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1. Acknowledgement to Country

Shellharbour City Council acknowledges the Traditional Owners and Custodians of the Land on which we are meeting.

Webcasting

Administrator's Comment

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8. Reports

8.1 Integrated Planning & Reporting Framework - Draft Community Strategic Plan 2011-2021 (9487691)

To the Administrator

Division: General Manager's Division
Department: Community Planning & Strategies

Manager: Michael Willis - General Manager

Author: Peter O'Rourke - Director Community Planning & Strategies, Paul Henderson - Manager - Financial Services

Summary

Although this report has several purposes its main intent is to support the recommendation that the significant planning endeavour that has occurred to date, in partnership with the Shellharbour community, surrounding Integrated Planning and Reporting (IPR) be now placed on public exhibition.

Additionally the report outlines the recent history and context for IPR in NSW, the essential features and components of IPR, the methodology used to date in Shellharbour to arrive at the point we are at today, an explanation of the benefits, challenges and requirements of the new integrated approach, and a description of the next steps proposed if the report's recommendations are adopted

Background

A. The Legal Framework

The Local Government Amendment (Planning and Reporting) Act 2009 (the Act) came into effect in October 2009. Prior to that time there was extensive consultation with the local government sector in NSW about the preferred option to adopt in terms of the management challenges facing NSW local communities over the next twenty years and beyond. The amendments created the Integrated Planning and Reporting framework (IPR) and this approach has widespread support because of its benefits.

The NSW government and the local government sector recognised that transitioning from the current legislative arrangements to IPR would be resource intensive and that some councils were better prepared in terms of their resources and past practices to adopt the IPR approach earlier than others. All councils will be required to complete the transition by June 2012; some councils were in a position to adopt the IPR approach by July 1st 2010; Shellharbour has elected to participate with the second tranche of councils for a transition from July 1st 2011.

There is a clear relationship between the long term objectives and strategies that the IPR approach requires and the objectives to be set through the reviews of LEP's for example. Shellharbour elected to transition by 2011 to align the work required by IPR and the new "standard instrument" LEP.

The recent NSW local government legislative framework had multiple requirements for management planning, social and cultural planning, state of the environment reporting, financial accounting and reporting, and environmental and land use planning. Too often the risk has been identified of priorities being uncertain or conflicting, or sometimes not being adequately identified in the first place under these disconnected approaches.

The IPR framework aims to bring alignment of council activities around a key set of outcomes that local communities want. To this end the framework integrates and streamlines statutory planning and reporting, strengthens council's strategic focus, aligns with National Sustainability Frameworks, and most importantly ensures accountability and responsiveness to local communities.

The new legislation involves changes to the Local Government Act, the Local Government (General) Regulation, and provides that councils work within a framework of a new manual and guidelines.

The changes to the Local Government Act require councils to prepare a 10 Year Community Strategic Plan and accompanying Resource Strategy, a Four Year Delivery Program, an Annual Operational Plan and Annual Report.

Every four years, in the year of a local council election, the Annual Report is to include a report on progress in relation to the Community Strategic Plan, including a State of the Environment report.

The changes to the Local Government Regulation repeal provisions dealing with management plans, provide details about what must be included in the Statement of Revenue Policy and specify what must be included in the Annual Report.

The Guidelines and Manual contain a set of mandatory "essential elements" and information to assist councils implement the new framework.

B. Why transition to IPR?

The new framework recognises that communities do not exist in isolation – they are part of larger natural, social, economic and political environments that influence and, to a large extent, shape their future direction. At the same time communities need to recognise that their actions in turn can profoundly affect these wider environments as well.

Neither do council plans exist in isolation – land use and infrastructure planning produce social, environmental and economic outcomes, and vice-versa – they are connected. Many times in the past this kind of "planning in isolation" has produced unintended results because the linkages between plans was not sufficiently understood or appreciated. The IPR framework encourages councils to draw their various plans

together, to understand how they interact and to get the maximum leverage from their efforts by planning holistically for the future in partnership with other stakeholders.

IPR recognises that most communities share similar aspirations: a just, safe, healthy and pleasant place to live, a sustainable environment, opportunities for social interaction, opportunities for employment, reliable infrastructure, good governance and the like. The difference lies in how each community responds to these needs. That is what shapes the character of individual towns and cities.

The new framework opens the way for councils and their communities to have important discussions about funding priorities, service levels and preserving local identity and to plan in partnership for a more sustainable future that local communities truly "own."

It's important to re-iterate that this approach was developed after extensive consultation with the local government sector and other key stakeholders who recognised the shortcomings of previous approaches, particularly in the areas of community ownership and engagement, and the need to better guarantee sustainability in the areas of people, assets, resources and the environment.

C. The Essential Components of the IPR framework.

The following diagram illustrates the components of the IPR framework.



The Community Strategic Plan

The Community Strategic Plan is the highest level plan that a council will prepare. The purpose of the plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. In doing this, the planning process will consider the issues and pressures that may affect the community and the level of resources that will realistically be available to achieve its aims and aspirations.

While a council has a custodial role in initiating, preparing and maintaining the Community Strategic Plan on behalf of the local government area, it is not wholly responsible for its implementation. Other partners, such as State agencies and community groups may also be engaged in delivering the long-term objectives of the plan.

So the Community Strategic Plan is to focus on the future of the community - not just the operations of the council. Each newly elected council will be required to review the plan and extend it by at least four years. The plan must be developed through a process of community engagement, and founded on sustainability principles, addressing key themes of community, environment, economy and governance. The plan must have priority outcomes; identify strategies to achieve the outcomes, and indicators to be used to measure effectiveness in achieving the outcomes.

Working closely with community representatives over the past several months (the process will be described more fully later in this report) a community vision for Shellharbour 2030 was developed. Vision setting is critical as clear intention precedes effective action. In other words, unless we are very clear about what we intend, we may finish up doing something else.

What do we intend?

"In 2030 Shellharbour is a dynamic city that values and celebrates the unique diversity of our people, places and environment.

We are a connected community working together to create a safe, sustainable future that provides opportunities for all to achieve their potential."

The community engagement approaches employed at Shellharbour will be described later in this report.

The Resourcing Strategy

The resourcing strategy outlines the time, people, the money and the other assets the council needs to implement the delivery plan. Its three essential components are the asset management plan, the workforce management strategy, and the long-term term financial plan. Each of these is described further, later in this section.

Drafts of these plans form attachments to this report and will be exhibited as part of the consultation process recommended. The development of a resourcing strategy has been one of the most challenging aspects of IPR preparation for Shellharbour, as the three essential components have been developed concurrently, with the need for cross-referencing and adjustment as the development of each plan has progressed to draft stage. Significant investment of staff time has occurred for the development of asset management planning for example.

The resourcing strategy is the point where council assists the community by sorting out who is responsible for what, in terms of the issues identified in the Community Strategic Plan. Some issues will clearly be the responsibility of council, some will be the responsibility of other spheres of government and some will rely on input from community groups or individuals. The Resourcing Strategy focuses in detail on matters that are the responsibility of Council, and looks generally at matters that are the responsibility of others. Other stakeholders, including State agencies, non-government organisations, community groups and individuals also have roles in delivering these outcomes.

The resourcing strategy is a critical link when it comes to translating strategic objectives into actions that will deliver outcomes that are wanted, important and sustainable.

Asset Management Plan (AMP)

As custodian of over \$440 million (written down value) of community assets, Shellharbour Council must have systems in place to account for and manage these assets, as well as having regard for the long-term and cumulative effects of decisions made concerning them. The Council's Charter (s.8 of the Local Government Act) enshrines this duty as a core function for every council.

For our assets to be managed sustainably requires a robust planning process that should incorporate the whole of life aspects of major assets, including planning, purchase, operation, maintenance and ultimate disposal. This needs to encompass systematic and coordinated activities across the organisation as a whole. For this reason the process of asset management will be iterative and one of continuous improvement. Increased emphasis needs to be placed on the long term costs of ownership for council, as well as acquisition methods in future which better reflect intergenerational equity when financing new long-life assets.

Long Term Financial Plan (LTFP)

This plan tests long-term community aspirations and goals against financial realities. The community engagement opportunities to date have already given the council a better understanding about the expected pressures that will affect Shellharbour communities socially, environmentally and economically. We also have clearer understanding about the community's aspirations and priorities for improving outcomes, and clearer direction about the community's expected levels of service and community projects.

The LTFP seeks to answer questions with respect to affordability and actions that we need to carry out to remain financially sustainable. How do we pay for future projects and services? How do we respond to future financial pressures, some of which are beyond our control

Workforce Management Strategy (WMS)

As essential as time, money and other assets in realising community outcomes are the people who deliver the outcomes. The WMS, which requires a minimum four year horizon, aims to provide the council with the people best able to inform its strategic direction, innovate to address complex issues, and deliver services skilfully, responsively and effectively.

The strategy should also assist in better allowing the council to meet its statutory responsibilities in relation to employment, including EEO management and practising the principles of multiculturalism.

The strategy needs to analyse the council's workforce requirements based on the CSP and Delivery Program commitments already given, as well as the development of appropriate organisational structures and staff development and training so that the council is in a strengthened position to meet its future obligations as well as its current ones.

The Delivery Program

This is the point where the community's strategic goals are systematically translated into actions. These are the principal activities to be undertaken by the Council to implement the strategies established by the Community Strategic Plan within the resources available under the Resourcing Strategy.

The Delivery Program is a statement of commitment to the community from each newly elected council. In preparing the Delivery Program, Council is accounting for its stewardship of the community's long-term goals, outlining what it intends to do towards achieving these goals during its term of office and what its priorities will be.

The Delivery Program replaces the former Management Plan requirements. It is designed as the single point of reference for all principal activities undertaken by Council during its term of office. It has a four year duration in alignment with the elected term, rather than the three year cycle of the former management plan.

Once a new Council is elected in September, they have the opportunity to review the Community Strategic Plan and then must prepare a new Delivery Program and Operational Budget by the next June 30th. During this nine month period they must engage with the community about what they will seek to achieve in their term in office with the new Delivery Program

All plans, projects, activities and funding allocations must be directly linked to this Program. It outlines priority activities over 4 years with all activities linked to desired outcomes. It identifies resources required to do so, and defines customer service standards (level of service). Progress on the Delivery Program is reported to Council every six months.

Because the Delivery Program is the key accountability mechanism for each council, it is important that it embrace all aspects of the council's operations. The aim is to create what should be a central reference point for decision making and performance monitoring.

The Annual Operating Plan and Budget

This consists of the annual implementation plan and budget containing operational performance measures and the council's revenue policy. It spells out the details of the Delivery Program for the coming year, to the level of individual projects and activities that will achieve Delivery Program commitments. Additionally, this Plan allocates

responsibilities for each activity and must include a detailed budget for the activities to be undertaken for the year.

The Operating Plan needs to be seen as a subset of the Delivery Program; it is not a separate entity, but rather, as the framework requires, integrated with it and the CSP.

The responsible accounting officer of council must report to council quarterly (except last quarter) on the Operational Plan's budget. The plan also needs to incorporate suitable methods to determine the effectiveness of the activities undertaken.

The Annual Report

The Annual Report demonstrates progress toward desired outcomes, completion of priority projects and performance against service standards. It is a report to the local community first and foremost. It focuses on the council's implementation of the Delivery Program and Operational Plan, as these are the plans that are wholly the council's responsibility.

The general requirements for the report are contained in S 428 and 428 (A) of the Act. The Report must be prepared within five months of the conclusion of each Operational Plan period.

Essentially the Annual report should address each of the strategies included in the Delivery Program and Operational Plan. It should answer the key questions: Did we do what we said we would do? If not, why not?

In the year of the ordinary election the Annual Report must also include an outline of achievements in implementing the CSP.

D. 2011/12 Budget

1. Budget Format

The draft 2011/12 budget is made of four main programs: operational budget, balance sheet budget, capital works budget and the asset maintenance & replacement budget.

i) Policy Considerations

In preparing the 2011/12 Budget a number of principles were followed:

- Operational revenue to only be applied to meet operational expenditure
- Surplus reserves may be applied to meet "one-off" expenditures
- Capital costs would be met from:
 - Accumulated unrestricted reserves
 - External funding eg govt grants, section 94
 - Loans

The reasoning behind the principles may be explained as follows.

The Council has followed the practice of funding significant amounts of its capital works program from operational revenues, either derived from rates or from Government funding. As a consequence, there has been a tendency to, on the one hand, expand the capital asset base, while on the other, to reduce the amount of funding available to maintain the existing base, and moreover the ability to fund the ongoing maintenance and renewal costs of those newly created capital assets.

Over time, this practice can produce a budget approach where it is relatively easy to create new assets, but progressively harder to maintain them due to a relative shortage of operational income. The policy response in the past has been to address this by the application of implied cuts in the levels of service, lower standards of maintenance, and a progressive decline of the value of existing assets. This tendency is exacerbated by two other factors:

- The absence of a whole-of-life costing approach to the creation of new assets. In other words, the only capital costs that are accounted for are the initial cost of that asset, which in the long run is the cheapest cost once asset maintenance and renewal costs are taken into account.
- A structural imbalance in the council's operating statement, as evidenced by the Council's Long term Financial Plan, which shows operational deficits in 9 of the next 10 years.

This outcome explains the very necessary application of the principles as set out above. In effect, their application will provide relatively greater amounts of resourcing to asset maintenance costs, and make it harder to commit to new capital works.

Quite clearly, however, those principles need to be thought through and set out in a clear set of council policies (e.g. what is to be an acceptable level of loan funding?). There will be a report to the council prior to the consideration of the 2012/13 Budget on the framework and detail of such policies. For the purposes of the 2011/12 Budget, the principles set out above have been applied as an interim step, as will be seen from what follows.

ii) Operational budget

The operational budget for 2011/12 has been detailed in two separate formats; one in the format of an Income Statement categorised by type and the second by activity.

These documents detail all of council's recurrent operating expenditure and income. They also contain any income that relates to items that are capital in nature (i.e. capital grants and contributions).

For a number of years now council's recurrent operational expenditure, or on-going day to day costs, have been greater than our recurrent operating income. The reasons why council's costs have outgrown the revenue generated, have been outlined in great detail in past years' budget reports.

To ensure council has commenced each year with a close to balanced budget, a number of reactionary measures have been taken to bring expenditure and income into alignment. These measures have been in the form of budget reductions across all areas of the organisation. The majority of these reductions have only been on a temporary basis for that particular budget year, with the estimate being reinstated in the following budget. This included a number of allocations which has directly affected service levels in the current 10/11 budget. The following \$563k of recurrent programs have been reinstated in the estimates for 2011/12:

- Heavy patching, kerb & gutter and footpath maintenance - \$100k
- Parkland mowing - \$70k
- Beach maintenance - \$20k
- Street cleaning - \$15k
- Rural roads maintenance - \$30k
- Casual staff at Waste Depot - \$30k
- Parks and gardens casual staff - \$20k
- Streetlighting materials - \$65k
- Salary savings through deferral of existing vacancies - \$178k
- Environmental projects support - \$10k
- Playground equipment installation - \$25k

A new direction has been taken in preparing the 2011/12 budget, with the main objective being to bring council's day to day costs back in line with its operational income on a permanent basis. To achieve this objective, either costs needed to be reduced or income received increased or a combination of both.

Budget Adjustments

Income

NSW councils are limited in their ability to increase their income base with restrictive legislation like ratepegging, impacting their main income stream. User charges and fees, which collect the second largest amount of income behind rates and annual charges, also include a substantial number of charges which are regulated by legislation, thus limiting revenue raising opportunities.

Council receives a significant amount of grant funding each year from various external sources. Some of these grants are for one-off capital type projects while others are received on an annual basis for recurrent operational purposes. Federal Government Financial Assistance grants fit into the latter category with allocations being received each year. These grants are made up of an equalisation and a roads component. Both are "untied" and can be applied to any area of council's operations. Traditionally, Shellharbour has allocated the equalisation component to assist in funding recurrent operations while the roads component has been applied to capital works expenditure.

The draft 2011/12 budget has seen the movement of the roads component of the grant into the operational budget, to fund day to day operations. This decision is based around the principle of ongoing type revenues funding ongoing expenditures. Capital expenditure requirements should be met through one-off grants or other external funding sources including section 94 monies or loan borrowings, rather than ongoing revenues.

Surplus available reserves may also be used to meet this one-off expenditure commitment.

Expenditure

Employment Costs

On the expenditure side of the equation, employee benefits and on-costs make up approximately 42% of Shellharbour's total operating costs. Being council's largest expense category, this was the first area to be considered for potential permanent cost reductions.

A number of reviews have been carried out on existing employment policies, including:

- the accrual of leave,
- employee's private use of Council vehicles,
- the payment of uniform allowances to employees.

Whilst there are still some negotiations to occur before some of these policies can be finalised for existing staff, new staff will be employed under the revised policies reducing employment costs for the future.

A vacancy factor of 3% has been applied to all salary estimates in the draft 2011/12 budget. All organisations experience turnover of staff each year where savings are achieved during periods when positions are vacant. This initiative will require Managers to closely monitor their salary estimates throughout the year, particularly in regard to the utilisation of replacement staff during staff vacancies or extended periods of leave.

Cold Water Pools

Council at its ordinary meeting on 15 September 2009 resolved that income generated by the new cold water swimming pool fees be internally restricted and used for either:

- funding future capital works associated with maintaining the operation of the three existing cold water pools; or
- funding future capital works associated with the provision of a new aquatic centre.

Consistent with the first of the principles set out above (Operational revenue to only be applied to meet operational expenditure), it is proposed to resolve that all future income collected from the three cold water pools, be allocated towards the operating costs for each pool.

iii) Balance Sheet Budget

This budget details items of expenditure that relate to the acquisition of an asset, or capital expenditure that will extend the life of an existing asset.

Budget Adjustments**Plant Replacement Program**

Council has traditionally replaced their fleet/works vehicles at 40,000 kilometres (kms). The changeover point was extended to 60,000 kms or 3 years a few years ago as revenue on trades for second hand vehicles diminished substantially in line with an increase in demand for new cars as their prices declined. While maintenance costs may increase slightly, more significant savings are expected over the medium term in regards to changeover costs, along with administration costs associated with vehicle replacements. It is proposed to extend the changeover point for council's fleet and works vehicles to 80,000 kms, or four years of age, in the draft 2011/12 budget.

iv) Capital Works Budget

The Capital Works budget contains items of expenditure that relate to the construction of an asset, or capital expenditure that will extend the life of an existing asset.

Budget Adjustments

In compiling the Capital Works budget for 2011/12, only projects which contain internal or external funding have been included. In past budgets, the Capital Works program has included funding from the roads component of the Financial Assistance grant along with some funding from general revenue. As referred to previously in this report, in preparing future budgets council is planning to utilise recurrent operational revenue to fund operational expenditure. This will result in Financial Assistance grants monies being used to address day to day maintenance and operations rather than being applied to the creation of "new" assets.

All NSW Councils have large funding shortfalls when it comes to maintaining their existing infrastructure assets to a satisfactory level. Shellharbour is no different in this area with an amount of over \$31 million being required to bring all assets to a minimum satisfactory condition. The proposal to divert Financial Assistance grant monies to the operational budget will greatly assist in addressing these asset maintenance issues.

With all available recurrent revenue being allocated to the operational budget, the use of loan funds will need to be considered for future one-off capital projects, which don't have any available internal/external funding attached to them.

Previous Capital Works budgets have also included funding pools to match external grant offers. These resource allocations, which have been funded from operational revenues, have in past budgets contributed to the shortage of available funding. Close scrutiny will occur on all future grant offers, particularly the ones which require a matching commitment from council, before a decision is made on whether the grant monies are to be accepted. This may result in council rejecting perceived "free" monies.

The issue is that these grants are not "free" of cost to council, when resources have to be redirected from other programs, whenever a matching commitment is required from council.

v) Asset Maintenance & Replacement Budget

The Asset Maintenance & Replacement budget contains all the works identified by council's Conquest Asset Management system. The funding for these works have been sourced via the approval council gained in 2006/07 to increase its rating income 5.9% above the ratepegging limit. This additional funding is set aside each year to complement operating budget expenditure for maintenance and replacement of council's asset infrastructure. The total amount of the program is adjusted each year in line with the increase in rating income council resolves to include in its operational budget. The total allocation for the 2011/12 program is \$1.46 million, which is an increase of 2.8% (ratepegging limit) from the 2010/11 program. It should be noted that this program contains both capital and operational expenditure. The operational works estimates have been included in the operational budget, to say nothing of the ongoing operational and maintenance costs.

2. Budget Assumptions

Below is a summary of assumptions and major variations which have been made when compiling the 2011/12 budget:-

- A 2.8% increase for general rates has been factored into the budget in line with the ratepegging limit for 2011/12, as advised by the Independent Pricing and Regulatory Tribunal (IPART)
- A 3.0% increase in salary estimates to cover the annual award increase along with any movements by employees through council's salary system (excludes vacancy factor)
- A 3.0% vacancy factor applied to salary estimates to allow for budget savings whilst positions are vacant
- Anticipated increases in workers compensation and general insurance premiums - \$320k
- Estimated return for interest on investments of 5.25%
- Expected waste levy liabilities of \$4.4 million
- Estimates included for local government election costs and councillor expenses
- \$802k amount for internal loan repayments associated with the investment in equipment as part of the Information Technology Upgrade
- Income and expenditure associated with The Links Shell Cove golf facility is included in council's operational budget, the same as for any other sporting facility. The estimates for 2011/12 currently reflect a loss of \$166k.

3. Financial Assistance

Under section 356 of the Local Government Act a council may provide financial assistance to persons after giving 28 days public notice of its proposal. The draft 2011/12 budget contains financial assistance to the following organisations:

• Sports Assistance Fund	\$ 10,000
• Warilla Neighbourhood Centre	\$ 12,000
• Illawarra Academy of Sport	\$ 10,000
• Tourism Shellharbour	\$225,000
• Life Education	\$ 4,500
• Donations Working Party (recipients to be determined)	\$ 25,000
• Australian Aerial Patrol	\$ 16,588
• Illawarra Children's Services	\$ 1,000
• Wollongong Rollerhawks	\$ 3,000
• Southern Stars	\$ 10,000
• Illawarra Business Chamber	\$ 8,500
• Illawarra Pipe Band	\$ 1,000
• RYDA Contribution	\$ 9,000
• Cities Service Boston Memorial	\$ 3,000
• Animal Welfare League	\$ 2,000

Council at its meeting on 19 April 2011 resolved to place on 28 days public notice the proposal to provide financial assistance of \$10,000 per year for 10 years to the Shellharbour Sharks, to assist with the upgrade of buildings and structures at Ron Costello Oval. The report also indicated that any submissions received will be considered in conjunction with the 2011/12 budget process, with a recommendation being reported back to council at the meeting to adopt the 2011/12 budget.

4. Revenue Policy/Fees & Charges

The draft Revenue Policy and Fees and Charges Schedule are attached.

The Revenue Policy details council's pricing policy with respect to the provision of goods and services. It creates a framework within which responsible pricing decisions can be made. The full costs of providing goods and services will be identified, and will be used along with factors such as existing and potential markets, community service obligations, public interest and community benefit in determining the revenue structure for the provision of any given good or service.

The Fees and Charges document shows the new fee for the forthcoming financial year, as well as what the fee currently is, for comparative purposes. This has been done to display where our fees have increased or decreased.

5. Rating Structure

Council's current rating structure is as follows:-

Residential	45% Base Rate and Ad-Valorem Component
Business	Ad-Valorem only
Farmland	Ad Valorem only
Non Urban	Ad Valorem only

The inclusion of a 45% base rate for the residential category was first introduced in the current 2010/11 rating year. This followed a change in 2009/10 when the residential base rate was increased from 25% to 30%. Prior to 2009/10, the structure which included a 25% base rate, had remained the same since Council first adopted a base rate structure in 1993.

The recommendation of this report includes the proposal to increase general rates by 2.8%, being the maximum permitted increase as advised by IPART. For each 1% of the ratepegging increase that council does not take up, approximately \$277,000 (before pensioner rebate) of income is forgone. In view of ever increasing costs and the community's service level expectations, any decision not to take the full rates increase cannot be justified or supported.

Adoption of the recommendation will result in the following base rate and rate in the dollar amounts.

<u>Category</u>	<u>Base Rate</u>	<u>Ad-Valorem Amount</u>
Residential	\$453.77	0.27095 cents in the \$
Business	n/a	0.84472 cents in the \$
Non – Urban	n/a	0.20498 cents in the \$
Farmland	n/a	0.18149 cents in the \$

6. New items

Council officers were asked to submit new items of funding requests for new programs or changes in existing programs which couldn't be covered from their draft estimates for 2011/12. These items have been assessed in conjunction with the draft Community Strategic Plan and council's legal, statutory and operational commitments.

The requests have been categorised into the following priorities. The net total requests are as follows:

Statutory	\$ 0
Essential	\$ 197,981
Priority 1	\$2,776,951
Priority 2	\$ 397,230
Priority 3	\$ 65,400
Total	\$3,437,562

The recommendation to this report includes the funding of all new items defined as "essential" to basic service continuity. These items have been included as an attachment to this report.

Due to the budget constraints council has faced in compiling the 2011/12 budget, only a small number of new items have been recommended for inclusion, with all of these items being identified as essential. Council's inability to fund some of the new item requests, will have a constraining affect on some services provided to our community during 2011/12. Below are some examples of these unfunded new item requests.

- Street tree and parkland tree pruning - \$40k
- Park landscape maintenance - \$50k
- Warilla pool shade structure - \$28k
- Shellharbour cemetery amenities upgrade - \$120k
- Staged development of Albion Park cemetery - \$154k
- Older people's Services Librarian - \$64k

7. Unexpended Items 2010/11 Budget

There will be some items in the current financial year that will need to be carried over into the next budget period. There are various reasons for this including larger projects with timeframes that overlap two financial years, late notification of RTA and other government grant funding and the requirement of approvals from government authorities for some capital works which can cause delays with their implementation.

The carry over from one financial year to the next is purely a matter of construction program timing. It is important to note that all projects have been previously approved by council and are being funded as originally intended. All allocations for jobs to be carried over which are funded from general revenue will be restricted as at 30 June 2011 and brought into the 2011/12 budget as a restricted asset at the September Quarter Budget Review, once the 2010/11 financial year is closed and final project balances determined. This ensures that the year-end result for 2010/11 is not positively inflated due to these unexpended carry over works. When the jobs are revoted in 2011/12 there will also be no effect to the bottom line with the funding coming from restricted assets. These projects carried over are usually undertaken in the first quarter of the new financial year.

A total of 78 projects from all sections of council have been requested for carry over from the current financial year. These have been listed along with comments as an attachment to this report. Another separate attachment lists these projects with their funding sources.

8. Summary

Operational Budget	7,912,615	
Balance Sheet Budget	2,701,693	
Capital Works Budget	5,963,723	
Asset Maintenance & Replacement Program (capital component)	1,162,911	<u>17,740,942</u>
<i>Less</i>		
Non Cash items	16,593,000	
Section 94 funded items	0	
Restricted Assets	4,493,926	
Loan Funded Items	0	<u>21,086,926</u>
<i>Add</i>		
Section 94 surplus	2,133,612	
Land Sale (60:40 policy)	0	
Domestic Waste Surplus	958,971	
Community Transport Surplus	93,745	<u>3,186,328</u>
Surplus		(159,656)
Surplus as % of total operational expenditure		0.2%

Consultations**Internal**

General Manager
Directors
All Group Managers
Various specialist and operational staff
Internal staff survey

External

Council commissioned a community survey which was conducted by IRIS Research. The purpose of this survey was to gain an understanding of the level of satisfaction from the community about Council services and facilities, as well as to gain information about planning directions for the future. The 2010 IRIS Community Survey was released to the

public on Wednesday 10 November 2010 and from that date was made available on Council's web site.

Wide ranging consultation occurred over time in relation to the development of many strategies which in turn are key ingredients of the CSP. Among these were Council's Waste Strategy, Open Space, Recreation and Community Facilities Needs Study, Library Service Review, and Cultural Mapping Project.

Council also developed and adopted its Community Engagement Policy in 2009 and subsequent engagement with the community followed this policy when the CSP was being developed.

A Shellharbour Youth Engagement Forum was held at Albion Park in September last year. The 45 students were representative of most high schools and all were Shellharbour City residents. Their valued contributions informed both the CSP process and the development of Council's Draft Local Environmental Plan.

The community strategic planning forums were the main focus for engagement of the Community Strategic Plan. Our engagement strategy was to **collaborate** with the community on the creation of the community vision statement, **involve** the community on the setting of objectives and **consult** with the community about strategies to achieve these long-term objectives.

To ensure all interested community members were able to participate in our planning forums transport to and from the forum venues was available for all who required it. Also, child minding was available at the venues for all participants to utilise if required.

Two workshops were held with 75 participants attending each. Participants were invited, self-nominated or randomly selected by a market research company. A broad cross-section of the Shellharbour community was represented, including a cross-section of ages and suburbs.

The first workshop was held on the evening of Monday 29 November 2010. Participants were asked to take part in a series of exercises to identify what they liked about Shellharbour and to visualise how they wanted Shellharbour to be in the future. At the end of the forum, a group of common themes was identified and the participants elected seven of their peers to work with Council staff on Wednesday 1 December 2010 to draft the community vision statement.

The second forum was held on Sunday 5 December 2010. At this forum, the seven community members who crafted the community vision statement presented it to the members of the forum. The community vision statement was unanimously endorsed by the 75 participants at the forum. These participants then worked with facilitators to provide information to Council to form objectives for the Community Strategic Plan.

The Community Strategic Plan was also widely circulated to State Agencies for comment and a State Agency briefing was held on 31st March 2011. We have received comments from the NSW Department of Premier and Cabinet and Communities NSW which are attached to this report. Some suggestions were made regarding the wording of part of

the Community Strategic Plan, which we have agreed to and these changes are reflected in the Community Strategic Plan.

Political Donations Disclosure

Not Applicable

Recommendation

1. That Council adopt:

- **The Draft Community Strategic Plan 2011-2021**
- **The Draft Four Year Delivery Program and Draft 1 Year Operating Plan, including the Draft Budget (Operational, Balance Sheet, Capital Works and Asset Management/ Replacement Programs), Draft Revenue Policy and Draft Fees and Charges**
- **The Draft Resourcing Strategy**

and that these proposals, resulting in a budget surplus of \$159,656 be advertised for the purposes of public exhibition commencing 14th May 2011 and closing 4.30p.m 13th June 2011.

2. That Council acknowledge that this results in the following Rates and Charges:-

- a. **For the residential rate category, a base rate of 45% (\$453.77) and ad-valorem component of 0.27095 cents in the dollar on the base date 1 July 2009 land value of all rateable residential land determined to be in this category, in the local government area.**
- b. **For the business rate category, an ad-valorem rate of 0.84472 cents in the dollar on the base date 1 July 2009 land value of all rateable land determined to be in the business category general, in the local government area.**
- c. **For the business category, (sub category non-urban), an ad-valorem rate of 0.20498 cents in the dollar on the base date 1 July 2009 land value of all rateable land determined to be in this category, in the local government area.**
- d. **For the farmland category, an ad-valorem rate of 0.18149 cents in the dollar on the base date 1 July 2009 land value of all rateable land determined to be in this category, in the local government area.**
- e. **A Domestic Waste Service Charge of:**

\$290.00 per annum per 240 litre bin per fortnightly service
\$220.00 per annum per 140 litre bin per fortnightly service
\$ 60.00 availability fee

\$436.00 per annum charge for a weekly service for special needs households in accordance with the Draft Revenue Policy

f. A Business Waste Service Charge of:

\$308.00 per annum per fortnightly service (garbage, recycling & green waste)

\$247.00 per annum per fortnightly service (garbage only)

\$ 77.00 per annum per fortnightly service (recycling only)

\$289.00 per annum per fortnightly service (garbage and recycling only)

\$ 82.00 per annum per fortnightly service (green waste only)

\$124.00 per annum per fortnightly service (two recycling bins only)

g. A Stormwater Management Service Charge of:

i) \$25.00 per residential assessment per annum

ii) \$12.50 per residential strata unit per annum

iii) \$25.00 per 350m² (or part thereof) per business assessment per annum capped at a maximum charge of \$150

iv) Business Strata Lots – pro rata per unit of business calculation per annum

h. That the rate of interest by which overdue rates be increased for the year be 9 percent per annum, or any other percentage as permitted by the Minister of Local Government.

i. That Council notes that rate yields and rates in the dollar (\$) may be subject to variation for any land values added to Council's rate base prior to final adoption.

3. That the amount of new loan borrowing application be \$1,400,000 with \$1,400,000 to be borrowed if required from recognised banking institutions or government authorities. This loan will be secured by a mortgage over Council's consolidated fund income and will be used for capital works at the Shellharbour Beachside Tourist Park, noting that redemption and interest repayments will be recouped by additional income generated by these works.

4. That a copy of each written public submission received by Council on the Integrated Planning and Reporting documents be referred to the Administrator.

Approved for Council's consideration: _____

Attachments

1. Correspondence - NSW Department of Premier and Cabinet and Communities NSW

Attachments 2 - 4 are available to view on Council's website and at Council's libraries.

2. Draft Community Strategic Plan 2011 - 2021 - under separate cover view on
3. Draft Four Year Delivery Program and One Year Operating Plan - under separate cover
4. Draft Resourcing Strategy - under separate cover

Attachment 1 - Correspondence NSW Department of Premier & Cabinet and Cabinet & Communities



**Premier
& Cabinet**

12 APR 2011

8 April 2011

Mr Michael Willis
General Manager
Shellharbour City Council
PO Box 155
SHELLHARBOUR CITY CENTRE NSW 2529

Attention: Peter Masterson

Michael
Dear Mr Willis

Draft Shellharbour City Community Strategic Plan

I wish to thank Council for the opportunity to comment on the *Draft Shellharbour City Community Strategic Plan* both in writing as well as participation in the agency briefing session conducted on 31 March 2011.

I am impressed with the well considered community engagement strategy that Council implemented in the preparation of the Draft Plan. Given that considerable recent community and agency consultation had occurred with regard to the previous Social Plan, Draft LEP etc it could have been tempting to undertake limited new consultation but Council expressly avoided that option. In talking to the officers involved it is clear that Council gained a lot of valuable input and feedback.

The Illawarra Region Councils have an extensive history in strategic planning and I feel this is reflected in the scope and quality of your draft plan which succinctly distils key issues, aspirations and imperatives. No doubt these will be picked up explicitly in the Draft Delivery Program (4 Year) and Draft Resourcing Strategy (10 Year) which Council is also preparing.

The adopted versions of these 3 key documents, plus the finalised LEP, will be of great value in focusing NSW Government agency collaboration with Council over the coming years.

I provided a few minor suggestions direct to your staff at the recent briefing session which I won't repeat in this correspondence but overall I feel the Draft Plan is robust and well presented and, in my opinion, is consistent with the intent for these plans as per the *NSW Local Government Integrated Planning and Reporting Framework*.

I also note the specific opportunities provided by Council for NSW Government agencies to participate in the process through either written submissions or participation in the recent briefing session. Can I suggest that the final adopted Shellharbour City Community Strategic Plan be also forwarded to all agencies for their future reference.

I look forward to continuing the close working relationship between DPC Illawarra and Shellharbour City Council for the benefit of your wider community.

Yours sincerely

Mark Roberts
Illawarra Regional Coordinator

Illawarra Regional Coordination – Government Coordination Division
Ground Floor Block F, NSW Government Offices, 84 Crown Street, Wollongong
PO Box 892, WOLLONGONG NSW 2500 Tel: 4253 6305 Fax: (02) 8243 9426



Communities

Ms S Basa
Corporate Planning Officer
Shellharbour City Council
PO Box 155,
Shellharbour City Centre
SHELLHARBOUR NSW 2529

SHELLHARBOUR CITY COUNCIL Ref No :2011/004057	
Doc No	
15 APR 2011	
Batch No	
Box No	

Dear Ms Basa

I am writing regarding Shellharbour City Council's Draft Community Strategic Plan. Thank you for the opportunity to provide comments. This ten year plan is an important document that clearly considers the aspirations and goals of its community, and has been drafted according to the NSW Integrated Planning and Reporting legislation and guidelines, and through extensive community engagement and consultation.

The Office of Sport, Recreation and Communities (formerly Communities NSW) commends Shellharbour City Council on its first integrated strategic plan of its kind. The Office of Sport, Recreation and Communities aims to improve the quality of life of people in NSW, by working with partners to create and develop communities that are vibrant, enterprising and sustainable, and in which people feel safe and engaged. Local government is a key partner for us, as councils share many of these aims.

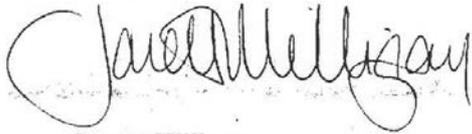
It is clear from the plan that Council has engaged the community in the plan's development. The plan identifies challenges for future planning and provision of services, including the changing age structure, reliance on motor vehicles and expected increased population. It recognises opportunities for recreation, culture and the arts and articulates strategies to address challenges ahead and provide opportunities, particularly for young people and Aboriginal community members in building community.

Although acknowledging a proud Aboriginal community, that has a higher representation than the NSW average and is growing, the way one of the strategies is worded in relation to provision of services and support (1.5.2), does not reflect one of the tenants of Council's Charter in promoting social justice principles of equity, access, participation and rights. The strategy might be better worded thus, "Partner with the Aboriginal community to provide equitable opportunities, services and support."

323 Castlereagh Street, Haymarket NSW 2000
GPO Box 7060, Sydney NSW 2001
Tel: 9995 0300 Fax: 9995 0888
ABN 96 991 896 913
www.communities.nsw.gov.au

We look forward to working with Shellharbour City Council in its development and delivery of the operation plan. Mrs Jane Moxon is the Regional Coordinator for the Southern region and can be contacted on 02 9006 3861, or 0400 198 791 or jane.moxon@communities.nsw.gov.au.

Yours sincerely



Janett Milligan
Executive Director, Policy and Reform

8.4.11

9. Urgent Business