

# **RICHMOND VALLEY COUNCIL**

## **Minutes**

### **Extraordinary Meeting**

**Tuesday, 4 May 2010**

## Table of Contents

<b>PRESENT .....</b>	<b>1</b>
<b>1 APOLOGIES .....</b>	<b>1</b>
<b>2 DECLARATION OF INTERESTS.....</b>	<b>1</b>
<b>3 REPORTS .....</b>	<b>1</b>
3.1 Draft Management Plan 2010/2013 and Draft Budget Estimates 2010/2011 .....	1
3.2 Draft Revenue Policy 2010/2011 .....	8
3.3 Section 94A Development Contributions Plan .....	13

**MINUTES OF THE EXTRAORDINARY MEETING OF RICHMOND VALLEY COUNCIL, HELD IN THE COUNCIL CHAMBERS, CNR WALKER STREET AND GRAHAM PLACE, CASINO, ON TUESDAY, 4 MAY 2010 AT 2.00 P.M.**

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**PRESENT**

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Crs. C.J. Sullivan (Mayor), C.J. Cox, O. Crawford, S.A. George, B.J. Jeffery, D.A. Kinnish, S.E. Morrissey, R.A. Mustow and S.N. Wheatley.

The General Manager, Director Corporate Services, Director Works, Director Environmental Development Services, Manager Finance and Executive Assistant (Annette Phelps) were also in attendance.

**1 APOLOGIES**

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Nil.

**2 DECLARATION OF INTERESTS**

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Nil.

**3 REPORTS**

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**3.1 DRAFT MANAGEMENT PLAN 2010/2013 AND DRAFT BUDGET ESTIMATES 2010/2011**

**Reference:** Corporate Management - Planning; Financial Management - Budgeting

**Prepared by:** Manager Finance

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**Background**

Each year, Council is required by Section 402 of the Local Government Act 1993 to prepare a Draft Management Plan that outlines Council's activities for the next three years and the Revenue Policy for the next year. Section 403 and 404 of the Local Government Act 1993 stipulate the contents of the Draft Management Plan and Draft Revenue Policy and it is upon this basis that a Draft Management Plan for the period 2010/2013 has been prepared along with a Draft 2010/2011 Revenue Policy for Council's consideration. The Draft 2010/2011 Revenue Policy is subject to an additional report to this Extraordinary Council Meeting.

## Report

### Issues

Circulated with the business paper is the Draft Management Plan for the period 2010 to 2013 incorporating the Budget Estimates. The Plan has been prepared on the current Council organisation structure of the four directorates of Council; General Manager, Corporate Services, Environmental Development Services and Works along with the programs in the various responsibility areas of each of the directorates. Each program has listed the goals to be achieved by each program, the statement of means to achieve those goals, the target as to when the goals will be carried out and the performance measurement of those goals. In relation to the 2010 to 2013 Draft Management Plan and 2010/2011 budget estimates in particular, the following matters require consideration.

### Financial Implications

The draft budget estimates for the 2010/2011 financial year have been compiled and reviewed by senior management. At this point in time the budget estimates are detailed as follows:

Item	Estimated 2010/2011 \$
Operating Revenue	43,066,900
Operating Expenditure	54,750,200
<b>Operating Result - Surplus/(Deficit)</b>	<b>(11,683,300)</b>
Add: Capital Revenue	7,976,900
<b>Change in Net Assets</b>	<b>(3,706,400)</b>
Add: Non-Cash Expenses	14,583,900
Add: Non-Operating Funds Employed	13,996,200
Subtract: Funds Deployed for Non-Operating Purposes	27,603,700
<b>Cash Surplus/(Deficit)</b>	<b>(2,730,000)</b>
Restricted Funds - Increase/(Decrease)	(2,230,000)
<b>Working Funds - Increase/(Decrease)</b>	<b>(500,000)</b>

The budget result has been derived from the assessment of current service levels and additional requirements plus it has been based on the following parameters:

- General rate peg increase 2.60%
- Consumer Price Index (CPI) - Inflation 2.10%
- Expected wages growth 3.25%
- Workers Compensation Insurance Increase 37.14%
- Interest on investments 6.50%
- Interest on new loans 8.00%

The proposed estimated budget result for 2010/2011 is showing a balanced result for both Sewerage and Water whereas General Fund currently has a budget deficit of \$500,000.

Overall there is estimated to be a cash deficit for 2010/2011 of \$2,730,000 which has been derived from the following fund results:

<b>Fund</b>	<b>Estimated 2010/2011 Cash Result \$</b>	<b>Surplus, Balanced or Deficit</b>
General	331,700	Deficit
Sewerage	1,463,800	Deficit
Water	934,500	Deficit
<b>Total</b>	<b>2,730,000</b>	Deficit

Whilst the proposed budget estimates for 2010/2011 are currently \$500,000 in deficit, Council is proposing to utilise reserves to the value of \$2,230,000 in 2010/2011 to partly fund the estimated cash deficit. The estimated reserve utilisation for 2010/2011 is as follows:

<b>Reserve Type</b>	<b>Estimated 2010/2011 Utilisation \$</b>
General – External	755,700
General – Internal	(924,000)
Sewerage	1,463,800
Water	934,500
<b>Total</b>	<b>2,230,000</b>

This is exactly what reserves funds are used for but in saying this, Council cannot continue to sustain this expenditure trend in future years in terms of reserve utilisation. The only reason the General Fund Internal Reserves have increased is due to a projected one-off land sale associated with the Evans Head Memorial Aerodrome. If that land sale was not included, General Fund Internal Reserves would decrease significantly resulting in an overall use of reserves at an increased level. The overall cash deficit would also be projected at \$6,630,000. Council does not have the luxury of significant one off land sales on an ongoing basis, so whilst it provides a buffer in terms of available cash in the short term, it does not resolve the existing underlying funding problems that will continue if not addressed in the longer term.

An analysis of the draft estimates illustrates Council continually does not generate enough general revenue to recover recurrent expenditure plus provide any funding for the requested value of capital works estimated to be nearly \$13.910million for 2010/2011 in the General Fund. Whilst predominately the reserve utilisation for 2010/2011 is for Sewerage and Water, it is the longer term funding inadequacies that exist in the General Fund that are the core financial issue for Council.

Council previously has had reserves in the General Fund to draw upon but those reserves are continuing to decrease and these historical funding sources (mainly for capital works) are disappearing. Work is still being done on developing/updating a long term financial plan for the General Fund over the next ten years coupled with the Integrated Planning and Reporting process but indications are simply that Council does not generate sufficient general fund revenue to do the following:

- Provide for normal recurrent operating expenditure at current service levels.
- Provide no general fund revenue for capital works. The only capital works in the general fund are those funded from sources external to Council

except the self funding general fund operations. Council has no general fund money to allocate to roads, bridges, footpaths, parks, sporting grounds, swimming pools etc.

This is further emphasised in that there is a current projected General Fund budget deficit of \$500,000 proposed for 2010/2011. This deficit is at a level where decisions need to be made about current levels of service. Essentially Council is now in the situation it can no longer afford the funding levels provided to each program on a recurrent basis. To address this which should be done in the short term is either by two options:

- Additional revenue through general rate increases or from other sources.
- Reduction in expenditure by reviewing Council operated programs which in turn will mean reduced service levels over those currently provided.

The projected budget deficit for 2010/2011 at \$500,000 also includes the utilisation of some reserve funds from the RTA State Roads Maintenance Contract Reserve to provide part funding for Council's sealed rural road maintenance of \$184,400. This is most unsustainable in the longer term and can be considered a dangerous methodology but it demonstrates the seriousness of Council's ability to fund its recurrent operations which is deteriorating year after year. It certainly demonstrates the ongoing ramifications and false economies of the rate pegging regime that exists in New South Wales.

The whole issue of the funding problems associated with the General Fund are not new and have been consistently reported to Council over a number of years. The situation would obviously be far worse now had the rate increases undertaken in 2004/2005, 2007/2008 and 2008/2009 not been pursued and secured. Those decisions whilst difficult at the time and not popular have at least left Council in a better situation than otherwise would exist, even though the circumstances now are most concerning.

If it is Council's desire to maintain programs at current recurrent levels and provide at least some general fund revenue towards capital work, Council will have to pursue further general rate increases over and above the rate peg announcements. This course of action will not be really a matter of choice but a necessity. As an indication, the current projected deficit for 2010/2011 would require a 6.4% rate increase on top of the 2.6% rate peg announcement. Therefore to maintain the status quo, Council would need a 9.0% rate increase and still have no funds for general fund related capital works aside from self financing activities. Alternatively if Council does not want to pursue future rate increases, programs will have to be reduced and service levels decreased. In real terms Council is continuing to fall behind each year with cost increases that are outstripping increases in revenue.

Regardless of the proposed budget for 2010/2011 as indicated in this same report last financial year, it is clearly apparent that Council is purely a maintenance operation in the General Fund but is facing a need to provide infrastructure for future growth and for 2010/2011, like in 2009/2010 for the first time unable to fund the maintenance/recurrent operation considering the proposed budget deficit. The proposed budget deficit is at a point where from a

staff perspective, any further reduction of the deficit unless there is other revenue available, requires a cut in the level of service provided by Council programs. If there are to be cuts in service level further to programs, this requires Council input/decision.

It is suggested that Council must make decisions as to what it believes are its core services and appropriate service levels and focus on that direction. Any funds freed up as a result of such decision should then be directed to redress the anticipated unacceptable budget deficit for 2010/2011 initially and unfortunately this matter should not be deferred.

Council needs to consolidate its financial position whilst juggling the community desire for better services/infrastructure and finding the right balance of how the desire for better services/infrastructure is financed. This is not an easy task to achieve but must be addressed now and not ignored. It is obvious the upcoming introduction of the Integrated Planning and Reporting Regime will assist in this regard from 1 July 2011 but Council still needs to navigate the 2010/2011 financial year first to fix the projected budget deficit which is not acceptable. The ongoing financial issues for Richmond Valley Council can be fixed but the longer any action to fix these issues is delayed, the harder fixing the situation will become.

### ***Strategic Links***

The Draft Management Plan is a significant strategic document for Council as it outlines the proposed goals and objectives Council is to achieve over the next three years in this case 2010/2011 to 2012/2013. It sets the direction and overall financing of Council's programs and services for that period.

### ***Statutory/Policy Implications & Consultation***

Section 405 of the Local Government Act 1993 requires Council to place its Draft Management Plan and Draft Revenue Policy on exhibition inviting submissions from the Community for a period of twenty eight days. To meet this requirement, it is proposed that Council's Draft Management Plan 2010 to 2013 incorporating budget estimates and the Draft 2010/2011 Revenue Policy be advertised from 8 May 2010 and conclude on 4 June 2010.

After conclusion of the public exhibition period, Council must in accordance with Section 406 of the Local Government Act 1993 adopt the Draft Management Plan for 2010 to 2013 and Draft Revenue Policy for 2010/2011 prior to the end of the current financial year i.e. 30 June 2010. It is expected this will be done at Council's Ordinary Meeting to be held on 15 June 2010. Section 406 of the Local Government Act 1993 also requires Council to consider any submissions received from the public prior to the adoption of the Draft Management Plan 2010 to 2013 and 2010/2011 Draft Revenue Policy.

Whilst the relevant Sections of the Local Government Act 1993 quoted in this report have been repealed, they are still to be applied by Council due to the transition to the Integrated Planning and Reporting Regime. As Council is a Group 2 Council required to implement Integrated Planning and Reporting

effective from 1 July 2011, in accordance with Circular 09-37 dated 14 October 2009 issued by the Department of Premier and Cabinet (Division of Local Government), the previous legislative regime concerning Management Plans and Revenue Policies are to continue. In this regard references to the previous legislation are still valid and applicable to Richmond Valley Council for the 2010/2011 financial year.

### **Conclusion**

As has been indicated in this report, Council needs to consolidate itself financially for the future. To that end it must undertake the following:

- Redress the anticipated 2010/2011 Budget deficit of \$500,000 in the immediate short term. During the public exhibition period, Council staff will also look at the possibility of any further savings however the current scope to find savings given current resource requirements is most limited.
- Further work be done on the projected 2011/2012 and 2012/2013 budget estimates to refine the current projected budget deficit results for those years as this stage.
- Determine what are the core priorities in respect of services/infrastructure and focus financial resources to those priorities within the limitations of the financial capacity of Council and ensuring ongoing financial sustainability of the Council. This will be facilitated with the Integrated Planning and Reporting Process that has commenced. This process needs to be embraced and seen as a significant opportunity however the 2010/2011 financial year projection is a concern.
- Make decisions to reflect the core priorities and that be the directional focus.
- If Council does not address the current situation, based on current utilisation of reserves, it will be financially insolvent within three to five years.

Adoption of the proposed 2010/2013 Draft Management Plan and Budget Estimates will allow Council then to advertise this document for the Community to consider and provide submissions upon if they so desire during the exhibition period of twenty eight days. Council will then need to consider any submissions before formally adopting the 2010/2013 Draft Management Plan and Budget Estimates at its Ordinary Meeting to be held on 15 June 2010.

### General Manager's Comments:

The preparation of the Draft Management Plan (and associated documents) has again proven a very difficult task. In that respect, there are a range of factors/influences that have impacted significantly on the information included in the Draft Management Plan/Budget/Revenue Policy.

In addition, internal factors such as the low revenue base/general rate yield and the need to address significant future capital works for sewerage and water infrastructure have also played a part. As can be seen in the draft documents (and report from the Manager Finance) this is clearly an unsustainable position and Council needs to formulate and commit to an approach to address its future direction and financial sustainability.

As Council is aware, there have been previous attempts to put in place a strategy to increase rate revenue. However, this did not get approval from the Department of Local Government (or the community). It is clear that the position of Council's revenue base, program expenditure levels and level of services need to be comprehensively reviewed and strategies/policies to address same, put in place.

As indicated by the Manager Finance, this needs to be done in the short term process. As has been indicated previously, this needs to be done in conjunction with the community and in a "non political"/totally supported approach by Councillors. This needs to address revenue, resource, expenditure and service level issues across all Council programs.

The projected deficit of \$500,000 shown in the draft Management Plan/Budget is a totally unsatisfactory situation. However, from a staff perspective the decisions that need to be made in order to reduce that deficit will need to be made on the basis of what future direction Council wants to take in respect of various program areas, i.e. reduce service levels/resources, pursue additional revenue. Those decisions are best not made in an ad hoc manner but as part of an overall approach.

It is proposed that staff will continue to try to identify operational savings both prior to and following adoption of the current Management Plan. In addition, commencing with the June 2010 Council Information Session, various matters will be raised in order to formulate a proposed strategy/approach.

In addition, it is proposed that any staff positions that are subject to resignations, retirements, etc, will not be replaced until there has been an analysis/determination of the need to replace same.

## **RECOMMENDATION**

Recommended that:

1. The Draft Management Plan and Budget Estimates for the three year period 2010 to 2013 be considered and any adjustments incorporated prior to public exhibition in accordance with Section 405 of the Local Government Act 1993.
2. The Draft Management Plan and Budget Estimates for the three year period 2010 to 2013 be adopted and advertised in accordance with Section 405 of the Local Government Act 1993 seeking submissions from the community on its contents.

3. Council commit to considering and determining future strategies to address financial sustainability matters.

**040510/ 1 RESOLVED** (Cr. Mustow/Cr. Wheatley)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

### **3.2 DRAFT REVENUE POLICY 2010/2011**

**Reference:** Corporate Management – Planning; Financial Management - Budgeting, Fees and Charges

**Prepared by:** Manager Finance

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#### **Background**

Each year, Council is required by Section 402 of the Local Government Act 1993 to prepare a Revenue Policy for the next year. Section 404 of the Local Government Act 1993 stipulates the contents of the Draft Revenue Policy and it is upon this basis that a Draft Revenue Policy for 2010/2011 has been prepared for Council's consideration.

#### **Report**

##### ***Issues***

Circulated with the Business Paper as part of the Draft Management Plan for the period 2010 to 2013 incorporating the Budget Estimates, is also the Draft 2010/2011 Revenue Policy. This document outlines the proposed rates, fees and other charges that Council should implement for goods and services. Specifically, in respect of the Draft 2010/2011 Revenue Policy the following matters require consideration.

##### ***Financial Implications***

Proposals contained in the Draft 2010/2011 Revenue Policy will financially impact upon ratepayers as follows:

- In respect of general land rates, Council will apply the allowed rate peg increase approved by the NSW Minister for Local Government of 2.6% for 2010/2011. In terms of rate income, this equates to approximately an additional \$201,500. Total general rate revenue yield is estimated to be \$7.973million or around 18.5% of Council's proposed 2010/2011 Operating Revenue.
- Continuation of water and sewerage pricing structures to comply with NSW Office of Water 'Best Practice Guidelines'. It should be noted it is proposed to increase the sewerage charge for residential ratepayers from \$810.00 to

\$840.00 to assist financing the ongoing sewerage financial plan (recently revised) over the next thirty years. This represents a 3.70% increase over the charge applicable for the 2009/2010 financial year. Commercial sewerage charges will continue to be based on a user pays basis measuring water consumption and discharge. The sewerage usage charge for commercial users will increase from \$1.62 per kilolitre to \$1.68 per kilolitre for 2010/2011. The sewerage access charges will be the same as the relevant water access charges. Sewerage charges raised in advance for ratepayers at Broadwater under Section 501 of the Local Government Act 1993 will continue to assist with funding of the upcoming construction of the Broadwater Sewerage Scheme. The sewerage charge applicable will be the residential equivalent sewerage charge and this will also apply to commercial premises in Broadwater as well. User pays sewerage which normally would be applicable cannot be charged because there is no existing service. Council will also be raising the sewerage charge for residential multiple occupancy premises from \$810.00 to \$840.00 per unit within the rateable assessment. This is continuing the instruction given to Council by the NSW Office of Water to standardise the charge and eliminate the cross subsidy between residential multiple occupancy premises and other residential premises.

- Water consumption charges are proposed to increase for 2010/2011 after the recent review of the water financial plan for the next thirty years and the absorption of the ongoing bulk water charge increases proposed by Rous Water (15% increase for 2010/2011). Consumption charges are proposed to be \$1.63 per kilolitre for the first 200 kilolitres used (\$1.53 for 2009/2010). Water consumption greater than 200 kilolitres is proposed to be \$2.45 per kilolitre (\$2.03 in 2009/2010). The NSW Office of Water 'Best Practice Guidelines' for water pricing requires 75% of all water revenue from residential consumers to be derived from consumption. At the proposed charges, Council is expected to meet this target. Also for 2010/2011 water availability or access charges are proposed to increase compared to those charged for 2009/2010 as follows:

<b>Meter Size</b>	<b>Access Charge Proposed 2010/2011</b>	<b>Access Charge 2009/2010</b>
20mm	\$114.00	\$100.00
25mm	\$178.00	\$156.00
32mm	\$292.00	\$256.00
40mm	\$456.00	\$400.00
50mm	\$713.00	\$625.00
80mm	\$1,824.00	\$1,600.00
100mm	\$2,850.00	\$2,500.00
150mm	\$6,413.00	\$5,625.00
200mm	\$11,400.00	\$10,000.00

The proposed water charges will continue to give consumers more ability to control their water accounts with the emphasis of the charges based on consumption and not availability or access.

Those consumers deemed to be food producers are now at the stage where the phase in of water consumption charges concluded at the end of

the 2007/2008 financial year. Given the NSW State Government is still in the process of determining the Inquiry into the service delivery of water and sewerage in rural New South Wales, water consumption charges for food producers will increase from \$0.59 per kilolitre to \$0.69 per kilolitre for 2010/2011. Whilst a 18.6% increase for these consumers, the consumption charges payable are still considerably less than other consumers. It is an issue that Council will need to consider in the near future to equalise consumption charges for food producers with those of other water consumers.

- Increase in domestic waste annual charges by 2.99% from \$335.00 to \$345.00 per service. This increase has been brought about by Council continuing a kerb side recycling service and the requirement to contribute a land fill levy on a per tonnage basis to the NSW State Government. It also provides for an organics collection service to be introduced in 2011/2012. Non-domestic waste charges are proposed to increase by 2.99% from \$335.00 to \$345.00 per service for the same reasons as the domestic waste service. Additionally the introduction of an additional domestic/non domestic waste charge under Section 502 of the Local Government Act 1993 with respect to properties in the Evans Head and surrounding area to cater for extra garbage collections over the Christmas/New Year holiday period will continue. This charge will only be levied by those whom wish to receive the additional garbage service(s). It is also proposed to retain the Waste Levy charge at \$120.00. This charge is applied to all properties that could be serviced by a garbage collection but are not. It is seen as encouragement by the introduction of this charge to obtain more services within the current routes of the garbage collection service.
- The Local Government (General) Amendment (Stormwater) Regulation 2006 commenced on the 13 April 2006. This legislation now allows Councils to charge for stormwater management services outside the parameters of rate pegging. Details of this charge have been disclosed on pages 11 to 13 of Council's Draft 2010/2011 Revenue Policy. The charge will provide Council with an estimated \$199,000 to fund stormwater drainage works/programs in accordance with the guidelines issued by the Department of Local Government on 26 July 2006 as per Circular 06-47.

The revenue policy also proposes the following major variations for user fees and charges:

- Removal of disclosure of fees for Silver Sands Holiday Park and Coraki Caravan Park as fees for these Parks should be set by the Reserve Trust. In addition to greater flexibility for pricing in competition with private Caravan Parks who are not required to publicly advertise fees payable for a twenty eight day period and seek submissions. Section 404(5) of the Local Government Act 1993 provides for non-disclosure of fees relating to commercial activities that could confer a commercial advantage.
- Inclusion of fees for Richmond Upper Clarence Regional Library as approved by Council at its Ordinary Meeting held 16 March 2010. These

fees are now proposed to be included in Council's Revenue Policy given changes to the administration of the Library.

- Additional increases in landfill fees to assist financing the landfill levy imposed by the State Government and financing works required by the landfill levy.
- Removal of disclosure of fees for Council's swimming pools. The operation of Council's Swimming Pools has been subject to a tender yet to be determined by Council including the operation of the new facility at Evans Head. Part of the tender is that the fees to be set at Council's pools will be determined by the successful tenderer.
- Introduction of fees associated with bulk water carriers and extracting water from the Casino Water Filling Station administered by Rous Water.
- Revision of fees associated with Aerodromes, and Casino Showground.
- Disclosure of proposed new Developer Contributions under Section 94A of the Environmental Planning and Assessment Act 1979 subject to a separate report to this Extraordinary Council Meeting.
- The revision of Saleyard fees in accordance with the resolution of Council of 16 March 2010 to also include a capital levy of \$0.50 per head of grown cattle.
- Fees generally increased by the Consumer Price Index (currently 2.1%) for the purposes of preparing the Draft 2010/2011 Revenue Policy in some areas where applicable.
- A review of the applicability of Goods and Services Tax (GST) to Council rates, fees and charges based on the latest determination by the Federal Treasurer under Section 81-5 of a New Tax System (GST) Act 1999.

Included in the front of the document is the policy by which Council determines fees and charges.

Council for 2010/2011 will need to borrow \$6.88million to complete works associated with further augmentation of the sewerage system. These loan funds are proposed to be utilised as follows:

- Woodburn Pump Station Augmentation - \$6,020,000.
- Evans Head Pump Station 8 Upgrade - \$860,000.

Loan borrowings of this size are essential to fund the above projects. This loan borrowing has been factored into and its subsequent repayments of principal and interest in the forward sewerage financial plan recently reviewed for the next 30 years. At this stage it is estimated Council will need to borrow a total of \$55.668million for sewerage and water over the next ten years including the proposed borrowing for 2010/2011.

### ***Statutory/Policy Implications and Consultation***

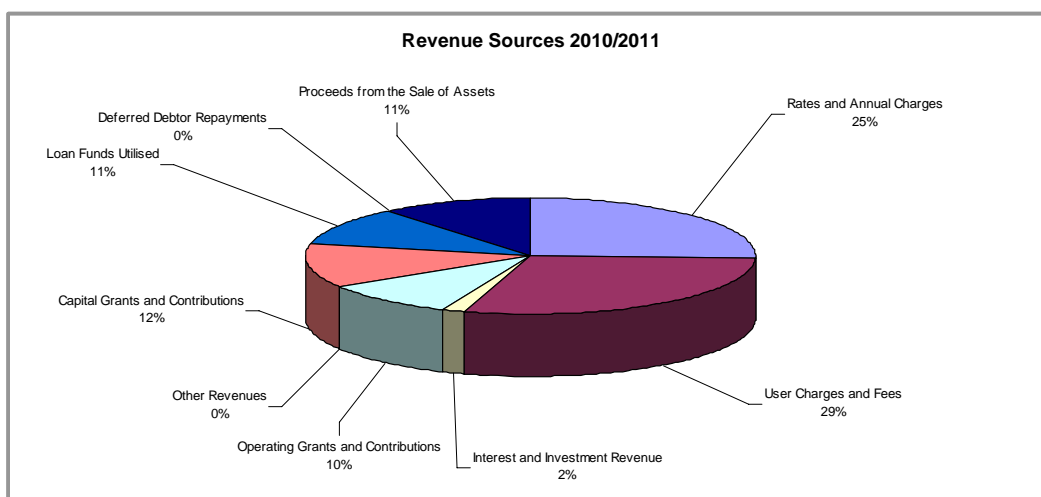
Section 405 of the Local Government Act 1993 requires Council to place its Draft Management Plan and Draft Revenue Policy on exhibition inviting submissions from the Community for a period of twenty eight days. To meet this requirement, it is proposed that Council's Draft Management Plan 2010 to 2013 incorporating budget estimates and the Draft 2010/2011 Revenue Policy be advertised from 8 May 2010 and conclude on 4 June 2010.

After conclusion of the public exhibition period, Council must in accordance with Section 406 of the Local Government Act 1993 adopt the Draft Management Plan for 2010 to 2013 and Draft Revenue Policy for 2010/2011 prior to the end of the current financial year i.e. 30 June 2010. It is expected this will be done at Council's Ordinary Meeting to be held on 15 June 2010. Section 406 of the Local Government Act 1993 also requires Council to consider any submissions received from the public prior to the adoption of the Draft Management Plan 2010 to 2013 and 2010/2011 Draft Revenue Policy.

Whilst the relevant Sections of the Local Government Act 1993 quoted in this report have been repealed, they are still to be applied by Council due to the transition to the Integrated Planning and Reporting Regime. As Council is a Group 2 Council required to implement Integrated Planning and Reporting effective from 1 July 2011, in accordance with Circular 09-37 dated 14 October 2009 issued by the Department of Premier and Cabinet (Division of Local Government), the previous legislative regime concerning Revenue Policies and Management Plans are to continue. In this regard references to the previous legislation are still valid and applicable to Richmond Valley Council for the 2010/2011 financial year.

### **Conclusion**

The 2010/2011 Draft Revenue Policy provides the basis for Council to raise and collect revenue required for the 2010/2011 financial year. It is estimated that Council's total yield from general rates, user charges relating to water/sewerage and annual charges will be \$21.687million in 2010/2011. It is also assumed the proposed 2010/2011 Draft Revenue Policy will produce Council's revenue sources for 2010/2011 as follows:



Adoption of the proposed Draft 2010/2011 Revenue Policy will allow Council then to advertise this document for the Community to consider and provide submissions upon if they so desire during the exhibition period of twenty eight days. Council will then need to consider any submissions before formally adopting the 2010/2011 Revenue Policy at its Ordinary Meeting to be held on 15 June 2010.

## RECOMMENDATION

Recommended that:

1. The Draft 2010/2011 Revenue Policy be considered and any adjustments incorporated prior to public exhibition in accordance with Section 405 of the Local Government Act 1993.
2. The Draft 2010/2011 Revenue Policy be adopted and advertised in accordance with Section 405 of the Local Government Act 1993 seeking submissions from the community on its contents.

**040510/ 2 RESOLVED** (Cr. Mustow/Cr. Morrissey)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

### 3.3 SECTION 94A DEVELOPMENT CONTRIBUTIONS PLAN

**Reference:** Development and Building Controls - Building and Development Applications, Policy

**Prepared by:** Manager Strategic Planning

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## Background

Council is in the process of developing a Section 94A Development Contributions Plan to replace previous Section 94 Plans.

The primary purposes of this Contributions Plan are:

- To authorise the imposition of a condition on certain development consents and complying development certificates requiring the payment of a levy determined in accordance with this Plan.
- To assist the Council to provide the appropriate public facilities which are required to maintain and enhance amenity and service delivery within the area
- To publicly identify the purposes for which the levies are required.

This Development Contributions Plan is called the Richmond Valley Council Section 94A Development Contributions Plan 2010. The Plan has been drafted

to include all public amenities and public services deemed to be required to meet the demands of development within the Council area for the life of this Plan.

This Plan repeals all former Section 94 Plans. A copy of the draft Section 94A Development Contributions Plan has been circulated separately to each councillor.

## **Report**

### ***Issues***

The purpose and format of the Plan and Works Program incorporated within the proposed Section 94A Plan has been presented to Council at its Information Sessions to describe the benefit and methodology in such a plan.

The Plan is now at the draft stage such that it can be placed on exhibition for public comment.

The Plan must be placed on public exhibition for comment for a period of 28 days.

To ensure that it is implemented at the start of the financial year in conjunction with the Management Plan, it is therefore appropriate, to place the Plan on exhibition at the same time that the draft Management Plan is exhibited so that the new Section 94A contributions which are incorporated with the Management Plan, can be implemented as at 1 July 2010.

### ***Legal***

Section 94A of the Environmental Planning and Assessment Act 1979 allows Council to adopt a development contribution plan that enables the Consent Authority to apply a fixed percentage levy on the cost of development.

### ***Policy***

The introduction and implementation of the Section 94A Development Contributions Plan supersedes the numerous Section 94 Plans currently enforced by Council.

### ***Asset***

The contributions derived from the Plan have the potential to improve the existing assets and provide for new services.

### ***Social***

The Plan will provide for improved opportunities within public areas that will enrich the social opportunities and enjoyment of the community.

**Consultation**

The draft Plan of Management is required to be placed on exhibition for 28 days to seek public comment before its implementation.

**Financial Implications**

The adoption of the Plan will allow for opportunities for Council to fund much needed assets improvements without impacting on Council's limited revenue rate base.

**Conclusion**

The endorsement of this Plan and a resolution to place the Plan on exhibition is required such that community comment can be sought and considered such that a report can be presented to the June 2010 Council meeting to allow the Section 94A Development Contributions Plan to be implemented as at 1 July 2010.

**RECOMMENDATION**

Recommended that the Draft Section 94A Development Contributions Plan be endorsed and placed on public exhibition for a period of 28 days.

**040510/ 3 RESOLVED** (Cr. Wheatley/Cr. Morrissey)

That the above recommendation be adopted.

FOR VOTE - All Council members voted unanimously.

The Meeting closed at 2.36 p.m.

**CONFIRMED - 18 May 2010**

**CHAIRMAN**