



THE ENTRANCE PENINSULA

COMMUNITY PRECINCT

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

www.theentranceprecinct.org

The Wyong Shire Councils' Mayor Doug Eaton's presentation, 17 May, 2011 at 7:00pm on "The Possible Merger of Wyong and Gosford Councils"



Doug Eaton

The Chairperson of TEPCP, Vivienne Scott gave Doug a warm welcome and thanked him for his attendance. Doug told us he was here to talk about the prospect of putting the two council's together. He handed out "Key Information" sheets on "Council's Merger; the Water Corporation and the Strategic Plan". (copies attached) Doug said that knowing the background and the context of the proposed merger was very important to understanding the issues because he believed there was no "do nothing option."

He began explaining knowing the background and the context by saying a few words about the Strategic Plan. This plan shows a current operating deficit of \$15million down from \$30million a year ago. Hopefully over the next 5 years Council can reduce this deficit down to zero. He said there was two reasons for the \$30million deficit.

One is that Council does not account for depreciation. This is not unusual. When Council needs to replace an asset, generally speaking, because it has not accounted for depreciation, it needed to get a grant. Council is building two new surf clubs, one at Soldiers Beach and one at Shelly Beach costing \$2.5million dollar each. The money for these has come from grants from the Federal Government. The Shelly Beach assets should have been replaced twenty years ago, but that is the result of not funding depreciation and that also applies to funding things like roads. If Council is going to move forward to be able to fund these things as they need to be replaced, without depending upon grants from the State and Federal Governments, (who may or may not have the money or choose not to give it to us) then Council needs to fund depreciation.

The second reason is the Section 94 contributions. The Entrance Community Centre was built with Section 94 contributions. It cost about \$3.5million, so the developers of all the units down at The Entrance effectively paid for this. This was bought about 5 years ago when there was a fair amount of development happening. Council has been spending on the basis of this level of development keeping ongoing. I'm not saying this is very clever. Historically over the past 20 years, Council has been receiving about \$6million a year from Section 94 contributions and it has continued to spend at this rate. Over the past 6 to 8 years Section 94 contributions have fallen to \$1.5million per year. Council has taken a long time to adjust its spending because it had hoped that this was a temporary slowdown in development and that things would pick up in the fullness of time. After 5 or 6 years, Council was slow learners, it was decided that this was not a good model and it was decided that council should begin to spend the amount of money it was getting. So that is where the bulk of the problems have come from.

The net effect on the rate payers is that you are going to pay an extra \$132.00 on average next year. Most of that is on Garbage, where you will pay an extra \$68.00 on average next year. Some of that is the State Government's Garbage tax which is \$11million next year. There is \$30.00 water charge which is set by the Independent Pricing Regulator Tribunal which Council has no control over. The general rate is going up 1.8%.

The next background and context item Doug referred to was the Central Coast Water Corporation which comes into being on 1st July,2011. It was formed by State Government legislation and the Board will be appointed in the next two months. Over the next two years it will take over the water and sewerage operations of both Gosford and Wyong Councils. There will be a separate Water Board that delivers the water and sewerage services. 25% of the Wyong Council's organisation will be taken from council and put into the new organisation. At the service level there should be no difference, the same guy will be doing the same job. It will however impact on the Management level where 100% will be reduced to 75%. At the depots we service all the trucks and the cars. Here there will be less to do. **The net effect, at least in the first "X" years, until you can work things through, will be an \$8 to \$10million further deficit.** That's Wyong Council and there is nothing Council can do about it. Gosford Council is going to have the same sort of issue. It might be slightly smaller or bigger, but it is in the region of \$8 to \$10million.

So that is why "do nothing" is not an option. The do nothing option is to find an extra \$10million to balance the books. The way that Council could do that is to put up the rates by an extra \$150.00 a year. I do not think that is going to be very popular or acceptable. Council could reduce the service levels and the staff. That's not a very attractive option either. Obviously we could do something in the middle. So that's the background where we are saying it's time to look at what other options are on the table. And that's where putting the Councils together is an option. There has been no decision made. If you think it through on a basic level we have two organisations delivering council services and water and sewerage services to the Central Coast. In July we are going to have 3 organisations doing exactly the same job, so that does not seem to be a terribly efficient result. So if you put the Councils together you come back to two. One bigger, one smaller but you still have two.

Where we are in the process is that there has been unanimous resolutions from Gosford Council and Wyong Council to discuss getting an expert report into the benefits and disbenefits, pluses and minuses of doing this at the next Joint Council Meeting which is at 30th June, 2011. All we have said is that we should talk about this at the next Joint Council Meeting and consider at that time if we should get a report that gives us the facts and figures that tells us whether it is a good idea or a bad idea. If the report is obtained it would come back to another Joint Council Meeting, probably later in the year. The Councils would then make a decision if they would continue the process. If they decide to proceed it then goes to the Minister. The Minister then gives it to an authority called the Local Government Boundaries Commission and they hold enquiries, does reports and surveys and reports back to the Minister. At the end of the day it is the Minister who makes the final decision.

As part of the Council decision to date to put the matter on the agenda, things such as getting community engagement and determining the communities view, has certainly been put on the table already. So if it goes any further there would be community surveys and further community engagement.

Doug advised us that he had supported the idea of a Regional Council for at least 15 years. He believes it is a good idea simply because we will be able to act regionally and to make regional decisions and I believe we will get a bigger slice of the pie from Canberra in particular. To give you an example there is just closed the first round of funding for "The Better Government for Regional Development Australia Fund" This was the billion dollar deal that Julia Gillard did with the independents after the last election. The first round has just closed, in terms of applications, with \$100million. It seems a lot of money, but when you split it up between all the regions of Australia it comes down to \$5 to \$10million for the Central Coast. Gosford has put together 11 projects totalling \$100million. Wyong has put together 6 projects totalling \$30million. There is no framework within the two Councils, or at any other level to determine what is the regional priority. So it could be that our \$5million is the best project for the region, but there is no guarantee that that will be the project that gets up. If we were able to come to a decision on regional priorities it would get funded. They are not going to fund \$20million as they would run out of money to fund anyone else, but we would have that ability to determine. One of the projects we have put in for, I think it is \$8million, is Wyong's performing Arts centre. Gosford have put in one for \$30million for a regional centre, more like the Sydney Entertainment Centre. Neither of these projects are going to get funded. Not only because they are too big, but because at both State and Federal levels of government, and I do to talk to the members of both sides and the Minister, say that they are not going to fund one unless the Councils or region determines which is the one they are going to fund as the top priority. There is no way that the Councils can currently agree. I'm elected to represent Wyong and Greg Holstein is elected to represent Gosford. If there was some way of saying objectively which, Gosford or Wyong, should get the funding, it would get the funding. At the moment though nobody gets any funding. We miss out compared to a number of regional areas that have regional councils because they can make one decision for their region and one application. Their application will get funded 99% of the time.

Doug Eaton then answered questions:

Q. Can you please tell us what the other grant applications Wyong made?

A. - Construction of the Ourimbah community, education and sporting hub – \$2.9 million;
- Wyong Shire Art House - \$8 million;
- Warnervale Town Centre Sparks Road intersection - \$6 million;
- Porters Creek Stormwater Harvesting Scheme - \$9 million to develop stage one;
- The Entrance Community Centre's Child and Family Centre - \$2 million
- Reconstruction and stormwater drainage improvements of Minnesota Road at Warnervale - \$3 million.

Q. Will the merger improve our services or will they get worse? You have said there will be efficiencies in cost, what about efficiencies in delivery?

A. Where I have tried to illustrate where I think the advantages lie is that we will get a bigger share of the pie. So as a region we are going to be a lot better off. Will that mean better individual services from council, I can't guarantee that. What I believe is that we might get another \$50million dollars in the region. That means we may get better services from the State and Federal Governments.

Q. What are your counterparts attitude in Gosford?

A. I think it is very difficult to know what the ultimate decision is going to be. We have had two unanimous decisions by Gosford and Wyong Councils to take one step on what may be a fifty step journey. That's never happened before so that indicates that there is a willingness to think about this.

- Q. There is no guarantee that this area is going to be better off than Gosford is there?
- A. Its a good question, but it misses the point. We are trying to act as a region. So you put the money where the biggest priority is.
- Q.. The point I am making is that there is no guarantee that the Entrance Peninsula is going to be better off.
- A. You have to think regionally. If Wyong Council decided to spend all its money in Gwandalan or Ourimbah and none in the Entrance there is nothing you could do about it except vote us out at the next election.
- Q. Can you address jobs, you might lose some of the people because you are doubling up and also where is the Council Chambers would be placed?
- A. The model I prefer, and it is one view out of twenty, is one where we have a number of service centres to do Council business distributed up and down the coast. I think because of technology you can put whole departments in these centres, instead of a tower somewhere. I don't think it works very well given the geographical nature of the Central Coast with lakes and mountains in between. What I also think you would do is move Council meetings around because with the technology we have these days you could do this. We has a Joint Regional Planning Panel meeting in this very room.
- Q. Will there be an amalgamation of services?
- A. Services will not be reduced, You would need only one Mayor, one General Manager and less Directors. At the Management level jobs will go. The net effect on employment is that there would not be a great change. At Wyong Shire Council we have already given our employees a guarantee of 5 years job security.
- Q. You mentioned that there has been discussions with Wyong Council, Gosford council and employees. There would be positive and negative s raised at these discussions, what are some of the negatives?
- A. One of them was that Gosford was going to take over. As soon as you start saying that the model is broken. You have to get out of talking about Wyong - Gosford and start talking about the Central Coast. All this is detail, like where the Office is going to be? In terms of the union there concerns are about job security.
- Q. Forget about the Operational level, what about the Macro level?
- A. Most of the reaction tends to be at the micro level. No one has ever said you are wrong, you are not going to get a better share of the pie, even though I have not got the facts to back that up. I know what is not working. People will say I am biased and that is why we have to get an independent report.
- Q. With the set up of the Water Corporation could we end up with other corporations and become top heavy?
- A. This has not come up in discussions.
- Comment You can see benefits in the long term of funding and service delivery that trickles down to everything so it is worth exploring.
- Q. Is there another region where this has occurred that we can take a look at?
- A. Yes there is and this would be explored in the report. If people want to do their own research than then there are places like Casey in Victoria. The Key Information Sheet handed out refers to the Victorian experience.

Q. As this is of such importance to the region shouldn't it be put at a referendum?

A. That's not our decision. That's a decision for the Minister. The report will have a statistically valid survey of the community. You get the same results from a survey as you would from a referendum at a hugely less cost, A referendum by itself would cost in the region of \$500million.

Q. What if you did it in conjunction with Council elections?

A. If the result is "yes " then you have just had an election you did not have to have.

Q. I think what councils do is subject fairly largely to the influence of the State Government. I have difficulty in understanding how things are going to be better if the two councils get together. We have already had a body, The Central Coast Regional Organisation of Councils¹. Working under the State Governments Regional Strategy² I can't see why CCROC would not coordinate the views of the two Councils to the State Government. Let's face it, the priorities are determined by the State Government who said the Gosford is going to be the Capital whether we like it or not. It is the major city then there is a hierarchy of cities, towns and village.

A. Firstly the Regional Strategy is under review. Secondly that seems like an attitude that we will just let the State determine what our outcomes are going to be.

Q. In an amalgamation you would hope for a 50/50 outcome, as regards assets and infrastructure. What is the position of Gosford and Wyong's assets and infrastructure?

A. Roughly I think the numbers are 52% Gosford and 48% Wyong. I believe that if this were to happen it would be on a 50/50 basis.

Q. I'm concerned about the amalgamation to form the Water Corporation. Down the track would it be sold off to a private company? The Gold Coast Council has had major problems with selling off the water and now they are going to have to buy it back at the ratepayers expense.

A. I agree with that. The only difference here is the Water Corporation Act prohibits the sale of shares. Both Councils have one share each and we are not allowed by law to sell them to anyone. It is an Act of State Parliament and the State Parliament could change the Act.

Q. What is the timetable for the implementation of the Water Corporation and secondly could there be a study from a regional point of view of the whole region. Are you looking at the amalgamation from that angle?

A. The Board comes into effect on 1st July, 2011. It is predicated that there will be a two year transition to when it is delivering water and sewerage independently of Councils. Yes we are looking at the amalgamation on a whole regional basis.

Comment You are to be applauded for the initiative of the merger. It takes great courage to execute a merger or an acquisition, and so congratulations. I urge you to drive it through hard because it is a bloody process.

Q. Will we get a separate account for our water?

A. Yes

¹ **Central Coast Regional Organisation of Councils (CCROC)**

CONSTITUENT COUNCILS Gosford, Wyong Chair: Clr Doug Eaton Honorary Secretary: Mr Peter Wilson
PO Box 21, Gosford NSW 2250 Phone: 02 4325 8222 Fax: 02 4323 7220

² add link to strategy

Comment My personal view is that Wyong Shire will outstrip Gosford in it's growth of population and assets. Wyong Shire is unique in that it has one catchment that it does not share with any neighbouring Councils. One Council and one catchment. You may lose control of Tuggerah Lakes catchment because of competing interests. There are a lot of ramifications that result from that, as I have seen in Sydney catchments.

Comment I think what is exciting about this model is that we do not have to think of Council as being "the place" with "the Council" with the administration. We have a whole host of paradigms these days on management that will be more efficient. The key thing is how the process of the merger occurs and the second thing is the quality of people you have doing the work and the quality of the people you have implementing and receiving information from the community. Because if you see where the mergers have failed the processes have been upside down and messed up because it has been forced upon them. If it is forced on you it is just like scrambling for the seat, people get in who should not get in, and people stay on trying to make the thing work. Unfortunately we are only vigilant when it is in our own backyard, as recent events at North Entrance have demonstrated.

Vivienne Scott thanked the Mayor to a warm round of applause.

Councils Merger - Key Information



The two Councils have recently resolved to consider the preparation of a report that will independently assess the benefits and impacts of any proposed merger Of Wyong Shire and Gosford City Councils. No decision to amalgamate has been taken as yet; all that has been proposed at this stage is for a brief to be prepared so it can be considered at the next Central Coast Regional Organisation of Councils meeting on the 30 June 2011.

For any amalgamation to proceed the Council must, by formal resolution, forward a proposal to the Minister for Local Government. The consideration of any merger, amalgamation or other structural reform of the Councils is required to follow a statutory process, as prescribed under Section 218 and 263 of the Local Government Act, which includes engagement of the community.

Why now? Councillors and Staff all agree that there is now no greater challenge facing Council than the need to become sustainable – financially, socially and environmentally

The establishment of the Central Coast Water Corp means we are merging 25% of the two councils operations. Separating resources that have long been shared and ensuring all three organisations are financially viable is a major challenge;

Wyong Shire Council has a \$30M operating shortfall (30/6/2010). Council has worked to reduce this to \$15M, but we are only half way. We also have a shortfall on the renewal and management of our assets, which means we are running their condition down; The creation of the Central Coast Water Corporation will create an additional \$8 million per annum shortfall.

The capacity of our community to afford significant rate increases is limited. The Councils reliance on rates as its primary income is high and this income is pegged by State Government;

We have business feedback from the Business Chamber and other stakeholders that Council needs to strengthen regional prominence. Residents of the coast do not see themselves as Gosford or Wyong, they see themselves as Central Coast people.

A Central Coast Council would have a population of approx 300,000 residents and cover an area of approx 1700 sq klm. This size is comparative to Blacktown, Sutherland Shire, Brisbane, and Gold Coast City Councils. These Councils have a number of key civic locations across their council areas.

Challenges

Staff security is protected for three years after the proclamation of any new Council within the LG Act.

The independent report prepared by a prominent consulting firm with expertise in the area of council amalgamations will look at any potential benefits, savings or opportunities as they apply to the Central Coast and investigate and identify any disadvantages or risks.

Positives

Extensive Staff and Community consultation must be undertaken if the Councils decide to proceed further and Wyong Shire Council would also be seeking independent expert advice to evaluate the costs and benefits for the Community, Staff and Organisation of any proposal.

Independent research of previous local government amalgamations in Victoria indicates operational efficiencies can be achieved of between 2.5 and 8.5%/annum, once the initial costs are recouped. These initial costs may take five to seven years to recoup but this means savings of more than \$20M/yr, which removes the operational shortfall.

Contact:

Danielle Dickson - 4350 5178

Positives

- The establishment of a water corporation should provide benefits to Central Coast community in relation to costs, strategic planning and provision of appropriate water and sewerage services
- The Water Corporation will be wholly owned by Wyong shire Council and Gosford City Council on a 50/50 basis. Legislation prevents either council selling shares in the water corporation to any other party. I.e. the Water Corporation is in effect owned by the local community.
- The principal objectives of the Corporation include:-
 - The efficient delivery of water sewerage and drainage in the long term interest of consumers with respect to price, quality, safety, reliability, and security of supply
 - The promotion of water conservation, demand management and reuse of recycled water
 - social responsibility
 - Complying with the principles of ecologically sustainable development

Note - These objectives are stated in legislation and the constitution of the Water Corp and all the objectives are of equal importance.

- Dividends paid by a more efficient organisation to the councils could be applied to other community projects.
- All parties associated with the establishment of the Water Corporation (including the councils, staff, government) are working in a constructive and cooperative manner to establish the water corporation.

Challenges

- The councils are aiming to have the water corporation operational as a separate organisation commencing 1 July 2013. There are significant challenges establishing all the necessary operational systems, premises and support services in that timeframe.
- Establishing the water corporation in a manner that provides the necessary separation from the councils to operate effectively but at the same time not unnecessarily duplicating services such as customer data bases and other business systems.
- Providing sufficient locations for customer contact
- Managing the short term costs of establishing the water corporation to achieve the longer term gains of the water corp.
- The creation of a separate Water Corporation will result in a deterioration in Council's finances of about \$8 m per annum.



Contact:

Greg McDonald - 4350 5454

Strategic Plan - Key Information



On 27 April, 2011 Council resolved to exhibit the *Wyong Shire Council Strategic Plan 2011 – 2015*. This draft Plan details the principal activities Council will deliver over the next four years. It replaces the former Annual Management Plan.

The Annual Budget for 2011/12 is a key component of the draft Wyong Shire Council Strategic Plan 2011-2015. The Strategic Plan places Council firmly on the path to financial sustainability. The Draft Annual Budget proposes a total expenditure of \$320.9 million.

Positives

Highlights of the 79.8M capital program include:

- Renewal and upgrading of local roads - \$12.2 million
- Upgrades and renewals of the sewer system - \$9.4 million
- New sewer infrastructure - \$7.2 million
- Repairs to footbridges, timber bridges, boat ramps and jetties - \$4.7 million
- Stormwater management - \$5.7 million
- Water infrastructure - \$9.8 million
- Lake and estuary management works - \$2.8 million
- Remediation of former Council landfill sites - \$4.4 million
- Renewal of community buildings and recreation facilities - \$0.8 million

Challenges

The draft Strategic Plan 2011-2015 addresses the many key challenges that Council faces in the coming years such as:

- Addressing consecutive years of operating shortfalls (\$30 million in 2009/10)
- Starting to provide the \$180 million needed to bring our \$2 billion worth of community assets (roads, halls etc.) up to a reasonable standard
- Planning for the new Central Coast Water Corporation this alone will create an additional shortfall of some \$8m per annum on Council's finances.
- Providing services for our growing population
- Encouraging employment opportunities
- Maintaining the natural values and

Council is also funding programs and activities across its 12 areas of principal activity as shown in the following table:

Contact:

Dan Smith - 4350 5407

Distribution of Funding for Principal Activities (Capital Income & Expenditure not included)

Net Cost of Service Operations Surplus / (Funding Requirement)	Budget 2011/2012
	\$'000
Principal Activities {Revenue & Expense}	
Community & Education	(10,953)
Community Recreation	(17,319)
Economic & Property Development	(6,980)
Council Enterprises	(1,284)
Regulatory	(3,680)
Environment & Land Use	(7,023)
Waste Management	10,082
Roads	(23,150)
Drainage	(1,445)
Sewer Services	(5,609)
Water Supply	(11,479)
Administration	(6,601)
Total (Excluding Capital Income)	(85,440)

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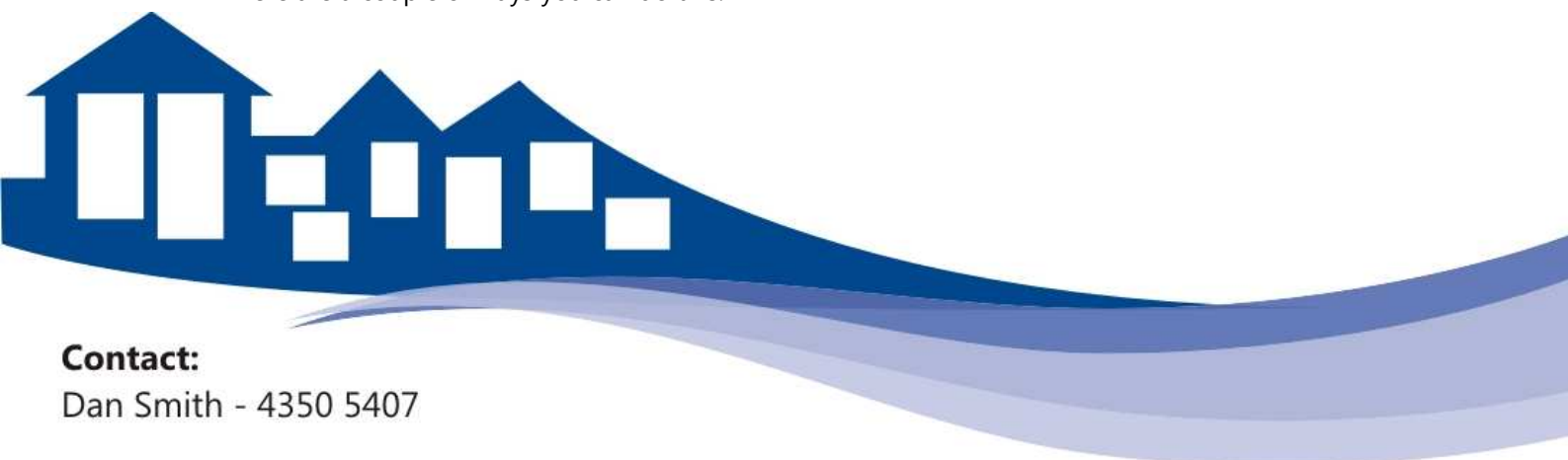
Over the last year we have taken a hard look at where we spend money to ensure that it aligns with what the community has told us they value. That hard work is now starting to pay off and, as outlined in the WSC Strategic Plan 2011 -- 2015, we've managed to control rate and property charges price rises for the average resident to \$2.56 a week.

This important document is on exhibition from 4 May until 1 June 2011. It can be viewed at:

- o Council offices -- 2 Hely Street, Wyong
- o Council libraries at Tuggerah, Lakehaven, Bateau Bay or The Entrance
- o Council's website at wsc@wyong.nsw.gov.au

We would like to hear from you with any comments you might have regarding this plan. Your comments are important to us and help us to make decisions for the future.

There are a couple of ways you can do this:



Contact:

Dan Smith - 4350 5407

Strategic Plan - Key Information



- Drop off the feedback form (that is available on Council's website or wherever the plans are exhibited) to any of the exhibition locations sighted earlier
- Fill out the feedback form online or
- Send a written submissions by email to wsc@wyong.nsw.gov.au or post to General Manager, Wyong Shire Council, PO Box 20, Wyong 2259

You have until Wednesday 1 June 2011 to have your say on the draft WSC Strategic Plan 2011 -- 2015. Comments from the public during exhibition will be carefully reviewed and the revised plan will then be presented to Council for adoption on 22 June, 2011.



Contact:

Dan Smith - 4350 5407