

## AMENDED REPORT



**Item No:** 7.2  
**Title:** Deferred Item - Notice of Motion - Council request for Chief Executive Officer to investigate revenue options and modelling for Central Coast Council  
**Department:** Councillor

27 April 2020 Ordinary Council Meeting

Reference: F2020/00039 - D13903007  
Author: Kyle MacGregor, Councillor

It is noted that the 23 March 2020 Ordinary meeting was cancelled due to the coronavirus (COVID-19) situation, Council conducted an extraordinary meeting on 23 March 2020 to deal with only the urgent items identified. Councillors were consulted to confirm that these items would be considered at the 27 April 2020.

At its meeting held 9 March 2020, the council resolved as follows;

213/20 *That Council defer consideration of the following items to the 23 March 2020 Ordinary Meeting;*

<b>Item #</b>	<b>Item Title</b>
<b>6.4</b>	<b><i>Notice of Motion - Gosford Waterfront Marina</i></b>
<b>6.5</b>	<b><i>Notice of Motion - Council request for Chief Executive Officer to investigate revenue options and modelling for Central Coast Council</i></b>

- 1 That Council receive the report on Deferred Item - Notice of Motion - Council request for Chief Executive Officer to investigate revenue options and modelling for Central Coast Council.***
- 2 That Central Coast Council request the Chief Executive Officer to investigate new or alternative arrangements for increasing the revenue base for Central Coast Council.***
- 3 That Council requests the results of this investigation be reported back to Council within six months.***
- 4 That Council request the investigation include a review of current revenue sources and comparison with other comparable councils to compare our existing revenue base and model to other leading councils across NSW and Australia.***
- 5 That Council reject the fundamentally discredited right wing neo-liberal approach to revenue raising that results in the burden of costs on rate payers and individuals regardless of their capacity to pay additional costs. This model cost shifts income to residents and individuals rather than more effective revenue***

**7.2 Deferred Item - Notice of Motion - Council request for Chief Executive Officer to investigate revenue options and modelling for Central Coast Council (contd)**

---

*bases and options that are not only more equitable but effective at raising revenue. Ultimately resulting in the privatisation of community assets, loss of jobs and the more expensive options of contracting out jobs and services to the private sector, a reduction in service delivery and the unsustainability of suitable service delivery and functions of government organisations and the long term budget bottom line.*

- 6** *That Council rule out paid parking for commuters and locals within town centres and CBD's across our region as part of this study.*
- 7** *That Council rule out land and asset sales of over five hundred thousand dollars without a resolution of full council endorsing the decision to do so.*
- 8** *That Council rule out rate rises for residents in the former Wyong Shire who have already suffered through the imposition of the infamous Wyong Shire Special Rate Variation of a cumulative rise of 30.59% over 4 years from 2013/14, which was over 17.6% above the then rate peg and equated to a rise in rates of roughly 3% each year from 2013/14.*
- 9** *That Council rules out the slashing of council services such as garbage pick ups, bulk curb side collections, libraries, childcare centres, sporting and recreation facilities, community facilities, community based and senior citizen programmes.*
- 10** *That Council investigate the possibility of special rate variations for specific purposes ie a small levy of one dollar per rate payer to pay for footpaths or similar community infrastructure as part of our submission and plans for rate harmonisation.*
- 11** *That Council review developer contributions that have already been received since 2012 and that these funds are being spent as intended in the areas they were collected for and further a review of whether these funds collected have been adequate to cover infrastructure and community development since their significant reductions over the past decade or more by former councils.*
- 12** *That Council investigate opportunities to create new revenue streams and models as well as reductions in current costs through existing and emerging opportunities such as the production and on sale of renewable energy and efficiencies around economies of scale created through the amalgamation process.*
- 13** *That Council investigate the potential for the delivery of affordable housing and direct provision of accommodation to meet the needs of a population projected to grow by up to 100 000 by 2036.*

**7.2 Deferred Item - Notice of Motion - Council request for Chief Executive Officer to investigate revenue options and modelling for Central Coast Council (contd)**

---

- 14** *That Council explore opportunities that may exist through the financial sector regarding record low interest rates on loans that are currently available whilst rejecting the approach of the former Gosford City Council which invested in derivatives and other extremely risky financial options that led to the introduction of state legislation banning investments in such financial options.*
- 15** *That Council review our current revenue raising model within the framework of both section 8 of the local government act 1998 which covers the revenue raising powers of council to see which aspects of the act we are currently utilising to raise revenue from and where other opportunities may exist to extend our revenue base and further that we investigate what other councils in other nations are doing to raise revenue which would be considered appropriate to consider for implementation by Central Coast Council within the confines of the Local Government Act 1998 or any other relevant state or federal legislation relevant to our revenue raising capacity.*
- 16** *That Council have a briefing and workshop that discusses our revenue base and model and its relationship to expenditure within our organisation and is conducted subsequent to the investigation into revenue raising options and that prior to this Councillors have circulated to them the report and information considered as part of it.*

**Attachments**

- 1** CEO Response - Notice of Motion - Council request for Chief Executive Officer to investigate revenue options and modelling for Central Coast Council D13918281



---

**Title:** CEO Response - Notice of Motion - Council request for Chief Executive Officer to investigate revenue options and modelling for Central Coast Council

**Department:** Chief Financial Officer

---

27 April 2020 Ordinary Council Meeting

Reference: F2020/00039 - D13918281

Author: Vivienne Louie, Unit Manager, Financial Performance  
Carlton Oldfield, Unit Manager, Financial Services

Executive: Craig Norman, Chief Financial Officer

### **Report Purpose**

To provide Council with information to assist in their decision making with regard to the Notice of Motion (NoM) put forward by Councillor MacGregor regarding revenue options and modelling.

Beyond providing an information report to back to Council within six months regarding a review of potential revenue options, the rest of the NoM is considered either unnecessary or should be considered as part of the development of the Operational Plan. In this report, staff outline the rationale against each of the relevant points in the NoM to assist with Council's decision making.

**Motion:** *That Central Coast Council request the Chief Executive Officer to investigate new or alternative arrangements for increasing the revenue base for Central Coast Council*

### **Staff Comments:**

Noted. Central Coast Council continues to investigate new and alternative revenue opportunities to support its delivery of services and capital infrastructure to the community. Revenue raised is in accordance with the *Local Government Act 1993 ("LG Act")*, *Water Management Act 2000 ("WM Act")*, other relevant legislation and Ministerial Orders.

The current COVID-19 issues has the potential to generate a significant level of uncertainty for Council's immediate to medium term cash inflows due to a number of service closures as well as the impact on the community's ability to pay rates and charges.

---

**Motion:** *That Council requests the results of this investigation be reported back to Council within six months.*

**Staff Comments:**

Noted.

---

**Motion:** *That Council request the investigation include a review of current revenue sources and comparison with other comparable councils to compare our existing revenue base and model to other leading councils across NSW and Australia.*

**Staff Comments:**

Noted. Information has been previously provided to the Councillor group as a result of similar enquiries from the recent Councillor workshop.

---

**Motion:** *That Council reject the fundamentally discredited right wing neo-liberal approach to revenue raising that results in the burden of costs on rate payers and individuals regardless of their capacity to pay additional costs. This model cost shifts income to residents and individuals rather than more effective revenue bases and options that are not only more equitable but effective at raising revenue. Ultimately resulting in the privatisation of community assets, loss of jobs and the more expensive options of contracting out jobs and services to the private sector, a reduction in service delivery and the unsustainability of suitable service delivery and functions of government organisations and the long term budget bottom line.*

**Staff Comments:**

Noted. Central Coast Council continues to operate within its governing legislative environment including but not limited to the LG Act.

---

**Motion:** *That Council rule out paid parking for commuters and locals within town centres and CBD's across our region as part of this study.*

**Staff Comments:**

Noted. Council is currently undertaking the Central Coast Car Parking Strategy and this item should be considered in the context of this strategy.

---

**Motion:** *That Council rule out land and asset sales of over five hundred thousand dollars without a resolution of full council endorsing the decision to do so.*

**Staff Comments:**

Noted. This item should be considered in the context of a land strategy and we note property and asset transactions are presented to Council at ordinary meetings under s 377(1)(h) of the LG Act.

*377 General power of the council to delegate*

*(1) A council may, by resolution, delegate to the general manager or any other person or body (not including another employee of the council) any of the functions of the council under this or any other Act, other than the following—*

*(h) the compulsory acquisition, purchase, sale, exchange or surrender of any land or other property (but not including the sale of items of plant or equipment)*

Given the financial impacts of COVID-19 there may be an increased possibility that land and asset sales may be required but any potential land and asset sales will be presented to Council for approval.

---

**Motion:** *That Council rule out rate rises for residents in the former Wyong Shire who have already suffered through the imposition of the infamous Wyong Shire Special Rate Variation of a cumulative rise of 30.59% over 4 years from 2013/14, which was over 17.6% above the then rate peg and equated to a rise in rates of roughly 3% each year from 2013/14.*

**Staff Comments:**

Noted. The former Wyong Shire Council did have a special rate variation of 6.9% over 2013/14 – 2017/18 which represented an increase of 17.6% over rate peg. This revenue was to address an infrastructure backlog resulting in an additional \$10.0 million of capital works for the former Wyong Shire Council for the ten year period of 2013/14 – 2022/23.

The former Gosford City Council last introduced a special rate variation in 1997/98 which impacted residential ratepayers to fund a series of projects call “Financial Strategy levies”

Further a number of special rates variations have been initiated in prior years across both former Gosford City Council and former Wyong Shire which were specifically aimed at as providing economic development and were levied on ratepayers within the business category.

Council levies rates in accordance with the legislative framework including LG Act, *Local Government (General) Regulation 2005*, other relevant legislation and Ministerial Orders.

Councillors were briefed on the Rates Harmonisation project on 6 April 2020 and were advised that a workshop will be held In June to review rating options.

---

**Motion:** *That Council rules out the slashing of council services such as garbage pick ups, bulk curb side collections, libraries, childcare centres, sporting and recreation facilities, community facilities, community based and senior citizen programmes.*

**Staff Comments:**

Noted. Council develops the Delivery Program from which the annual Operational plans are derived from which aligns to the Community Strategic Plan and reflects the strategic direction of Council. Any changes to services would be reflected in these documents and involve Councillor engagement before the Council Report and attachments are presented at a Council meeting.

The Delivery Program and Operational Plans are publicly exhibited to allow the Community to provide feedback to Council on what is planned to be delivered during the term of Council and in each financial year.

At the time of writing it is unclear as to whether or not the NSW government will alter the timing for adoption of the Operational Plan and or if amendments will be possible.

---

**Motion:** *That Council investigate the possibility of special rate variations for specific purposes i.e. a small levy of one dollar per rate payer to pay for footpaths or similar community infrastructure as part of our submission and plans for rate harmonisation.*

**Staff Comments:**

Noted. Rates harmonisation is introduced in the 2021-22 financial year based current legislation. This will result in the introduction of a single rates structure for all Central Coast ratepayers.

The introduction of special rate variations for Central Coast ratepayers to provide additional funding to pay for specific projects (e.g. additional footpaths) is a separate process to rates harmonisation and must comply with s.508 of the LG Act.

The next possible time for Council to submit a special rate variation application will be for the 2021-22 financial year.

**Motion:** *That Council review developer contributions that have already been received since 2012 and that these funds are being spent as intended in the areas they were collected for and further a review of whether these funds collected have been adequate to cover infrastructure and community development since their significant reductions over the past decade or more by former councils.*

**Staff Comments:**

Developer contributions collected are restricted for purpose – the funds are held for the purposes that they have been collected for.

Developer contributions do not cover the full cost of the public infrastructure included in the contribution plans.

The balance of the funding for the public infrastructure will come from other funding sources such as grant funding or general revenue.

---

**Motion:** *That Council investigate opportunities to create new revenue streams and models as well as reductions in current costs through existing and emerging opportunities such as the production and on sale of renewable energy and efficiencies around economies of scale created through the amalgamation process.*

**Staff Comments:**

Noted. It is within Council's normal operations to investigate new revenue streams/models and reduce costs to improve efficiencies within compliance with the LG Act and its prevailing legislative environment.

---

**Motion:** *That Council investigate the potential for the delivery of affordable housing and direct provision of accommodation to meet the needs of a population projected to grow by up to 100 000 by 2036.*

**Staff Comments:**

Noted. This request should be considered in the context of the Council's Affordable Housing Strategy.

---

**Motion:** *That Council explore opportunities that may exist through the financial sector regarding record low interest rates on loans that are currently available whilst rejecting the approach of the former Gosford City Council which invested in derivatives and other extremely risky financial options*



---

***that led to the introduction of state legislation banning investments in such financial options.***

**Staff Comments:**

Noted. Council will be looking at borrowing opportunities given the current low interest environment to refinance existing debt. A business paper has been submitted for the 27 April 2020 meeting.

In respect to Investments, Council's investments are made in accordance with the LG Act, Local Government (General) Regulation 2005, the investment policy adopted at the Ordinary Council Meeting on 28 October 2019, Ministerial Investment Order issued February 2011 and Division of Local Government (as it was then known) Investment Policy Guidelines published in May 2010.

A report is provided to Council monthly that provides information on Council's investment portfolio and specifically the absence of derivatives investments that are prohibited.

---

***Motion: That Council review our current revenue raising model within the framework of both section 8 of the local government act 1998 which covers the revenue raising powers of council to see which aspects of the act we are currently utilising to raise revenue from and where other opportunities may exist to extend our revenue base and further that we investigate what other councils in other nations are doing to raise revenue which would be considered appropriate to consider for implementation by Central Coast Council within the confines of the Local Government Act 1998 or any other relevant state or federal legislation relevant to our revenue raising capacity.***

**Staff Comments:**

Noted. Council's ability to raise revenue is covered under Chapter 15 (s.491-612) of the *Local Government Act 1993*. Council does as part of its normal operational activities investigate opportunities to extend its revenue base and investigate other leading Councils. The adoption of new revenue opportunities or changes in existing revenue streams are implemented in accordance with the LG Act and relevant legislation.

Council's sources of income are reflected in the annual Operational Plan budget with sections of the Operational Plan detailing Council's Statement of Revenue and Fees and Charges.

---

***Motion: That Council have a briefing and workshop that discusses our revenue base and model and its relationship to expenditure within our organisation and is conducted subsequent to the investigation into revenue raising options and***

***that prior to this Councillors have circulated to them the report and information considered as part of it.***

**Staff Comments:**

Noted.

---

**Link to Community Strategic Plan**

Theme 4: Responsible

**Goal G: Good governance and great partnerships**

G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.