



BUSINESS PAPER

EXTRAORDINARY MEETING OF COUNCIL

To be held on

Wednesday, 29 July 2020  
4pm

at

Armidale Council Chamber

**Members**

Vivian May - Interim Administrator

AGENDA

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<b>Item:</b>	9.1	<b>Ref:</b> AINT/2020/22289
<b>Title:</b>	FOR DECISION: Integrated Planning and Reporting - Adoption of 2020/2021 Operational Plan, Resourcing Strategy, Revenue Policy and Fees and Charges	<b>Container:</b> ARC19/3619
<b>Author:</b>	Renata Davis, Principal Advisor - Corporate Planning	
<b>Attachments:</b>	1. Operational Plan 2020-2021 2. Resourcing Strategy 2020-2021 3. Revenue Policy 2020-2021 4. Fees and Charges 2020-2021 5. Public Submissions - Part 1 of 2 6. Public Submissions Continued - Part 2 of 2	

#### **RECOMMENDATION:**

##### **That Council:**

- a) **Receive and note the submissions contained in the report on the following Integrated Planning and Reporting documents:**
  - **Draft Operational Plan 2020-2021;**
  - **Draft Resourcing Strategy 2020-2021;**
  - **Draft Revenue Policy 2020-2021; and**
  - **Draft Fees and Charges 2020-2021.**
- b) **Endorse the final 2020-2021 Integrated Planning and Reporting documents, including amendments made following public exhibition, as outlined in this report, and which include:**
  - **Operational Plan 2020-2021;**
  - **Resourcing Strategy 2020-2021;**
  - **Revenue Policy 2020-2021; and**
  - **Fees and Charges 2020-2021.**

#### **Context**

Council's Operational Plan 2020-2021 outlines the projects and programs that Council will deliver throughout the Financial Year. This Plan is part of the Integrated Planning and Reporting Framework – a legislated requirement that includes a ten-year Community Strategic Plan, an interrelated four-year Delivery Program and a subsequent annual Operational Plan.

The Operational Plan is supported by the Resourcing Strategy (incorporating the Budget), a Revenue Policy 2020-2021 and a Fees and Charges 2020-2021 document. These documents outline and determine available resources, the revenue Council will collect, and the fees and charges the community will pay for the services Council provides.

The suite of Integrated Planning and Reporting documents must be adopted by 31 July 2020 (a one-month extension due to COVID-19).

#### **Purpose**

The purpose of this report is to present the submissions received following the public exhibition of the Draft Operational Plan 2020-2021, Draft Budget 2020-2021 and associated documents and seek adoption of the final versions, required to be prepared under the Integrated Planning and Reporting (IP&R) Framework, within the statutory timeframes.

## Proposal, Research and Analysis

Following endorsement at the Extraordinary Council Meeting on 18 June 2020, four Integrated Planning and Reporting documents were placed on public exhibition (from 19 June to 16 July 2020) for the legislated 28 day period, these were:

- Draft Operational Plan 2020-2021
- Draft Resourcing Strategy 2020-2021
- Draft Revenue Policy 2020-2021
- Draft Fees and Charges 2020-2021

During the submission period, Council received:

- 23 Formal Submissions
- 28 attendees at 4 pop-up sessions
- 34 attendees for 6 webinars
- 58 attendees at 4 village engagement sessions
- 906 visitors to the Your Say page, 5 informal comments

Armidale Regional Council has noted and considered the submissions - both formal and informal. It has determined if any changes are required to be made, or can reasonably be made with available resources, in response to the submissions.

### **Formal Submissions**

Council appreciates the time and effort taken by those who provided feedback on the Operational Plan and associated documents. There were 23 formal submissions made by community members. These are submissions that are addressed to the CEO and are sent to the Council email address or post office address. All Formal Submissions are attached to this report. Below is a list of the submissions and the Council Staff Recommendation in response:

Submitter	Council Staff Recommendation in Response to Submission
<i>Submission #1</i> Arjan Wilkie	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration.
<i>Submission #2</i> David Kanaley	Inclusion of action into Operational Plan – completion of Rail Trail study including adding Armidale to Black Mountain to the existing Business Case with funding as resolved by Council at its meeting on 26 February 2020. See page 9 Operational Plan. Funding included in Draft Budget. Other comments noted and passed on to officers for information and future planning and consideration.
<i>Submission #3</i> Maxine King	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration.
<i>Submission #4</i> Dale Curtis	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration. Note: Council has engaged public works NSW to develop an Integrated Water Cycle Management (IWCM) strategy and a Secure Yield model. These two items will provide Council with the

	tools to manage water assets and plan for the future as well as addressing drought management plans.
<i>Submission #5</i> Beth White	<p>The Rural Waste Management Charge for the former Guyra Shire Council LGA has been amended from \$144 to \$83 to realign charge with original five year harmonisation timeline (2020/21 Year 3). Further information outlined below in this report.</p> <p>Other comments noted and passed on to officers for information and future planning and consideration.</p> <p>Note: The State Government requires that all new dwellings and any alterations and additions over \$50,000 to a residential dwelling require a Basix Certificate which sets out their specific requirements in regards to water, thermal comfort and energy efficient. Properties connected to a reticulated water service would generally be required to install around a 2000-5000 litre water tank.</p>
<i>Submission #6</i> Nicole Cameron	<p>Staff recommend no changes to 2020-21 IP&amp;R documents.</p> <p>Comments noted and passed on to officers for information and future planning and consideration.</p> <p>Note: Information relating water usage charges is outlined in this report.</p>
<i>Submission #7</i> Stuart Grills	<p>The Rural Waste Management Charge for the former Guyra Shire Council LGA has been amended from \$144 to \$83 to realign charge with original five year harmonisation timeline (2020/21 Year 3). Further information outlined below in this report.</p> <p>Other comments noted and passed on to officers for information and future planning and consideration.</p>
<i>Submission #8</i> Maria Rummery	<p>Staff recommend no changes to 2020-21 IP&amp;R documents.</p> <p>Comments noted and passed on to officers for information and future planning and consideration.</p> <p>Note: Council's Water Wise Rebate Program was recently completed and included rebates for rain water tanks, showerheads, dual flush toilets, water efficiency audits, front loader washing machines and licensed plumber installations.</p>
<i>Submission #9</i> Helen Webb	<p>Staff recommend no changes to 2020-21 IP&amp;R documents.</p> <p>Comments noted and passed on to officers for information and future planning and consideration.</p> <p>Note: Council will consider recommendations from the Air Quality Working Group through the Environmental Sustainability Advisory Committee on how best to utilise funding to repair, maintain and increase Purple Air Monitors.</p>
<i>Submission #10</i> NSW Farmers Guyra Branch	<p>The Rural Waste Management Charge for the former Guyra Shire Council LGA has been amended from \$144 to \$83 to realign charge with original five year harmonisation timeline (2020/21 Year 3). Further information outlined below in this report.</p> <p>Other comments noted and passed on to officers for information and future planning and consideration.</p>
<i>Submission #11</i> Tanya Howard	<p>Staff recommend no changes to 2020-21 IP&amp;R documents.</p> <p>Comments noted and passed on to officers for information and future planning and consideration.</p> <p>Note: Information relating water usage charges is outlined in this</p>

	report.
<i>Submission #12</i> Visions for Armidale Creeklands Inc.	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration.
<i>Submission #13</i> Amy Ashman	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration.
<i>Submission #14</i> Armidale Regional Ratepayers Association Inc.	The Rural Waste Management Charge for the former Guyra Shire Council LGA has been amended from \$144 to \$83 to realign charge with original five year harmonisation timeline (2020/21 Year 3). Further information outlined in this report. Note: Information relating water usage charges is outlined in this report. Other comments noted and passed on to officers for information and future planning and consideration.
<i>Submission #15</i> Tom Schaefer	The Rural Waste Management Charge for the former Guyra Shire Council LGA has been amended from \$144 to \$83 to realign charge with original five year harmonisation timeline (2020/21 Year 3). Further information outlined in this report. Other comments noted and passed on to officers for information and future planning and consideration.
<i>Submission #16</i> National Trust of Australia (NSW)	Staff recommend no changes to 2020-21 IP&R documents. Note: Staff are liaising with the National Trust of Australia on a program of works
<i>Submission #17</i> Tom Fisher	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration. Note: Information relating water usage charges is outlined in this report.
<i>Submission #18</i> Annetter Kilarr and Lahalath Halperin – Climate Emergency Working Group	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration. Note: The Climate Emergency Working Group Final Report will be referred to the Environmental Sustainability Advisory Committee for review and action.
<i>Submission #19</i> Barbara Beatson	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration. Note: Council is currently finalising the Local Strategic Planning Statement which will provide a 20-year land use plan.
<i>Submission #20</i> Dr Dorothy L Robertson	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration. Note: Information relating water usage charges is outlined in this report.
<i>Submission #21</i> Joshua Fittler	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration.

	Note: Information relating water usage charges is outlined in this report.
<i>Submission #22</i> New England Greens Armidale and Tamworth (NEGAT)	Staff recommend no changes to 2020-21 IP&R documents. Comments noted and passed on to officers for information and future planning and consideration. Note: Information relating water usage charges is outlined in this report.
<i>Submission #23</i> Margaret O'Connor	The Rural Waste Management Charge for the former Guyra Shire Council LGA has been amended from \$144 to \$83 to realign charge with original five year harmonisation timeline (2020/21 Year 3). Further information outlined in this report. Information relating water usage charges is also outlined in this report. Other comments noted and passed on to officers for information and future planning and consideration.

***Community Engagement and Informal Feedback***

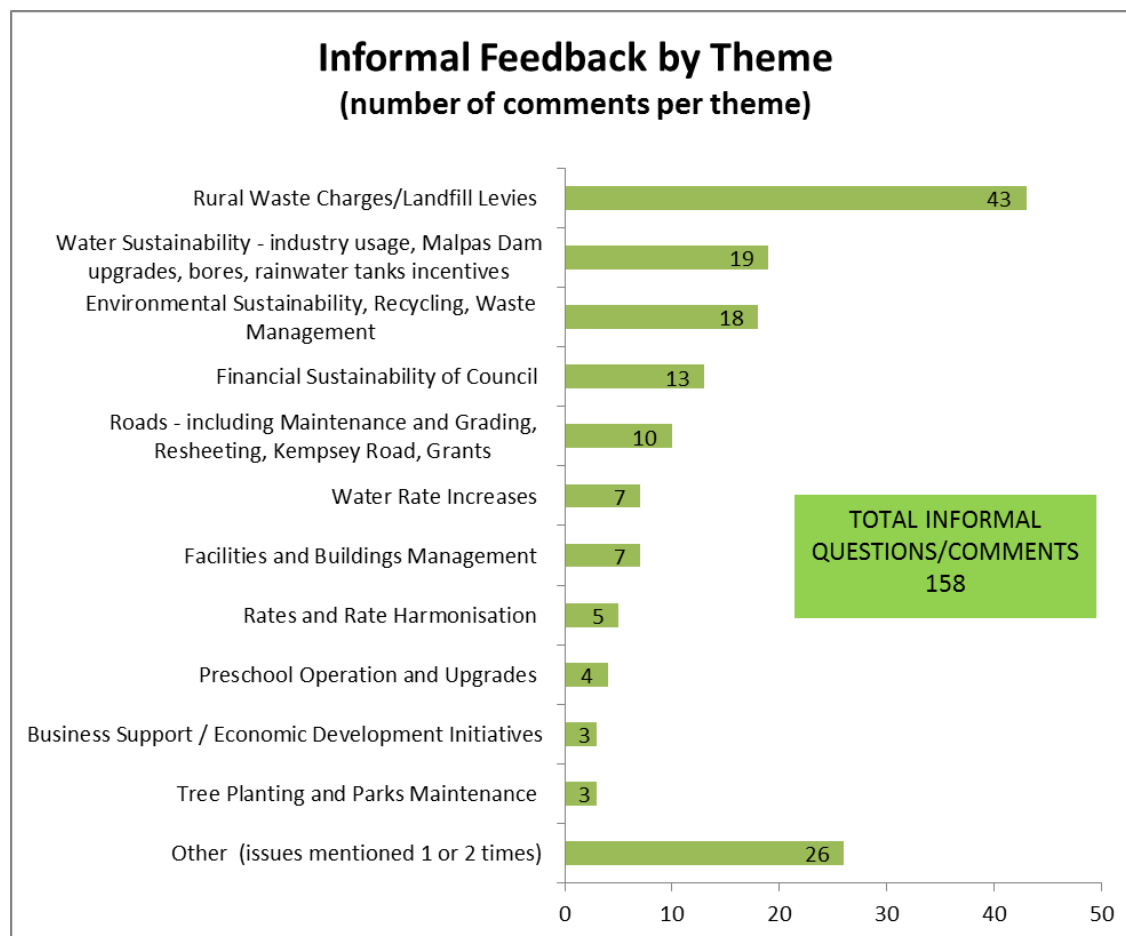
Council's engagement with the public included:

- The 'Your Say' online portal.
- Webinars including specific sessions for water infrastructure, Waterfall Way Regional Landfill, business groups and the NSW Farmers Federation.
- Pop-up community sessions in both Armidale and Guyra.
- Village Meetings in Wards Mistake, Wollomombi/Hillgrove, Ben Lomond and Ebor.
- Social media engagement.

Engagement sessions outlined the key features of the Operational Plan and Budget, along with some of the internal and external challenges Council faced in developing the documents such as the impacts of drought, bushfires and the COVID-19 pandemic. These events also sought to explain the reasons for a number of increased fees and charges, particularly relating to water charges, waste charges, and the harmonisation of fees and charges post-amalgamation.

Copies of fact sheets and information snapshots, as well as copies of the documents on public exhibition, were provided to the public during engagement sessions and upon request.

The key themes in informal feedback received from the community during engagement sessions included:



A number of participants and formal submitters were positive towards the inclusion of climate and sustainability initiatives in the Operational Plan. There was also acknowledgement from the public of the difficult position Council is operating in following the impacts of drought, bushfires and the current COVID-19 pandemic.

#### ***Rural Waste Management Charge***

A number of submissions have been received on the Rural Waste Management Charge former Guyra Shire Council LGA. This charge was proposed to be harmonised with the Rural Waste Management Charge former Armidale Dumaresq Council LGA which would have seen it increase from \$56 per property to \$144 per property. This charge is levied on rateable assessments which have a dwelling and do not receive a waste collection service. A policy position had been taken initially to phase in this charge over five years and 2020/21 would be the third year. Based on community feedback, it is recommended and has been assumed in the Budget and Revenue Policy that the charge should be amended from \$144 to \$83 in line with the original five year implementation timeframe.

#### ***Waterfall Way Landfill Levy and Operation Charge***

A number of submissions have been received on the Waterfall Way Landfill Levy and Operation Charge. These submissions have focussed on the application of these charges in the former Guyra Shire Council LGA to:

- a) property owners with multiple properties; and
- b) properties without habitable dwellings.



The Waterfall Way Landfill Levy replaces a charge previously known as 'New Landfill Charge' and in 2019/20 this charge was \$177 per property in the former Armidale Dumaresq Council LGA. The charge has previously been applied to all properties in the former Armidale Dumaresq Council LGA, regardless of the existence of improvements on the land. The proposal for 2020/21 is to apply the same charging structure across the region but reduce the charge to \$150 per property to reflect that the charge would now be levied over a greater number of properties.

The harmonisation of the Waterfall Way Landfill Levy across the LGA would result in a contribution being made from the former Guyra Shire Council LGA for the first time. As all waste across the LGA will now end up at the Waterfall Way Landfill, this represents an equitable charging structure. Previously the capital cost of the landfill has been funded by the former Armidale Dumaresq Council LGA and a levy has been in place since 2007/08 for this purpose.

The position in regards to amending the charges after the public consultation period is that an increase in charges is not possible without advertising. Therefore, the only amendment that could occur would be to levy the charges only on properties identified as having a dwelling. This would result in an annual loss of income of around \$220,000. Around 870 properties without a dwelling in the former Armidale Dumaresq Council LGA have been levied the New Landfill Charge and around 160 properties without a dwelling in the former Guyra Shire Council LGA would be levied the Waterfall Way Landfill Levy for the first time (the majority of which are classified as residential). The majority of the loss of funding would be from properties that are already paying the New Landfill Charge.

#### Amalgamating Properties for Rating Purposes

An option for property owners with multiple properties is to amalgamate their properties for rating purposes. The requirement to amalgamate rural properties does not include that they be contiguous. They just need to be in the same LGA and used for the same purpose. Requirements to amalgamate properties for rating purposes are:

1. Properties are used as the one holding for pastoral/agricultural purposes and all dwelling(s) on the holding are used as part of the pastoral/agricultural enterprise; OR
2. Properties are contiguous (i.e. adjoining) and have a single development or use existing over them.

Due to:

- the significant loss of income that would result;
- the charging structure that is already in place for the former Armidale Dumaresq Council LGA which already has properties without improvements paying the New Landfill Charge; and
- the ability for property owners to amalgamate properties for rating purposes.

No change to the proposed charging structure for the Waterfall Way Landfill Levy and Operation Charge is recommended.

#### ***Water Usage Charges***

A number of formal submissions have been received on the proposed increases for water usage charges, focussing on the impact on households and ability to pay, and the inclusion of categories for intensive horticulture.

The 2019-2020 financial year has seen a significant negative impact on the Water Reserve due to drought, which is estimated to have cost around \$6.3m including a reduction in revenue from water usage charges in the order of \$3m. The Water Reserve needs to be maintained at a

sustainable level and this has necessitated a review of water pricing to reflect lower usage levels, which are expected to continue through the 2020-2021 financial year.

As a result both the access and water usage charges have been increased so that the revenue generated in the 2020-2021 financial year is close to historical levels i.e. is comparable to revenue from 2017-2018 and 2018-2019. This will enable funding in the Water Reserve to be replenished and provide funding not only for asset renewal and replacement but also to respond to drought conditions should climatic conditions not improve.

While water usage charges have been increased for 2020-2021 most customers should experience water charges at a similar level to 2017-2018 and 2018-2019. The aim has been to simply bring the average water charge back up to pre-drought levels, not beyond that. Therefore the proposed water usage charges should not cause additional hardship to customers when measured against pre-drought levels.

The 2020-2021 Revenue Policy also includes intensive horticulture categories for untreated and treated bulk water. The rate set for treated water is higher than what customers in this category would have previously paid.

For these reasons, no change to the proposed charging structure for water usage is recommended.

### Changes to Documents

Below is a summary of the changes made to the Integrated Planning and Reporting documents following the exhibition period:

#### **Operational Plan**

Reference	Change	Comments
Page 4, 'Operational Budget Summary' and Capital Budget Summary'	Updated General Budget and Capital Budget summaries	Adjustments made to reflect changes to the Budget during the submission period
Page 8, 'Airport Lands Subdivision & Sale'	Changed estimated 20/21 cost from \$777,000 to \$1,206,415	Changes included following successful grant funding application advice
Page 9, 'Extension of Rail Trail Business Case'	Inclusion of \$25,000 for expansion of the Rail Trail feasibility study to include from Armidale to Black Mountain, and Ben Lomond to Glen Innes	In response to Submission #2 and as adopted by Council on 26 February 2020
Page 9, 'Hydrotherapy Pool'	Changed estimated 20/21 cost from \$100,000 to \$460,755	Changes included following successful grant funding application advice
Page 31, 'Puddledock Raw Water Main and Pump Station Replacement Program'	Changed estimated 20/21 cost from \$5.77 million to \$2.8 million	Changes included following review of project timeframes and expected 2020/21 deliverables
Page 11, 'Complete Guyra Main Street Upgrade Stages 2 and 3, including public art and	Changed estimated 20/21 cost from \$1 million to \$1.02 million	Changes included following successful grant funding application advice

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**Resourcing Strategy (Budget)**

Item	Draft 2020/21 Budget \$'000	Final 2020/21 Budget \$'000	Change \$'000
<b>Income Statement</b>			
Operating Income	\$69,950	\$73,214	\$3,264
<ul style="list-style-type: none"> <li>- reduction in waste charge revenue due to reduction of Rural Waste Management Charge former Guyra Shire Council LGA (\$51,728)</li> <li>- reduction in interest revenue from overdue rates and charges pertaining to interest rate change by the Office of Local Government (\$42,000)</li> <li>- increase in RMCC (State Roads) revenue to reflect 2020/21 program as advised by Transport NSW \$2,946,699 (offset by expenditure)</li> <li>- increase in operating grants relating to New England Weeds Authority due to successful grant application \$410,654 (offset by expenditure)</li> </ul>			
Operating Expenditure	\$72,000	\$75,497	\$3,498
<ul style="list-style-type: none"> <li>- increase in Mayor and Council fees in line with remuneration tribunal increase \$55,100</li> <li>- increase in RMCC (State Roads) expenditure to reflect 2020/21 program as advised by Transport NSW \$2,911,748 (offset by income)</li> <li>- Increase in bushfire and drought grant funded program expenditure \$120,000</li> <li>- increase in grant expenditure relating to New England Weeds Authority due to successful grant application \$410,654 (offset by income)</li> </ul>			
Capital Income	\$18,788	\$18,661	(\$127)
<ul style="list-style-type: none"> <li>- increase in developer contribution income \$250,000</li> <li>- recognition of grant income for airside works following successful grant application \$603,207 (offset by expenditure)</li> <li>- de-recognition of grant income for business hub fitout following unsuccessful grant application (\$980,000) (offset by reduction in expenditure)</li> </ul>			
Capital Expenditure	\$39,826	\$40,048	\$222
<ul style="list-style-type: none"> <li>- increase in expenditure for Airport Lands Subdivision &amp; Sale following successful grant application \$429,415</li> <li>- increase in expenditure for Hydrotherapy Pool following successful grant application \$360,755</li> <li>- reduction in expenditure for Business Ecosystem Establishment following unsuccessful grant application (\$585,000)</li> <li>- increase in expenditure for Guyra Main Street Upgrade following successful grant application \$20,000</li> <li>- increase in expenditure for Guyra Historical Society Renovations following successful grant application \$22,000</li> <li>- reduction in expenditure for water infrastructure to align with forecast actual cost (\$75,000)</li> <li>- increase in expenditure for sewer infrastructure to align with forecast actual cost \$50,000</li> </ul>			
Unrestricted Cash	\$2,958	\$2,914	(\$44)
<ul style="list-style-type: none"> <li>- reduction due to impact of reduced General Fund revenues (\$76,728)</li> <li>- offset by increase due to RMCC program margin and other adjustments \$33,079</li> </ul>			

**Revenue Policy**

Reference	Change	Comments
Page 20, 'Rural Waste Management Charge former Guyra Shire Council LGA'	Amend charge from \$144 to \$83	Realign charge with original five year harmonisation timeline (2020/21 Year 3).

**Impact**

The Final Operational Plan 2020-2021 will determine the projects and programs that Council will undertake throughout the Financial Year. Council will report on the progress of the Operational

Plan quarterly, and the progress of the Delivery Program every six months – in line with the legislation.

The Final Budget 2020-2021 will be adopted by July 29, 2020 however budget allocations will take effect 1 July 2020.

**Summary**

Following a 28 day public exhibition period, Council has considered the public submissions received, finalised the Integrated Planning and Reporting documents and the documents are presented for adoption, in line with the Local Government Act 1993 and associated Regulations.

**Item:** 9.2 **Ref:** AINT/2020/24423  
**Title:** FOR DECISION: Administrators delegations and expenses **Container:** ARC20/4191  
**Author:** Scott Waterson, Principal Advisor Governance & Risk  
**Attachments:** 1. Delegations - Office of Mayor  
2. Councillor Expenses and Facilities Policy 28 June 2017

**RECOMMENDATION:**

**a) That all current delegations to the Office of Mayor be made to the Interim Administrator.**

**b) That the Councillors Expenses and Facilities Policy be extended to include Administrator expenses.**

**Context**

On 12 June 2020 the Minister for Local Government the Hon. Shelley Hancock suspended Armidale Regional Council and appointed Mr Viv May to be Interim Administrator (“Administrator”). The Administrator has assumed the roles of Mayor and Councillors.

Previous Armidale Regional Council Delegations to the Office of Mayor are now to be assumed by the Administrator.

Expenses incurred by Councillors in undertaking civic duties are reimbursed in accordance with Armidale Regional Council’s Councillors Expenses and Facilities Policy (“Policy”). This Policy is extended to include the reimbursement of the reasonable expenses incurred by the Administrator in undertaking civic duties.

**Purpose**

The purpose of the recommendation is to ensure clear authority and good governance.

**Proposal, Research and Analysis**

Delegations

In accordance with the Local Government Act (“the Act”) Council has made specific delegations to the person who occupies the position of Mayor, to exercise or perform certain functions, in addition to those functions specifically described under the Act.

These functions include:

- Affixing the Common Seal;
- Acting to sell or purchase land;
- Approving Councillor attendance at conferences, seminars and meetings;
- Signing correspondence;
- To authorise legal advice or legal representation;
- Act during Council recess;
- Act as media spokesperson;
- Appointment of temporary CEO (GM), approval of CEO leave and training; and
- To call Extraordinary Meetings of Council.

As the Administrator occupies the position of Mayor, these delegations are now assumed by the Administrator.

#### Expenses

Council has adopted a Policy to allow for the reasonable and appropriate reimbursement of out of pocket expenses incurred by Councillors when performing civic duties.

The policy was prepared in accordance with the Local Government Act 1993 and Local Government (General) Regulation 2005, and complies with the Office of Local Government's Guidelines for the payment of expenses and provision of facilities to Mayors and Councillors in NSW.

The policy sets out the maximum amounts Council will pay for specific expenses and facilities. It ensures accountability and transparency, and seeks to align Councillor expenses and facilities with community expectations. Councillors must not obtain private or political benefit from any expense or facility provided under this policy.

As the Administrator now fulfils the role of Councillors, the policy should now extend to include the Administrator.

#### **Impact**

- There will be no negative financial impacts on Council.

#### **Summary**

Adopting of the resolution will align delegation and reimbursement of expenses to meet the current circumstances of Armidale Regional Council.

**Item:** 10.1 **Ref:** AINT/2020/22591  
**Title:** FOR DECISION: Making of Rates and Charges 2020/2021 **Container:** ARC17/1962  
**Author:** Robert McGinness, Revenue Coordinator  
**Attachments:** 1. Revenue Policy 2020-2021

**RECOMMENDATION:**

- a) That Council adopt the 2.6% annual maximum rate peg as determined by the Independent Pricing and Regulatory Tribunal for application to Ordinary Rates for the year 1 July 2020 to 30 June 2021;
- b) That pursuant to Section 494 of the NSW Local Government Act 1993, Council make and levy the following Ordinary Rates for the year 1 July 2020 to 30 June 2021:

Category and Sub-Category	Base Amount \$	Base Amount %	Ad-Valorem Rate in the \$
Residential – Armidale	467.60	41.56	0.004907
Residential - Guyra	238.00	45.04	0.004827
Residential - Wollomombi	200.00	34.71	0.016409
Residential - Ebor	200.00	35.96	0.008909
Residential - Hillgrove	200.00	33.23	0.017325
Residential – Armidale Non Urban	485.00	42.27	0.002464
Residential – Guyra Non Urban	258.80	42.08	0.002334
Residential – Village	170.00	46.44	0.004917
Business – Armidale Non Urban	737.30	48.16	0.003574
Business – Armidale	791.00	17.64	0.012987
Business – Guyra	409.80	44.55	0.008899
Business – Guyra (Village)	106.70	37.47	0.003625
Industrial – Armidale	882.20	18.14	0.012893
Farmland - Armidale	1,321.60	37.57	0.001895
Farmland – Guyra	468.00	16.24	0.001631
Farmland – Guyra Intensive	1,146.90	18.25	0.006939
Mining - Armidale	995.30	16.80	0.078334

- c) That pursuant to Section 501 of the NSW Local Government Act 1993, Council make and levy the following annual charge for Water Supply Services for the year 1 July 2020 to 30 June 2021:

Charge Description	Charge
Water Access Charge	\$250.00

The water access charge will be applied as follows:

- Single Occupancy – a fixed service access charge will be applied per assessment.
- Multiple Occupancy (Strata) – a fixed service access charge will be applied per flat/unit.
- Multiple Occupancy (Community Title) – a fixed service access charge will be applied per flat/unit.
- Multiple Occupancy (Non Strata) – a fixed service access charge will be applied per assessment.

- d) That pursuant to Section 502 of the NSW Local Government Act 1993, Council make and levy the following water usage charges for Water Supply Services for the year 1 July 2020 to 30 June 2021:

Consumption Tarriff	Stepped Consumption Tariff per Quarter	\$ per Kilolitre
<b>Consumption Stepped Tarriffs</b>		
– Armidale Residential and Commercial	0 to 100 kilolitres	\$4.20
	101 to 250 kilolitres	\$4.30
	Above 250 kilolitres	\$4.60
– Guyra Residential and Commercial	0 to 25 kilolitres	\$0.00
	26 to 100 kilolitres	\$4.00
	101 to 250 kilolitres	\$4.10
– Guyra Haemodialysis	Above 250 kilolitres	\$4.40
	0 to 100 kilolitres	\$4.20
	101 to 250 kilolitres	\$4.30
Untreated Water	Above 250 kilolitres	\$4.60
	<b>Non-rateable and Non Profit Flat Rate Consumption Tariff</b>	
– Non-rateable	N/A	\$4.60
– Non Profit - Sporting	N/A	\$4.60
<b>Intensive Horticulture Flat Rate Consumption Tariff</b>		
– Untreated Bulk Water	N/A	\$1.90
– Treated Bulk Water	N/A	\$2.90



- e) That pursuant to Sections 501, 502, 551 and 552 of the NSW Local Government Act 1993, Council make and levy the following rates and annual charges for Sewerage Supply Services for the year 1 July 2020 to 30 June 2021:

Charge Description	Charge
These charges cover both Armidale and Guyra Sewerage Service Access Charges unless otherwise indicated.	
Residential – Sewerage Access Charge	\$465.00
Unconnected Sewerage Access Charge	\$420.00
<b>Multiple Occupancy Residential</b>	
– Water Closets	\$406.00
<b>Non-Residential – Sewerage Access Charge</b>	
– Minimum Rate	\$465.00
– Ad Valorem Rate upon connection	\$0.0053
<b>*University/Further Education or similar</b>	
– Water Closets	\$152.00
– Urinals	\$68.00
<b>*Hotel, Motel or similar</b>	
– Water Closets	\$152.00
– Urinals	\$73.00
<b>*Hospital, School or similar</b>	
– Water Closets	\$73.00
– Urinals	\$68.00
<b>*Other Non-rateable properties</b>	
– Water Closets (Armidale only)	\$140.00
– Water Closets (Guyra only)	\$135.00
– Urinals	\$68.00

\*The charge will be the greater of the amount of the sewerage rate generated on the land using the ad valorem calculation or the multiple charges.

The sewerage access charge will be applied as follows:

- Single residential properties will be charged a single residential sewerage access charge.
- Multiple occupancy residential complexes will be charged a single residential sewerage access charge plus a flat/unit charge for each additional residential flat/unit.
- Commercial properties will be charged the minimum rate while unconnected, upon connection properties will be charged the minimum rate or the ad valorem rate (whichever is greater), with additional charges for multiple water closets and

urinals.

- Vacant properties within Council’s sewerage service area will be charged a single vacant sewerage access charge.

f) That pursuant to Section 496 and 501 of the NSW local Government Act 1993, Council make and levy the following annual charges for Waste Management Services for the year 1 July 2020 to 30 June 2021:

Charge Description	Charge
<b>Armidale Domestic Waste Management Service</b>	
- Domestic Waste Service	\$400.00
- Additional 140lt Service	\$150.00
- Additional 240lt City to Soil Service	\$150.00
- Vacant Domestic Waste Management Charge	\$144.00
<b>Guyra Domestic Waste Management Service</b>	
- Domestic Waste Service - 140lt	\$400.00
- Additional 140lt Service	\$150.00
- Additional 240lt City to Soil Service	\$150.00
- Domestic Waste Service - 240lt	\$535.00
- Vacant Domestic Waste Management Charge	\$144.00
<b>Commercial Waste Management</b>	
- Commercial Waste Service	\$422.00
- Commercial Organics (City to Soil) 240lt Service	\$150.00
- Commercial Organics (City to Soil) 240lt Service Weekly	\$225.00
- Commercial Organics (City to Soil) 240lt Service 3 x Weekly	\$495.00
- Commercial Recycling Service Charge Weekly	\$155.00
<b>Rural Waste Management</b>	
- Rural Waste Management Charge former Armidale Dumaresq Council LGA	\$144.00
- Rural Waste Management Charge former Guyra Shire Council LGA	\$83.00
<b>Waterfall Way Regional Landfill</b>	
- Waterfall Way Regional Landfill Levy	\$150.00
- Waterfall Way Regional Landfill Operation Charge	\$65.00

A Vacant Domestic Waste Management Charge is to be levied on all rateable parcels of land within the domestic waste collection boundary, which do not have a dwelling and are zoned for residential use in the Local Environment Plan.

Multiple occupancy residential complexes (non-strata) will have a minimum number of full services equal to 50% of the number of flats. Therefore, a block of twelve (12) flats

**will have six (6) full services as a minimum.**

**A rural waste management charge will be levied on all rateable assessments which have a dwelling and do not receive a waste collection service.**

**The Waterfall Way Regional Landfill levy and operation charge will be levied on all rateable and non-rateable assessments.**

- g) That pursuant to Section 501 of the NSW Local Government Act 1993, Council make and levy the following annual charge for drainage services for the year 1 July 2020 to 30 June 2021:**

<b>Charge Description</b>	<b>Charge</b>
<b>Armidale Drainage Charge</b>	<b>\$50.00</b>

**This charge will be levied on all properties within the Armidale City drainage catchment area.**

- h) That pursuant to Section 496A of the NSW Local Government Act 1993, Council make and levy the following annual charge for stormwater management services for the year 1 July 2020 to 30 June 2021:**

<b>Charge Description</b>	<b>Charge</b>
<b>Guyra Stormwater Management Charge</b>	<b>\$25.00</b>

**This charge will be levied on all properties in the township of Guyra.**

- i) That pursuant to Section 566(3) of the NSW Local Government Act 1993, Council set the maximum rate of interest payable on overdue rates and charges determined by the Office of Local Government for the 2020/2021 financial year being:**

**0% per annum between 1 July 2020 and 31 December 2020 (inclusive); and**

**7% per annum between 1 January 2021 and 30 June 2021 (inclusive).**

### **Context**

Rates and annual charges for 2020/21 must be formally 'made' by Council resolution under Section 535 of the Local Government Act 1993. This report encompasses the rates and charges that are included in the 2020/21 Revenue Policy that require formal adoption by Council.

Once adopted the rates and charges will be applied to all properties in the Local Government Area.

The full listing of rates and charges, relevant statutory regulations and the forecast income to be generated is contained in the 2020/21 Revenue Policy as attached to this report.

The 2020/21 Revenue Policy was placed on public exhibition along with the Operational Plan and Budget for the period 19 June to 16 July 2020.

### **Purpose**

This report is to formally make rates and charges for the 2020/21 financial year in accordance with Section 535 of the Local Government Act 1993.

### **Proposal, Research and Analysis**

Rates have been prepared in accordance with the rates path protection methodology applicable to merged councils determined by NSW Government. During the rates path protection period the rate structure, category and sub-category applied to a parcel of land in the 2015/16 year is to be applied by the new council to that parcel for the protection period. The rates path protection period ends 30 June 2021.

Charges for water supply services have been determined in accordance with the funding requirements needed to maintain the level of the water reserve. The drought has resulted in significantly reduced revenue from water usage charges and this necessitated a review of both water access and consumption charges.

Charges for sewer supply services have been harmonised across the region in 2020/21 meaning that residents and businesses in Armidale and Guyra will now pay the same level of access charges.

Charges for waste collection have increased slightly from the previous year in 2020/21. Charges for rural waste management remain different for the former Armidale Dumaresq Council and Guyra Shire Council areas with the charge for Guyra increasing by \$27 as these are being progressively harmonised.

Charges for Waterfall Way Regional Landfill will be applied to all properties in the region and consist of a landfill levy and operation charge. The landfill levy will be applied to properties in the former Guyra Shire Council area for the first time in 2020/21 and the operation charge is a new charge.

Charges for drainage and stormwater will apply at the same level as the previous year.

### **Impact**

Feedback from the community consultation process has been received on the rates and charges contained in the 2020/21 Revenue Policy and this is outlined in the report covering the adoption of the 2020/21 Operational Plan and Budget.

### **Summary**

This report recommends the making of rates and charges for the 2020/21 financial year in accordance with Section 535 of the Local Government Act 1993.

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**Item:** 12.1 **Ref:** AINT/2020/22311  
**Title:** FOR DECISION: Special Rate Variation 2021/22 **Container:** ARC17/2315  
**Author:** Kelly Stidworthy, Manager Financial Services  
**Attachments:** Nil

**RECOMMENDATION:**

**That Council commence investigation and an analysis of options for a Special Rate Variation, with the purpose of considering an application for a Special Rate Variation effective 1 July 2021, with a minimum outcome being retention of funding provided by the current temporary Special Rate Variation.**

**Context**

Council has a temporary Special Rate Variation (SRV) that is due to expire 30 June 2021. The SRV was applied for by Armidale Dumaresq Council for a period of 7 years commencing from the 2014/15 financial year and was 10% plus the 2.3% rate peg or a total of 12.3%.

If action is not taken to retain or replace the funding provided by the temporary SRV, the expiry of the SRV would see Armidale Regional Council's ordinary rate income reduce by \$1.6 million per annum. If the SRV expires without a replacement source of funding, significant cuts to services would be required.

Financial modelling has demonstrated that retaining the funding provided by the temporary SRV alone is not enough to adequately improve Council's financial position. Therefore, options will also need to be considered that address the broader challenges of financial sustainability and asset management.

At the meeting held 28 August 2019 Council resolved the following:

*That Council resolves to pursue the application of a Special Rate Variation effective 1 July 2021.*

**Purpose**

This report proposes that Council commence investigation and analysis of options for an SRV application effective 1 July 2021.

**Proposal, Research and Analysis**

What is a Special Rate Variation

An SRV is a way of lifting ordinary rate revenue above the rate peg. They are often necessary due to:

- The historical level of rates is unsustainable;
- Cost drivers rise faster than inflation;
- Population growth creates costs that outstrip the revenue back to local government; and
- New costs are created without a source of funding e.g. cost shifting, economic growth, community expectation, natural disasters, climate change.

SRVs used to be applied for sparingly but this has increased in recent years due to a focus on financial sustainability and growing awareness of significant local government asset management challenges.

History of Special Rate Variations

In comparison with other NSW councils, Armidale-Dumaresq and Guyra Shire Councils used the SRV process minimally over the past decades. Compared with other NSW councils, ratepayers in this region have experienced modest rates increases over 20 years+.

The table below indicates temporary SRVs that were used to increase rates revenue for a temporary period of five to ten years. The percentage increases include the SRV and the annual rate peg. The table starts in 2005/06, and before that year the Councils had not applied for or been granted any SRV since 1997/98.

Council	2005 /06	2006 /07	2007 /08	2008 /09	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15
Rate Peg	3.50%	3.60%	3.40%	3.20%	3.50%	2.60%	2.80%	3.60%	3.40%	2.30%
Armidale Dumaresq	5.78% (expired 2013/14)									12.30% (expires 2020/21)
Guyra Shire					8.43% (expired 2013/14)					8.00% permanent

It can be seen from the above table that temporary SRVs have been used as an additional source of funding by both the Armidale Dumaresq and Guyra Shire Councils for the last 15 years.

2014/15 SRV Background

Council was granted approval for the 2014/15 SRV of 12.30% including 2.3% rate peg for the purposes of funding the program of asset renewals for roads, stormwater drainage, recreation, facilities and buildings. The value of the SRV at that time was \$1,287,368.

Over the 7 year term of the SRV the following amounts were identified to be invested in asset renewal within the General Fund:

Renewals \$'000	2014 /15	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21	Total
Road	720	722	793	366	659	819	1,055	5,134
Stormwater and drainage	147	298	248	652	427	482	416	2,670
Recreation and facilities	273	137	145	130	113	104	89	991
Buildings	120	133	142	221	211	47	145	1,019
Total	1,260	1,290	1,328	1,369	1,410	1,452	1,705	9,814

This investment in renewals has been occurring; however, the building and infrastructure renewals ratio is still low compared to the Office of Local Government benchmark of 100% or more.

The actual reported and forecast General Fund building and infrastructure renewals ratio over the same time period has been:

	2014 /15	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20 (f)	2020 /21 (f)
Infrastructure Renewals Ratio	32%	74%	56%	52%	43%	41%	65%

### Financial Sustainability

NSW Treasury Corporation defines financial sustainability as:

*A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.*

The Office of Local Government uses a range of performance indicators to determine local government financial sustainability. Of these, key indicators are:

<b>KPI</b>	<b>Measure</b>
Operating Performance Ratio	Indicates Council's capacity to meet ongoing operating expenditure requirements
Unrestricted Cash Expense Cover Ratio	Indicates the number of months Council can continue paying for immediate expenses without additional cash inflow excluding restricted fund
Building & Infrastructure Renewals Ratio	Measures the rate at which these assets are being renewed relative to the rate at which they are depreciating

### Council Improvement Program

Considerable work has occurred to improve the underlying financial position since merger. This has included:

- A focus on minimising non-essential spend;
- Inclusion and achievement of a significant staff vacancy factor in budgets since 2018/19;
- A thorough annual review of fees and charges to identify where opportunities exist to increase user pays resulting in increases in fees and charges across a range of areas;
- Investment in parking technology to enable a higher incidence of parking infringements to be issued within available resources resulting in an additional possible \$200k in revenue per annum although this has been impacted by Covid-19;
- A complete review and recast of the capital works program to align it with available resources and organisational capacity;
- Seeking grant funding opportunities for capital projects already in the capital works pipeline rather than identifying new projects;
- Implementation of a Transformation Program incorporating a service review, review of business options and organisation restructure; and
- Progression of a land divestment strategy and disposal of surplus land assets resulting in net proceeds of \$1.7 million in 2018/19 and 2019/20.

### IPART's SRV Key Dates

The timetable for 2021/22 SRV application has not yet been released; however, IPART have advised they expect a similar timetable as previous years to be followed. In keeping with the timetable for previous years, the timeframe for application for a Special Rate Variation would be as follows:

November 2020	Councils are to notify IPART that they intend to make an application for an SRV
February 2021	SRV applications to be lodged with IPART
March 2021	IPART determinations announced

## **Impact**

### Council's Financial Position

A significant improvement was demonstrated through review of the 2018/19 budget, which changed the original forecast General Fund operating result from a \$3.5 million deficit to a

reported actual \$1.8 million deficit. The unrestricted cash position improved in 2018/19 from \$1.5 million to \$1.9 million and internally restricted cash increased from \$2.5 million to \$7.7 million.

The 2019/20 budget had originally forecast a \$20k General Fund operating surplus but this was reduced to a \$442k deficit mainly due to the requirement to recognise expenditure pertaining to grant-funded projects where Council is the grant recipient and passes the funding on to a third party. The unrestricted cash position is forecast to remain at a similar level to the previous year and internally restricted cash is forecast to decrease due to the use of funding in the budget for the purpose the funds were restricted for. The 2019/20 budget has experienced challenges resulting from Covid-19 shutdown impacts on revenue.

The 2020/21 budget has presented challenges and a \$1.5 million General Fund operating deficit is currently forecast. There has been a reduction in income due to Covid-19 shutdown impacts of approximately \$825k and an increase in depreciation expense of \$564k mainly relating to the value of landfill rehabilitation. Other negative impacts include a reduction in budgeted interest income due to reduced interest rates and reduced parking fine income due to a lower level of enforcement due to the economic downturn.

If not for the additional negative impacts outlined above, the 2020/21 General Fund budgeted position would have been close to a neutral operating result.

Further negative impacts are forecast for the 2021/22 financial year in the form of an increase in budgeted expenditure associated with the emergency services levy and council election expenses.

These impacts are placing considerable pressure on the unrestricted cash position, which is already poor. Council's current unrestricted cash level would only cover expenditure for around 2-3 weeks.

The 2020/21 budget and current long term financial forecast is contained in the Resourcing Strategy to be adopted as part of the Operational Plan and Budget.

Financial modelling has been undertaken on the ten year financial forecast that demonstrates that without retention of the funding provided by the temporary SRV, Council's financial position is unsustainable from 2021/22 due to a significant reduction in unrestricted cash, which worsens due to the cumulative impact of lost recurrent revenue. Even with retention of the funding provided by the temporary SRV, the financial position remains poor. Both scenarios produce an unsatisfactory operating result and unrestricted cash position.

#### What would happen if no SRV is obtained

This outcome would be very serious for Council. A loss of income of \$1.6 million per annum would need to be offset with a reduction of ongoing costs, a source of alternative ongoing funding or both.

This would need to include consideration of:

- A reduction in staffing associated with a reduction in non-critical services;
- Reduced support to community organisations, for example withdrawal of grant programs, operating subsidies and contributions to community groups;
- Potential withdrawal from some grant-funded projects where there is a risk of higher operating costs eventuating;



- Increased rents and leases for community groups to market value;
- Introduction of paid parking in Armidale CBD; and
- Introduction of best practice water pricing and associated increased fees for water and sewerage.

This list is indicative and some activities could not be acted on immediately so it is likely that a substantial drop in revenue would result in an immediate and severe reduction in services and further cuts to expenditure on essential assets.

### **Summary**

This report recommends that Council commence investigation and an analysis of options for a Special Rate Variation effective 1 July 2021 in order to, at a minimum, replace funding lost through the expiry of the temporary SRV. The report identifies that without replacement of the funding from the temporary SRV significant cuts to services will be required.

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<b>Item:</b>	12.2	<b>Ref:</b> AINT/2020/24287
<b>Title:</b>	FOR DECISION: Write Off Rates and Water Following Sale Of Land For Unpaid rates	<b>Container:</b> ARC16/0822
<b>Author:</b>	Alan Langford, Revenue Officer	
<b>Attachments:</b>	Nil	

**RECOMMENDATION:**

- a) That an amount of \$68,341.76 be written off on Rates Assessment 13060-9 for 36 Uralla Road, Armidale; and
- b) That an amount of \$10,274.81 be written off for Water Charges on Water Assessment 30781-9 for 36 Uralla Road, Armidale.

**Context**

At its meeting of 26 April 2018, Council resolved to sell 52 properties for unpaid rates and charges under Section 713 of the Local Government Act.

Following the Auction held on 14 September 2018, property located at 36 Uralla Road, Armidale failed to sell, however, Council entered into private treaty negotiations after the auction.

A lengthy Court process was involved due to the terms of the Contract of Sale requiring vacant possession not being met.

The Expenses relating to Court Costs, Auction Fees and Site Clearing in order to obtain vacant possession were in excess of \$117,000 which is offset by the purchase price of \$108,000.

**Purpose**

Section 718 of the Local Government Act requires that Council must apply the purchase money received by it on the sale of land for unpaid rates and charges in the following order:

- a) Expenses incurred by Council in connection with the sale; and
- b) Any rate or charge in respect of the land due to Council.

There are insufficient funds remaining after allocating towards the cost of sale of property located at 36 Uralla Road, Armidale to offset the outstanding rates and charges.

**Proposal, Research and Analysis**

Section 719 (b) of the Local Government Act provides that if the purchase money is insufficient to satisfy all rates and charges, the rates and charges are taken to be fully satisfied.

The Rates for property 36 Uralla Road, Armidale amount to \$67,341.76 and Water charges amount to \$10,274.81, a total of \$78,616.57 are required to be written off to comply with the Local Government Act.

**Impact**

Financial

Most of the costs relating to the sale are able to be recovered however the writing off of the rates and water charges will result in loss of income in the amount of \$78,616.57 which will be offset by a reduction in the provision for bad debts.

**Summary**

The property located at 36 Uralla Road, Armidale NSW 2350 was sold for unpaid rates for \$108,000.

Cost of the sale exceeds \$117,000 and Rates and Water charges amount to \$78,616.57.

The Rates and Water charges due to be paid on 36 Uralla Road, Armidale are required to be written off to satisfy the requirements of the Local Government Act.