

RESIDENTS & RATEPAYERS FORUM

16 FEBRUARY 2010

Questions collected from participants at the Residents and Ratepayers Forum held on 16 March 2010.

Participants were invited to place a question about presentations that they had listened to.

The evening was facilitated by Stuart Waters (Twyfords)

Presentations (in order) were given by

- Mayor Cr Tim Overall Queanbeyan City Council
- Paul Spyve Executive Manager Communications and Customer Service Queanbeyan City Council
- Phil Hansen Director Engineering and Recreations Services Queanbeyan City Council
- John Wright (member of the public)
- Gary Chapman General Manager Queanbeyan City Council

The questions have been sorted into the following themes and sub themes.

1. Financial
 - a. Funding options
 - b. Expenditure – where does the money go
 - c. Financial management
2. SRV
 - a. Timing
 - b. Impact
3. Consultation
 - a. Process
4. Infrastructure
 - a. Managing costs
 - b. Various funds
5. Best Practice Management
 - a. Staff related

Topic	Financial
a. Funding Options	<p>Why not apply for increase in Financial Assistance Grant? The Federal Assistance Grant is calculated by a Commonwealth Government using a statutory formula and it is not possible to seek an increase. Otherwise the other 700 councils in Australia would be doing exactly the same thing.</p>
	<p>Ord meeting 28/10/09. Detail how council arrived at a \$10m deficit? This deficit occurs because of \$15m in unfunded depreciation against council's assets. This causes the balance sheet to give rise to a deficit of \$10m.</p>
	<p>Does council fund all Queanbeyan roads? Council funds all local roads except those funded by the RTA. The council also receives the roads component of the Federal Assistance Grant which all councils in Australia receive based on road lengths serviced etc. This is currently directed to roads maintenance, pothole fixing, minor patching etc.</p> <p>What funding does council get from RTA? The RTA funds the Kings Hwy, including Monaro St/Canberra Ave, Yass Road, Lanyon Drive, Captains Flat Rd and Old Cooma Rd.</p>
	<p>Where do my rates go? Rates are used to fund all the council services that are provided to the community.</p>
	<p>What stops this council wasting money on café, garden by river and anything else they decide? These projects are very small in the council's overall budget while the funds generate by the SRV that is the \$1m will be fully directed to asset maintenance for the next 5,10 15 years etc. Projects and expenditures will be reported to the community on a regular basis and an annual return forwarded to the Department of Local Government on the progress of works.</p>
	<p>Are there no other options to raise money from deferring or not proceeding with other projects? The SRV increase is a sound financial strategy to cover unfunded asset maintenance over the next 5-10 years. Major projects that the council will be considering into the future will be funded by loans. Loan funds are to be used on capital works and should never be used on traditional maintenance programs</p>
	<p>What other options were considered by council and dismissed in favour of a levy? At this point in time there are no other options. The only option if the SRV does not proceed is to cut services and redirect funds into asset renewal. However even this still will not generate sufficient funds to create the \$1m that the SRV would deliver. Cutting services would mean;</p>

Topic	Financial
	<p>Reduce services to community centres, library, swimming pool, grass cutting of playing fields and sports fields, road verges, The Q, street cleaning etc.</p> <p>This means that Queanbeyan will lose its civic pride and appear to be a city that is run down and does not care what it looks like. This has a negative impact on visitors, developers etc.</p>
	<p>What other ideas (to increase income) were dismissed and why?</p> <p>Services were reviewed but reducing these did not generate sufficient funds to do the necessary works. The South Queanbeyan Child Care facility was closed. (\$150,000)</p>
	<p>Why is QCC the only one in the region recording a deficit?</p> <p>Most council's in NSW, who have not sought a SRV would be recording a budget deficit.</p> <p>All councils other than QCC that have sought and obtained multiple SRV increases over the last 10 years have provided them with additional funds to undertake asset maintenance.</p>
<p>b. Expenditure - Where does the money go</p>	<p>Where are S94's being used?</p> <p>The use of S.94 funds (developer contributions) for maintenance works on roads, parks and footpaths is barred by statute, therefore questions on S.94 funds are not a SRV consideration.</p> <p>S.94 funds can only be used on new capital works and they must have some nexus (relationship) with the development that they were levied for.</p>
	<p>Any internal borrowings against S94?</p> <p>No</p>
	<p>Balance of S94 breakdown ie area by area</p> <p>Not a SRV consideration. S94 funds cannot be used for SRV works.</p>
	<p>Impact on liability costs if no action now?</p> <p>If assets continue to fall into greater disrepair then council can expect to receive more public liability claims and higher premiums into the future.</p>
	<p>We need to know where money is going now.</p> <p>Council has a \$90m budget, on what areas in particular would you like additional information on</p>
	<p>Can R & M funding be pegged to asset value?</p> <p>Not really as we are in catch up mode at the moment to try and reduce a significant shortfall.</p> <p>As the situation improves predictive modelling tools can assist in determining the annual "maintenance effort" required into the future.</p>

Topic	Financial
c. Financial management	<p>If QCC is a better performing council why then is QCC vulnerable?</p> <p>Council is vulnerable from a financial perspective in that it does not have adequate funds to meet its ongoing asset maintenance responsibilities now and into the future. It recognises that if we fail to act now that in a few years the council will become unsustainable, meaning that there is no chance of recovery except through massive rate increases. This is brought about by the \$15m unfunded depreciation amount and the fact that QCC has never sought a SRV before.</p>
	<p>Where does money go if not on basic council responsibilities?</p> <p>Council funds are only spent on basic council responsibilities; however previous councils did not put sufficient funds away to meet council's basic asset maintenance responsibilities to do works that are required to be done now. There is a huge funding gap that cannot be met.</p>
	<p>If Jerrabomberra is a "time bomb" is it because developers are continuing to freeload?</p> <p>Jerrabomberra is fully developed therefore developers have no ongoing relationship with Jerrabomberra. All roads, parks, footpaths, the community centre, playground equipment etc are handed over to council at the time land releases take place. So QCC has been responsible for the maintenance of public assets in Jerrabomberra for the last 20 years. The problem is that inadequate funds have been put aside to fund the maintenance of these assets into the future as they continue to age and fall into disrepair rapidly in the next 10-15 years.</p>
	<p>How did you come up with the \$890 average?</p> <p>The \$890 is the average General Rate (land rate) which excludes water, sewer and garbage charges.</p> <p>The SRV is only applied to the General Fund and not to other council operating funds.</p>
	<p>Valuer general increased rateable valuations, so local authorities have access to automatic increase in rates / revenue</p> <p>NO. Council can only increase its rates by the rate pegging figure adopted by the NSW State Government. This figure which is 2.6% in 2010/11.</p> <p>New valuations have no impact on the amount of rates the council can collect.</p>
	<p>Borrowing money means precincts, gardens and restaurants cost us all more in the long run. Not sensible.</p> <p>Not true. The true dollar value of repayments decreases over time. Think about what you borrowed for your home 20 years ago and how insignificant the repayments are now because of inflation.</p> <p>It also frees up scarce cash to undertake the necessary asset maintenance works that are required to be done now.</p> <p>It also ensures that future generations do not get a free ride in 10-15 years time for assets that the present generation has funded.</p>

Topic	Financial
	<p>Rate increase = business costs increase therefore passed onto customers = hit twice ratepayers.</p> <p>The business cost of rates is insignificant compared to wages, rent, product purchase and other general business overheads.</p> <p>The annual increase of these items has a far more significant impact on business costs than council rates.</p>
	<p>Raiding operational reserves for capital works has caused much of the problem.</p> <p>Agreed</p>

Topic	SRV
a. Timing	<p>Section 508 (2) or Section 508A. Which category 1, 2 or 3. For what period ie 1 year (Specific year); fixed term, 7 years, 4 years. 3.1 / 3.2 of guidelines.</p> <p>The SRV will increase rate revenue by approximately \$1m. This will then become the base income for levying rates into the future. The extra \$1m levied will be fully dedicated to asset maintenance forever.</p>
	<p>What happens at end of 5 years?</p> <p>No change</p>
	<p>Why now and why not before?</p> <p>Former councils did not understand their responsibilities for putting away sufficient funds for asset replacement into the future.</p> <p>There was very little strategic financial planning undertaken and councils tended to be driven by their own election cycle and were more driven to building new assets than maintaining the ones they already had.</p>
	<p>How many years will the SRV go for 1, 5, and 15?</p> <p>Once in place it will become the new rating base. In other words forever.</p>
	<p>Will new land values for 1/7/2009 affect the amount to be collected with the new assessment of rates?</p> <p>No, if the SRV is approved council's total rate income will increase by the SRV (5.8%) in the first year plus the rate peg figure and then for every other year after that by the rate pegging figure.</p>
b. Impact	<p>SRV doesn't meet the funding gap. Why?</p> <p>Council has taken into account the community's ability to meet the increase and has been conservative how it moves forward with the SRV.</p> <p>The additional rate income and the impact of more maintenance works will be monitored in terms of their success over the next 5-7 years.</p>
	<p>Compounding effect of 5.8% not explained?</p> <p>The 5.8% increase will compound by the rate pegging figure every year, however this compounding simply maintains the full value of the extra \$1m dollars collected over the period.</p> <p>Compounding is as follows assuming an average rate pegging figure of 3%;</p> <p>Year 1 5.80% Year 2 5.97% Year 3 6.15% Year 4 6.33% Year 5 6.52% Year 6 6.71%</p> <p>The compounding affect is about 0.2% annually or about \$2 on the average rate for each year.</p>

	<p>Seek SRV or maintenance & running costs of council owned buildings, rather than core works?</p> <p>The SRV is needed to be spent on asset renewal works (roads, parks and footpaths) and this has to be indicated in any submission to the Minister for Local Government to gain government approval. A SRV against council owned buildings is not where the greatest need is at the moment as funding is desperately needed for the works identified (roads, parks, footpath) as each represents the larger asset class with the most defects.</p>
	<p>Act Now</p> <p>Agreed</p>
	<p>The SRV is going to pay for what is core council business.</p> <p>The SRV will fund core business, the things that council should be doing but is unable to afford because of 33 years of rate-pegging.</p>
	<p>Only 2 options</p> <ol style="list-style-type: none"> 1. status quo 2. adequate funding <p>The status quo will not solve the problem and only make the situation worse in years to come.</p> <p>Agreed that adequate funding is required now.</p>

Topic	Consultation
a. Process	<p>4% of ratepayers responded. 96% not fazed by rate rise? Should public consultation \$\$\$ have been used for roads etc?</p> <p>The SRV is a programme of asset improvement over many, many years. The small cost of public consultation is negligible in the overall cost of the works that have to be undertaken. Further, the Minister for Local Government requires that the council consult widely with the community regarding a SRV and therefore the cost of consultation is a necessary part of this process.</p>
	<p>Why are we here when we can bring no changes other than support SRV?</p> <p>The council is required to consult with the community and to listen to the views expressed through this process. At the end of the day after listening to what the community has said the council can determine what is best for the wider community.</p> <p>The Local Government Act states;</p> <p>LOCAL GOVERNMENT ACT 1993 - SECT 8</p> <p><i>The council's charter</i></p> <p>8 The council's charter</p> <p><i>(1) A council has the following charter:</i></p> <ul style="list-style-type: none"> • <i>to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively</i> • <i>to exercise community leadership</i> • <i>to exercise its functions in a manner that is consistent with and actively promotes the principles of multiculturalism</i> • <i>to promote and to provide and plan for the needs of children</i> • <i>to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development</i> • <i>to have regard to the long term and cumulative effects of its decisions</i> • <i>to bear in mind that it is the custodian and trustee of public assets and to effectively plan for, account for and manage the assets for which it is responsible</i> • <i>to engage in long-term strategic planning on behalf of the local community</i> • <i>to exercise its functions in a manner that is consistent with and promotes social justice principles of equity, access, participation and rights</i> • <i>to facilitate the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government</i> • <i>to raise funds for local purposes by the fair imposition of rates,</i>

	<p><i>charges and fees, by income earned from investments and, when appropriate, by borrowings and grants</i></p> <p>I refer you to matters dealing with assets, consultation and long term affects of its decision.</p>
	<p>With only 2% in favour of SRV, do you think you have enough support?</p> <p>Council would have expected that if the community was vehemently opposed to any increases than the response to the survey would have been much higher with a much higher NO vote. Given that this was the case we can only assume that the community is prepared to accept the SRV increase.</p>
	<p>4% response is very low to base a decision on.</p> <p>4% is a valid statistical sample number to make decisions around. Most surveys are based on a sample of this size, although this is normally a random sample compared here with a response by only those who felt driven to return the survey. Refer the response above.</p>
	<p>Poor consultation – xmas period / school hols, many people still don't know about it.</p> <p>The info pack was personally sent to all RATEPAYERS (i.e. landowners and not rental properties) on the 10th December 2009 through Australia Post (not in junk mail nor by letterbox droppers) and this surely gave more than ample time for those interested to read the survey and respond to it. The survey period was 58 days.</p> <p>We suspect those who don't know about it did not bother to read the info pack or could not be bothered to respond to the survey. If they are not aware of it after numerous media releases (Queanbeyan Age/Chronicle), articles in the council's City Life magazine etc than they only have them selves to blame.</p>
	<p>Why are we not being asked for a levy to fund the 'vision' things instead?</p> <p>Those projects identified in the Community Vision are those identified as being major works and will be funded though loan funds. Loan funds are not meant to fund maintenance works and is considered to be a very poor financial management strategy.</p>
	<p>More info and less 'talking heads' patronising us</p> <p>You may have been better asking a real question than wasting your time and others in such an offensive way. Don't confuse your own ignorance with having a complex about being patronised. Next time try and make a constructive comment about the type of information you want and it is suggested you take the time to read the information that has been provided to you which is very comprehensive and then seek other information as you need it.</p>
	<p>Survey figures misleading for voting (Yes/No)</p> <p>Why?</p>
	<p>4% response is poor and apathetic towards council concerns.</p> <p>Agreed but not unexpected</p>

Topic	Infrastructure
a. Managing costs	<p>What are the criteria for determining of the resealing of roads?</p> <p>The criteria for sealing bitumen roads is road classification based on location, traffic loadings and traffic types, cars/trucks etc, and the age of the bitumen since the last reseal.</p> <p>Even minor roads need to be resealed over time as bitumen becomes brittle with the loss of solvents in the bitumen and then easily cracks with traffic load. On minor roads the stone is lost over time which reduces friction characteristics and as the bitumen ages it starts to crack which allows water to enter the pavement which then causes rutting/heaving/shoving which culminates with pavement failure and major significant costs. These costs are avoidable through regular bitumen resealing.</p> <p>The most damage to a minor road is caused by the garbage truck each week and construction traffic during house building.</p>
	<p>Weetalabah Road done twice at what cost?</p> <p>If a road is done twice it is more likely that it did not meet council's tender specification for bitumen resealing and had to be done by the contractor or developer at no additional cost to council.</p>
	<p>Is lighting using energy saving equipment & switching gear to ensure off in daylight?</p> <p>Street lighting is controlled and managed by Country Energy and QCC pays an annual charge for maintenance of the lights, the energy cost and the initial capital cost. The fact that street lights are on sometimes during the day for checking and maintenance or if there is a fault in the switching does not cost QCC anything. QCC only pays an annual charge calculated on the type of lights that are in the street.</p>
	<p>Cost of maintenance – is it in house labour or contractors & materials?</p> <p>Bitumen sealing of roads is done by specialist contractors Repairs to footpaths may well be done by a mix of council day labour staff and contractors depending on the nature of the work. Works needed in parks to include playground equipment, change rooms, toilets and other amenities will generally be done by contractors with smaller works being done by council staff</p>
	<p>Who determines marking on roads?</p> <p>Marking of roads I presume this is for white line marking is done by annual contract by specialist contractors. New line markings have to be approved by Council's Traffic Committee before they can be done.</p>
	<p>Sealing of new roads mentioned. Is this in new subdivisions?</p> <p>No. All works in a new subdivision are fully funded by the developer to council's specification before they are handed over to council once the contractor's 6 month maintenance period is met.</p>
	<p>Roads footpaths priorities? Maintenance of assets or new projects with questionable gain to overall community.</p>

	The works identified for footpaths are to repair defects in existing footpaths.
	<p>Why was main street footpath re-bricked?</p> <p>That was a decision of the previous council <i>not</i> the current council and repaving was done as part of a CBD street beautification project.</p>
	<p>Did consider purchase of own bitumen resealing equipment?</p> <p>Bitumen resealing is a specialist contracting role which is undertaken during the summer season for a very short however, very active period (maybe 4 weeks). It would not be efficient or cost effective to purchase the very expensive equipment to do the work in-house.</p>
b. Various funds	<p>How can the amounts reserved for water, sewerage etc be varied if they are controlled by state govt? Can we apply for a variation?</p> <p>Water and sewerage charges are not controlled by the NSW State Government they are determined by QCC. Council's water charges are very much dictated to council by ACTEW as we purchase bulk water from ACTEW and then council is the water distributor throughout the City.</p>
	<p>Why is the \$71m for sewer and water fund so high? – overfunded? Under maintained? Funds roll over?</p> <p>The following amounts are held in reserves for water and sewerage</p> <p>Water Reserves \$19.7m Section 64 (Developer Contributions) \$3.4m</p> <p>Sewer Reserves \$19.7m Section 64 (Developer Contributions) \$10.3m Total \$42.7m</p> <p>Unexpended Grants \$9.4m Domestic Waste Garbage \$1.3m General Funds Section 94 (Developer Contributions) \$5.1m</p> <p>The major contributor the Sewer Fund has reserves set aside for the next augmentation of the Queanbeyan Sewerage Treatment Plant which is estimated to cost about \$30m.</p>
	<p>I would sooner invest at the right time rather than pay more for a deteriorating asset</p> <p>Agreed</p>
	<p>Road resurfacing = waste of money.</p> <p>Road surfacing is a fundamental engineering work to extend the life of our road-assets; otherwise they will fail prematurely and not reach their optimum design life. This comment has no sound engineering basis.</p>
	<p>Want us to focus on the assets, but we haven't looked at the other services.</p> <p>Which services would you like to cut or what services do you wish council should be undertaking? Lack of maintenance is the greatest threat confronting council's sustainability.</p>

	<p>Swim pool & show grounds should be cost free & should provide positive revenue.</p> <p>Not too sure what is met by “cost free” do you mean that no entry charges should be charged which means that the rest of the community would be subsidising those that use the pool, particularly those users from the ACT and Palerang. Or is it meant that the pool should be fully funded from entry charges, which results in entry charges being very high causing people to go into the ACT to use their pools therefore the losses on the QCC pool would skyrocket.</p> <p>Playing fields are an asset which should be paid for by commercial interests which use them or we are subsidising lucrative businesses</p> <p>We are not aware of any “commercial interest” that use council’s playing fields. All sporting clubs are not for profit and rely on grants from licensed clubs to operate each season. Should we charge for schools and juniors to play their sport?</p>
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Topic	Best Practice Management
a. Strategic perspective	<p>By who and how is strategic plan developed?</p> <p>The strategic plan for asset renewal has been developed by Council's Engineering Department in partnership with consultants Snowy Mountains Engineering Corporation using their sophisticated predictive modelling road software.</p> <p>The Community Strategic Plan (the Vision) was developed through an extensive engagement process conducted with the community during 2006.</p>
	<p>Why can't council reorder its priorities instead of raising rates?</p> <p>This would simply cause a reduction in other services. There are insufficient funds to do everything and of course the SRV needs to fund much needed asset maintenance works for the next 5-10-years years, therefore it is ongoing.</p>
	<p>Apply principles of sustainability → reduce long term costs (eg energy / water / waste management)</p> <p>Water charges are dictated to council by ACTEW and in any case water charges will undoubtedly increase with climate change however, council has undertaken a range of energy audits in order to make best use of available electricity tariffs and introduced subsidies for water conservation. The major energy users for council are those facilities for water and sewerage services and they have no bearing on the SRV.</p> <p>The proposed Emissions Trading Scheme will increase the cost of energy and council is currently considering the use of solar power in the future. Waste management is a separate trading fund and its cost structure has no bearing on the SRV.</p>
	<p>Purchasing power of council could be enhanced by combining with others to contract with suppliers on a multiple contract basis.</p> <p>This is already being done through joint purchase agreements state-wide and access to commonwealth and state government contracts.</p>
	<p>Look for efficiencies & other options.</p> <p>Which services should we cut? After 33 years of rate pegging council's have become very adept in identifying efficiencies in order to continue to provide the services we currently do.</p> <p>This involves significant contract works, computerisation, mechanisation and staff reductions.</p>
	<p>Vision or business as usual</p> <p>The challenges are;</p> <ul style="list-style-type: none"> • Queanbeyan has a decaying CBD. How long should the council wait before it can do something that the community is proud of?? • What message do you want to put out to the wider community about civic pride? • Do you want the roads to become 3rd world?

	<p>Street trees – council plants the wrong ones – ie gums, plane fruit trees on nature strips, lifting concrete and roads</p> <p>These trees were planted 10-20 years ago with good intentions (some well before footpaths were even constructed) the issue now (and legacy) is how we deal with the problems that we have with the footpaths.</p> <p>Not sure where there are fruit trees on nature strips however, some ornamental fruit trees bear small fruit.</p>
	<p>What is % level of efficiency for council and when were they last audited?</p> <p>There is no industry KPI. and in any case would be meaningless as every council has a range of local needs, variations in demographics and population, locational factors, financial strategies, population growth and economic aspirations.</p> <p>The DLG conducted a Better Practice Review in April 2009 and QCC was found to be performing well above other councils.</p>
b. Staff related	<p>Worker comp. Why increase? What mitigation / education strategy in place to reduce?</p> <p>The increase is brought about by industry trends regardless of how good council's record is with workers compensation. Council has an excellent worker's compensation record through extensive training and sound rehabilitation programs, however our premium increased above CPI.</p>
	<p>Why are executive staff salaries / packages subject to commercial in confidence when public service is being rendered? Why secrecy?</p> <p>The salaries of QCC senior staff are made available in Council's Annual Report, in much the same way SES salaries are made known in the Commonwealth, State and ACT governments.</p> <p>This is hardly a SRV matter.</p>
	<p>Only maintenance & roads are mentioned. How much is eaten up by administrative / bureaucratic salaries as distinct from wages to workers?</p> <p>All of council's bitumen resealing programs and the reconstruction of old roads are specialist contracting roles and none of these programs include a component for administrative/bureaucratic salaries. Therefore the answer is NIL. What is allocated to these programs is what is spent on doing the work.</p>
	<p>Car pooling to Goulburn to save money?</p> <p>Might save a few thousand dollars but in the scheme of things is insignificant. Staff all work at different times and attend different after-hours meetings on different days. Neither feasible nor practical.</p>
	<p>Increased costs need more info – eg workers comp & no. of staff in each year.</p> <p>Increase costs are dictated to council by our insurance brokers and other agencies. The fact that Rate pegging based on CPI means that our revenues in real terms have decreased significantly in the last 20-30 years.</p>

	Can you please advise what further information you require.
	Stuart- do not acknowledge a question request then ignore the request & go to another person Apologies, please ask the question again.
	Lack of professional courtesy – councillors noted