

# **LATE REPORT ORDINARY MEETING 28<sup>TH</sup> AUGUST 2019**

## **RESPONSE TO QUESTIONS WITH NOTICE – COUNCILLOR P EPOV**

**Report Author**                      **General Manager**

**File No. / ECM Index**   **MidCoast Council - Questions with Notice**

**Date of Meeting**                **28 August 2019**

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**The Following questions were submitted by Councillor Epov:**

### **1. Forster Civic Precinct**

*Can the General Manager please explain the following:*

- a. *Does the \$ 18 million budget include the \$3million paid by Council for the land?*
- b. *Why was there no bank guarantee provided by the developer to cover his contribution to the project?*
- c. *Has the \$250,000 Section 94 contribution and headworks charges been paid?*
- d. *The contingency of \$250,000 seems unrealistic, according to your budget of \$17.5 million it would be reasonable to expect to allow at least 10% for any contingencies (\$1.75 million) particularly given the contingency that has been allocated for the Masters Office centralisation project?*
- e. *Please clarify all the funding sources?*
- f. *Council has loan borrowings of \$3 million for this financial year, will Council require further borrowings in 2020/21?*
- g. *How much of Council's section 94 contributions will be allocated to the project?*
- h. *What reserves will be used, given reserve funds have been allocated to the Master's Office Centralisation project.*
- i. *What funding has Council received from State Libraries Grants for this project?*
- j. *What plans does Council have finance any overruns on this project given that the estimates given to council are now 18 months old.*

### **2. Masters Office Centralisation**

*Can the general manager please explain the following:*

- a. *How the transfer of the \$1 Million from the Waste and the \$2 Million from the Water and Sewer funds will be treated in the financials as they would appear to be transfers in the form of dividends from those funds, which in the case of the Waste fund is not permissible under the Act while the other two funds have to meet certain conditions before a dividend can be paid.*

### **3. Council Staffing**

*Can the General Manager please explain the following:*

- a. *What is the value of the redundancies paid out by Council since the formation of Council (including those paid by Council's trading enterprises)?*
- b. *How many staff received redundancies and were any of those positions replaced (if so how many).*
- c. *Specifically, what were the full time equivalent staff numbers at the time the four Councils came together?*
- d. *At the present time what are the total full time equivalent staff numbers?*

#### **4. Visual broadcast (live streaming) of Council Meetings**

*Can the General Manager please explain when live video broadcasting or live streaming of Council Meetings will be introduced, given it was foreshadowed in 2017 and mandated by the NSW Government in 2018?*

#### **RESPONSES BY DIRECTOR CORPORATE SERVICES:**

##### **QUESTION 1**

- a. No - \$18M budget does not include \$3M land acquisition cost.
- b. A bank guarantee was not offered by the Developer or required by Council on the basis that for the majority of the construction period, Council retains ownership to the land.
- c. Section 94 (now Section 7.11 of the *Environmental Planning and Assessment Act 1979*) contributions and headworks charges applicable to the Civic Precinct Project (and the private components of the mixed use development at Lake Street, Forster) are being administered by Council and being paid on a staged basis, consistent with other projects of a similar nature and scale.

The Section 94 contributions for the entire development are \$2,742,479.45. The Section 64 (water and sewer) contributions for the entire development are \$2,666,265.06.

The Section 94 contributions applicable to the civic precinct component of the development are \$250,000. To date, Council's contribution towards the s94 charges amounts to \$12,534 (which has been paid). Contributions will continue to be paid in accordance with the staged approval of the development application on the lodgement of the construction certificate for each stage.

- d. A contingency has already been factored in for the design and construct pricing for this project which has been tendered to Enyoc Pty Ltd. A contingency of \$250,000 for the residual component (the fit-out phase) is considered reasonable.
- e. Funding sources for Council's Works are:
  - a. \$3M loans
  - b. \$2M internal reserves
  - c. \$800,000 s94 contributions (new library)
  - d. \$200,000 NSW State Libraries grant
  - e. \$6M NSRF funding (Federal)
  - f. \$6M Enyoc contribution (cash/works-in-kind)
- f. All loan funds for the project (\$3M) have already been drawn down in this FY.
- g. \$800,000 of section 94 contributions which have been collected for the purposes of development of a new library will be used for this project.
- h. The Commercial Development Reserve is the source of internal reserves referenced above.

The allocation of funds from the Commercial Development Reserve to the Civic Precinct project pre-dated the development of the Financing Strategy for the Office Centralisation Project and therefore this reserve fund is not utilised in the Office Centralisation Project Financing Strategy.

- i. MCC has received \$200,000 in NSW State Libraries funding for this project.
- j. At this point in the project, the project is tracking to budget and accordingly, funds for cost overruns have not been sourced.

## QUESTION 2

The contribution from the waste and water and sewer funds is not a dividend and is not referenced as such in the Financing Strategy. They are contributions - waste, water and sewer are required to contribute to the operations of the organisation.

A contribution to the office accommodation and organisational operational costs is a normal and reasonable cost attributed to these funds.

## QUESTION 3

- a. The value of redundancies paid out since the date of merger (12<sup>th</sup> May 2016) is \$4,190,312.
- b. 44 staff received redundancies. None of those positions have been replaced.
- c. and d.

### Merger 12 May 2016 - FTE at 30.6.2016

<b>30.6.2016</b>	615 (incl.Casuals)
<b>1.7.2017</b>	<b>(integration of MCW)</b>
	613 (incl.Casuals)
	183 MCW
	Total
	796 (incl.Casuals)
	10 less Casuals FTE
	786 (excl.Casuals)
<b>1.7.2019</b>	826 (incl.Casuals)
	47 less Casuals FTE
	779 (excl.Casuals)

Council operates Midcoast assist which has had a significant increase in funding for ageing and disability services since merger. This service is fully funded by Government funding with no council funding allocated to this service. The increase demand has required an increase in casual staff to meet service needs. Of the 47 casual FTE staff shown as at 1.7.2019, 34 of these are Midcoast Assist staff.

#### QUESTION 4

Council is compliant with the current requirement from the Office of Local Government (OLG) and clause 5.18 of Council's adopted Code of Meeting Practice regarding Webcasting of Meetings. Clause 5.18 states:

***Webcasting of meetings***

*5.18 All meetings of the Council and committees of the Council are to be webcast on the Council's website. Audio recordings will be uploaded to Council's website. Livestreaming of the meetings will occur when technology within the Council Chambers permits.*

The OLG Circular No 18-45 / 18 December 2018 / A621294 states:

*Irrespective of whether councils have adopted a code of meeting practice based on the Model Meeting Code, all councils (but not joint organisations) will be required to webcast meetings of the council and committees of which all members are councillors from **14 December 2019**. The webcasting requirement may be met simply by posting an audio or video recording of the meeting on the council's website.*

Council currently places audio copies of its Ordinary Council Meetings on its website in accordance with the OLG requirement.

Council will incorporate professional webcasting facilities in the design of the Centralised Biripi Way Office.