



# THE ENTRANCE PENINSULA

## COMMUNITY PRECINCT

ENCOMPASSING: THE ENTRANCE; THE ENTRANCE NORTH; LONG JETTY TOOWOON BAY; BLUE BAY & SHELLY BEACH

### Wyong Shire Council's Corporate Services Director, David Jack's presentation on 21 November, 2009 on "Wyong Shire Council's Finances"

David began by beginning by telling us a little of his background. David is from New Zealand, born in a town just north of Wellington where he developed a love of railways and started work as an Engineer. David brings to Wyong Shire Council a broad experience in both private and public administration. David has been in the steel business, Manager of Steel & Tube Wellington (an equivalent of Tubemakers Merchandising). Regional Manager of Wormald NZ for six years; General Manager of Wanganui Hospital NZ and then Chief Executive Officer, Waitomo District Council. David said that Health and Local Government are not dissimilar in NZ and both bodies are local bodies are similar to NSW. David is also a keen golfer and was President of the Waitomo Golf & Country Club in 2006 before moving to Australia.

He believes that all Councils in NSW are micro-managed by the State Government. The Local Government Act and Planning Regulations and involvement goes to the lowest level of decision-making within Councils.

In David's personal view this methodology is obsolete and went on to recount the way Councils are managed in NZ which changed in 2002 with a completely new Act that moved away from centralised controls. He believes a similar approach is needed in NSW.

He said that in the NZ 2002 LGA, NZ councils were given new powers. The main theme in the legislation is termed the "**Power of General Competence**" which assumes the basic tenet that councils are able to manage their own affairs. The emphasis in the NZ Act is on local decision making, rather than the imposition of limitation by the central government. Councillors are free to run the council as they choose within a prescribed framework which places emphasis on engaging the community in consultation and decision-making, robust business practices, and a focus on "the social, economic, cultural and environmental well-being of the community."

The NZ Act requires financial controls and business planning that ensure a councils are run in a robust business-like manner.

David believes the issue for NSW is that even though the community elects people to Council, the LG Act 1993 encourages management not governance by the elected body, and that in any event, State Government controls place severe limitations on what a council can or cannot do and how they are to do it! In other words the freedom to operate and respond to community needs is quite limited by comparison with the NZ experience.

David said that in Wyong Shire council is dealing with changes in the Local Government Act on many levels part of which is the introduction and development more robust business management. He noted that included in current management plans, and typical of many councils, were features such as Capital

expenditure and operating expenditure not being distinguished from each other as is normal business practice.

State requirements the use of funding is restricted (“ring-fenced”) in key areas such as water and sewerage significantly reducing flexibility in managing the whole business of Council for funding priorities. E.g general operations vs water vs sewage vs waste etc.

He said that the new planning regime (Four Year Plan) require Council to change its process and engage with the community more extensively than the past where, comparatively community engagement has been low and of little impact on what Council does.

David explained that Council current Management Plan puts forward a view of the financial structure and performance that is geared to meeting community understanding of where money is spent, in a manner that addresses public areas of interest. The management plan view shows how funding is distributed and divides expenditure into five “Principal Activities” Community, Economy, Environment, Infrastructure and organisation.

This categorisation is not what Council actual does in terms of service activity – i.e WSC manages roads, water systems and playing fields etc. He emphasised that the management plan is not a profit and loss statement and shouldn't be regarded as that. He referred people to the annual report for that information.

In talking about the relationship between Management Plan Principal Activities and community consultation David noted that individual members of the community and community groups often expressed a view that it was hard to understand the link between what rates they pay and the services that are received. He emphasised to the group that council have an obligation to consult with their communities on services and priorities everyone needed to keep in mind that rates are not a payment for services, they are a land tax. As such council's role is to identify service priorities that suit the whole shire.

Arising from the Shire Strategic Vision, the new four year Management Plan demands WSC to change the Management Plan in accordance with actual activities. David reported that he is encouraging a renovation of accounting and financial planning within Council, including the production of monthly profit and loss statements giving an ongoing, accurate picture of Wyong Shires financial position.

He noted that the current first quarter position is healthy in respect of the budget projections because expenditure is down but he commented that this is a common occurrence for the first quarter. This is because of lead times between the start of the year and when many of Council's projects start to incur costs. It is expected that the second and third quarters will adjust this difference and the continued pressure on finances will remain..

Wyong Shire has budgeted a total expenditure of \$402million, that equates to spending \$1.2million per day.

### **Questions:**

Q1. Rod Slater: In the 1960's all water supply and sewerage was constructed throughout the Shire in the time it is taking to construct one new pipeline.

- A1. The planning model being worked with today is one dictated by the State Government and is a considerably slower mechanism than 40 years ago. Approvals and construction are further complicated by the availability of funding and the need to schedule project carefully – sometime over an extended period.

The rates cap and pricing determined by IPART have gradually lessened Council's ability to maintain services at levels and timing previously experienced. Today's funding income bears no direct relationship to Council's actual costs with the outcome that councils are forced to "cut their cloth" which means less bang for the buck as the years march on.

Delivery of projects is now being subjected to a prioritisation process that will see funding has funds for higher priority items only. The implementation of the Shire Strategic Vision is now giving guidance on prioritisation but downward pressure will continue to increasingly limit developments and growth unless more money becomes available.

- Q2. Jim Price: Wyong Council holds meetings to get comments on its draft Management Plan. Then they say sorry this is what you get. Will this change?

- A2. The LGA says Council must consult with its community but people should not that "consultation" is not a negotiation. By definition any council will be wise to take good account of the community's wants and needs, however Council still has to make the final decision and that sometimes it will not be what the community expect – partly because of impositions on what it can do and cannot do.

Wyong Shire now has a Strategic Finance Committee which will give the community yet another opportunity to be more actively engaged in Council's decision-making processes. This and the four-year plan process means Council will be able to engage the community at a much earlier stage. David urged the gathering to grasp these opportunities for consultation.

- Q3. Vivienne Scott: Should not Council take on Community concerns and get back to basics?

- A3. Indeed council should however pressure on costs is constant and Council's ability to meet everyone's expectations is more limited than earlier years. As to basics, Council's services are only those that no other section of the community can, will or should sully. David exemplified things like cemeteries, libraries, public swimming pools, water and sewerage.

- Q4. Doug Darlington: What impact has the cleanup of illegal dumping had on this year's budget?

- A4. In 2008/2009 the cleanup cost \$7million. In 2009 the cost could be higher with \$4 to \$5million spent so far this year however the final figure may depend on the actions DECCW.

- Q5. Michael Donovan: With services under such stress why is Council spending \$9.3million pa on the pollution of the lakes? \$330k pa for the dredge. It would be better spent on water going into the lake than water in the lake. Sea level rise will make all this a waste?

- A5. David demurred but Marlene Pennings replied:

This program is Federally funded and not from Council funds. The Coastline Management Plan and the Flood Plain Management Plan is addressing the issue of sea level rise.

Doug Darlington note taker.