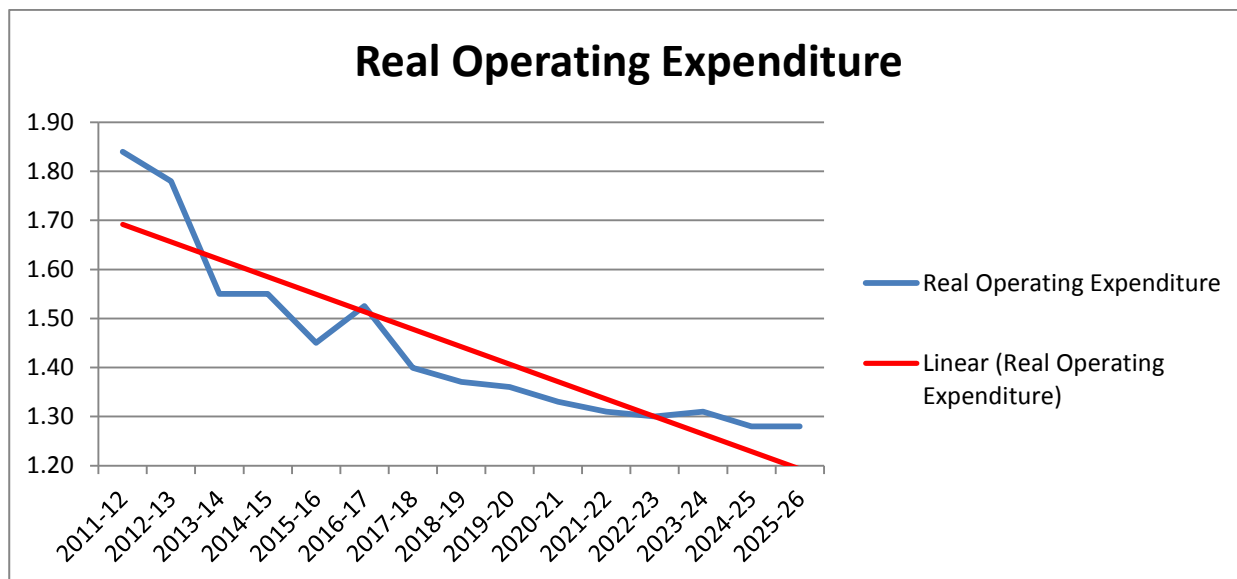
Purpose – A Council with a low or zero level of debt may incorrectly place the funding burden on current ratepayers when in fact it could be spread across generations, who also benefit from the assets. High Levels of debt generally indicate a weakness in financial sustainability and/or poor balance sheet management.



Efficiency

**Real operating expenditure per capita** - A decrease in Real Operating Expenditure per capita over time.

Purpose - Demonstrate operational savings over time.

**Asset Management**

N/A

**Policy or Regulation**

Local Government Act 1993 and associated Regulations.

**Consultation**

This report has been prepared in consultation with Council's Executive team.

**Legal and Risk Management**

N/A

Prepared by	Ashley Lindsay
To be tabled	A – Appendix 3 Morrison Low Report (Item 13.052/16)
To be tabled	B – OLG Fit For The Future Reassessment Round 2 Guidelines
Attachment	C – General Fund – Income Statement Model
To be tabled	D - Revised 2016/17 Long Term Financial Plan
To be tabled	E - CVC Fit for the Future Reassessment Proposal

<b>ITEM</b>	<b>17.014/16</b>	<b>RESCISSION MOTION - DEVELOPMENT SERVICE PLANS (DEVELOPER CONTRIBUTIONS PLANS) FOR SEWER AND WATER</b>
<b>Meeting</b>	Council	30 November 2016
<b>Directorate</b>	Notice of Motion	
<b>Submitted by</b>	Cr Jim Simmons	
<b>Attachment</b>	Yes	

To the General Manager, Clarence Valley Council, I propose that the following notice of motion be submitted to Council.

### SUMMARY

We the undersigned give notice of rescission of Council's resolution 15.141/16 and propose to move the following motion if a rescission is granted.

### PROPOSED MOTION

That:

Following auditor review, Council place the draft Development Servicing Plans for Sewer and Water on public exhibition for 30 working days and that for exhibition purposes the following Sewer and Water Developer Contributions be adopted:

- Upper River Sewer (Clarenza, Junction Hill, North Grafton & South Grafton) - \$6,610/ET
- Lower River Sewer (Ilarwill, Iluka, Lawrence, Maclean, Townsend & Yamba) - \$11,620/ET
- Nymboida River Water Supply - \$4,719/ET

Non-residential sewer and water developer contributions be calculated using the Water Directorate's *Section 64 Determinations of Equivalent Tenements Guidelines* and for categories of development not included in those guidelines, the developer contributions be calculated from first principles based on the estimated water consumption and sewage generation of a development.

Council develop a policy which outlines a methodology for reducing the impact of sewer and water developer contributions on small scale developments in commercial and industrial zones.

### COUNCIL RESOLUTION – 17.014/16

#### Kingsley/Toms

That:

**1. Following auditor review, Council place the draft Development Servicing Plans for Sewer and Water on public exhibition for 30 working days and that for exhibition purposes the following Sewer and Water Developer Contributions be adopted:**

- **Upper River Sewer (Clarenza, Junction Hill, North Grafton & South Grafton) - \$6,610/ET**
- **Lower River Sewer (Ilarwill, Iluka, Lawrence, Maclean, Townsend & Yamba) - \$11,620/ET**
- **Nymboida River Water Supply - \$4,719/ET**

**Non-residential sewer and water developer contributions be calculated using the Water Directorate's *Section 64 Determinations of Equivalent Tenements Guidelines* and for categories of development not included in those guidelines, the developer contributions be calculated from first principles based on the estimated water consumption and sewage generation of a development.**

**Council develop a policy which outlines a methodology for reducing the impact of sewer and water developer contributions on small scale developments in commercial and industrial zones.**

2. A report be brought back to Council as soon as possible identifying lawful options to implement an all-of-Council area equal pricing strategy.
3. The report identify the removal of West Yamba RU5 properties subject to previous Council undertakings as part of the adoption of the policy.

**Voting recorded as follows**

**For:** Kingsley, Toms, Baker, Ellem, Novak, Simmons

**Against:** Nil

**LINKAGE TO OUR COMMUNITY PLAN**

Theme 2 Our Infrastructure

Objective 2.3 We will have communities that are well serviced with essential infrastructure

Strategy 2.3.2 Maintain and renew sewerage network infrastructure to ensure provision of an efficient and environmentally sound sewerage service

**BACKGROUND**

At Council's meeting of 15 November 2016, Item No. 15.141/16 did not resolve the above motion which was declared lost by 3 votes to 6.

At the time the full implications were not obvious from the report and the defeat of the Officer Recommendation will not allow Council to take a dividend from the Sewer and Water Funds.






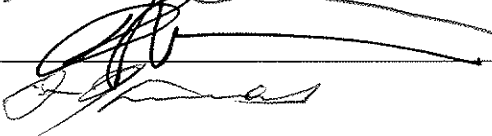

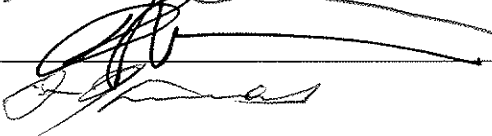
**KEY ISSUES**

As per the report, the following is given for information on the public exhibition process.

The DPI Water Guidelines outline several requirements for public exhibition including:

- draft DSP documents to be reviewed by an auditor approved by DPI Water prior to public exhibition,
- the Urban Development Institute of Australia and the Housing Industry Association to be advised at least 10 working days prior to the start of the exhibition period,
- draft documents to be exhibited for a minimum of 30 working days, and
- any developer who has applied for planning approval, or for a compliance certificate in the previous 6 months to be informed.

Signed:

 ANDREW BAKER	
 DEBORAH NOVAK	
 PETER ELLEM	
 JIM SIMMONS	

Attachment: Report 15.141/16 15 November 2016

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**ITEM 17.015/16 ORGANISATION REVIEW – RESCISSION MOTION**


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<b>Meeting</b>	Council	30 November 2016
<b>Directorate</b>	Notice of Motion	
<b>Submitted by</b>	Cr Jim Simmons	
<b>Attachment</b>	Yes	

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To the General Manager, Clarence Valley Council, I propose that the following notice of motion be submitted to Council.

**SUMMARY**

We the undersigned give notice of rescission of point 4 of Council's resolution Item 11.012/16 and propose to move the following motion if a rescission is granted.

**PROPOSED MOTION**

That points 1, 2, 3 and 5 of Council Resolution 11.012/16 be reinstated and point 4 be replaced with the following:

*Council, after community consultation, hold an extraordinary meeting on or before Friday 9<sup>th</sup> December, to consider application to IPART for an SRV of 6.5% exclusive of rate pegging.*

**COUNCIL RESOLUTION – 17.015/16**

**Simmons/Toms**

**That points 1, 2 and 5 of Council Resolution 11.012/16 be reinstated and points 3 and 4 have no more effect and Council take no further action.**

**Voting recorded as follows**

**For: Simmons, Baker, Ellem, Toms, Novak**

**Against: Kingsley**

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**LINKAGE TO OUR COMMUNITY PLAN**

Theme 5 Our Leadership

Objective 5.2 We will have an effective and efficient organisation

Strategy 5.2.1 Provide services that meet benchmarks determined by the community having regard to both quality and cost

**BACKGROUND**

At Council's meeting of 18 October 2016, Item No. 11.012/16 Organisation Review was considered and resolved as follows:

*"That*

- 1. The General Manager (or acting General Manager in his absence) seek quotations from three (3) appropriately qualified and experienced consultants to undertake the organisation structure review, with a report to be brought back to the December 2016 Ordinary Council Meeting.*
  - 2. The General Manager (or acting General Manager in his absence) in his communications with the three (3) appropriately qualified and experienced consultants, inform them that if their quotation was to be accepted and adopted at the December 2016 Ordinary Council Meeting, that Council would require a*
-

*final report to be prepared and reported back to the March 2017 Ordinary Council Meeting for further consideration.*

3. *A decision on implementing a rate increase above the rate pegging limit be made as part of the annual budget process and also after consideration of the organisation review and the development of an overarching Financial Policy, if adopted.*
4. *Having regard to and in order to allow for the necessary processes and associated lead times, Council make application to IPART for an SRV of 6.5% exclusive of rate pegging. (This in effect would mean an increase of 1.8% above the current rate level plus the 2017/18 rate peg amount). Council undertake the actions as otherwise recommended in the General Manager's report to allow for the IPART application and advise the Office of Local Government that this forms part of Council's Fit for the Future Improvement Plan.*
5. *The allocation of a budget for the organisation review be deferred to the next meeting of Council."*

#### KEY ISSUES

The original point 4 of the resolution may lead to confusion as to the meaning behind the proposal. The alteration to the resolution is being made to clarify any issue with regard to public consultation taking place.

Signed:	
Name	Signature
Cr. Karen TOMS	
ANDREW BAKER	
JAMES PINNOCOCKS	

Attachment: Resolution Item 11.012/16 Organisation Review

#### CLOSE OF EXTRAORDINARY MEETING

There being no further business the Extraordinary meeting closed at 5.08 pm.