

Engineering & Works Committee AGENDA



Members Crs H van de Ven (Chairperson), R Angus, D Betteridge, A Glachan (Ex Officio), P Gould, N Hull and P Sawyer.

Apologies

In Attendance

Staff

Members are advised that the next **Engineering & Works Committee Meeting** will be held in the **Council Chambers**, AlburyCity Administration Building, 553 Kiewa Street, Albury, on **Monday 20 August 2012**, immediately following the Planning & Development Committee Meeting.

EWC 1 – CONFLICT OF INTEREST DECLARATIONS RECEIVED BY THE CHAIR	
1A Conflict of Interest Declarations	
1B Chairperson to advise that the meeting is being recorded	
EWC 2 – APOLOGIES	
2A Apologies of Committee Members	
2B Apologies of non-Committee Members	
EWC 3 – CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING	1
3A Minutes of the Engineering & Works Committee Meeting held on Monday 9 July 2012 at 6.56pm	1
EWC 4 – MATTERS ARISING FROM THE MINUTES.....	3
EWC 5 – MINUTES OF ADVISORY COMMITTEES & WORKING PARTIES.....	4
EWC 6 – REPORTS FOR DISCUSSION	5
6A Discussion Paper - Emergency Services Funding (FIL12/00255).....	5
6B 2011-2012 Works Program (FIL11/03522).....	13
EWC 7 – GENERAL BUSINESS	17

Note *A light meal will be served at 5.15pm, at “Charlies on Kiewa”, for Councillors and Council staff required to attend either of the committee meetings.*

Michael Keys
Acting General Manager

16 August 2012

AlburyCity – Engineering & Works Committee

AGENDA

EWC 3 – CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING

3A Minutes of the Engineering & Works Committee Meeting held on Monday 9 July 2012 at 6.56pm

Present	Crs R Angus (Acting Chairperson), D Betteridge, A Glachan (Ex Officio), P Gould, N Hull and P Sawyer.
Apologies	Cr H van de Ven.
In Attendance	Nil.
Staff	Acting General Manager, Director Community & Recreation, Director Corporate Services, Director Economic Development & Tourism, Director Engineering, Acting Director Planning & Environment, Governance Team Leader, IT Officer and Governance Officer.

EWC 1 CONFLICT OF INTEREST DECLARATIONS RECEIVED BY THE CHAIR

1A Conflict of Interest Declarations

There were no Conflict of Interest Declarations received by the Chairperson.

1B Recording of Meeting

The Chairperson advised those present that the meeting is being recorded.

EWC 2 APOLOGIES

2A Apologies of Committee Members

Cr Glachan Moved, Cr Sawyer Seconded

That the Committee receive, note and accept the apology of Committee Member Cr van de Ven, and grant leave of absence for the meeting.

CARRIED

2B Apologies of Non-Committee Members

There were no Apologies of Non-Committee Members.

AlburyCity – Engineering & Works Committee

AGENDA

EWC 3 CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

3A Minutes of the Engineering & Works Committee Meeting Adjourned from Monday 18 June 2012 held on Monday 25 June 2012 at 6.23pm

Cr Gould Moved, Cr Hull Seconded

That the Committee recommends to Council that the Minutes of the Engineering & Works Committee Meeting adjourned from Monday 18 June 2012 held on Monday 25 June 2012 at 6.23pm, be adopted.

CARRIED

EWC 4 MATTERS ARISING FROM PREVIOUS MINUTES

There were no Matters Arising from Previous Minutes.

EWC 5 MINUTES OF ADVISORY COMMITTEES AND WORKING PARTIES

5A Minutes from the Local Traffic Committee Meeting held on Thursday 28 June 2012 at 10.03am

Cr Gould Moved, Cr Glachan Seconded

That the Committee recommends to Council that the Minutes of the Local Traffic Committee Meeting held on Thursday 28 June at 10.03am be received noted and accepted.

CARRIED

EWC 6 REPORTS FOR DISCUSSION

6A Classification of 745 Centaur Road Lavington (FIL12/00883)

Cr Sawyer Moved, Cr Gould Seconded

That the Committee recommends to Council that Lot A, DP328923, which is the parcel of land on the eastern boundary of AlburyCity's Lavington Sports Ground in Hanna Street, Lavington, be classified as operational as defined in Chapter 6, Part 2 of the Local Government Act 1993.

CARRIED

EWC 7 GENERAL BUSINESS

There was no General Business.

Meeting closed at 7.10pm.

EWC 4 – MATTERS ARISING FROM THE MINUTES

AlburyCity – Engineering & Works Committee AGENDA

EWC 5 – MINUTES OF ADVISORY COMMITTEES & WORKING PARTIES

At the time of this Agenda preparation there were No Minutes of Advisory Committees & Working Parties.

AlburyCity – Engineering & Works Committee

AGENDA

EWC 6 – REPORTS FOR DISCUSSION

6A Discussion Paper - Emergency Services Funding (FIL12/00255)

DATE 10 August 2012

CONFIDENTIAL YES NO If yes please tick one of the following reasons
Personnel Matters Commercial Legal Security Personal Hardship

MEETING DATE Monday 20 August 2012

FURTHER ENQUIRIES TO Brad Ferris
Engineering

PHONE 6023 8747

Background

The NSW Government has recently released a discussion paper “*Funding our Emergency Services*” (attached) and is seeking community feedback to assist in developing a fairer and more efficient way of funding fire and emergency services in NSW. Fire and emergency services include Fire and Rescue NSW (FRNSW), the NSW Rural Fire Service (RFS) and the NSW State Emergency Service (SES). Funding currently comes from three sources, with the bulk of the funding (73.7%) provided by a tax (Emergency Services Levy) on insurance premiums, while the remainder of the funds are provided by Local Government (11.7%) and the State Government (14.6%). AlburyCity currently make a contribution of approximately \$500K per year.

A recent review of the state tax system, including the Henry Tax Review, recommended that NSW move to a property based levy for funding essential fire and emergency services. The current system has serious weaknesses and is unfair because people who are either not insured or under insured do not contribute to the funding of emergency services yet still receive the same coverage as those who do pay insurance. NSW has the highest rate of non-insurance in Australia and the Government is considering a number of ways to bring NSW into line with other states and territories.

A discussion paper has been released to seek public feedback on how emergency services should be funded. The Government is committed to maintaining the current funding levels of over \$1 billion per annum. Feedback is sought by 8 October 2012.

Issues

A property based emergency services levy offers potential improvements in how revenue for emergency services is collected. Property owners benefit from the provision of emergency services and a property based levy could be fairer and more transparent as all households and businesses in the State would contribute to the cost of emergency services. Accordingly, households and businesses that currently purchase insurance would benefit from the removal of the emergency services levy.

AlburyCity – Engineering & Works Committee

AGENDA

The State Government has provided the following questions for public discussion and feedback:

1. *Which revenue sources associated with emergency services funding should be replaced by a property levy?*
2. *Should a property levy be raised as a fixed amount per property, as a proportion or percentage of property value, or some combination of the two?*
3. *Should different rates of tax be applied to different property types?*
4. *Should different tax rates be applied in different parts of the State? If revenue amounts are zoned geographically, where should the boundaries of those zones be?*
5. *Should some proportion of emergency services funding be raised as an annual charge on vehicle registration?*
6. *Should pensioners receive concessional rates for a new property levy that funds emergency services?*
7. *How should the revenue target be set each year to take account of changing costs of fire and emergency services?*
8. *Should revenue from a land based levy be collected by local governments or the Office of State Revenue?*
9. *Is a transitional period required for adjustment of the emergency services levy, and if so how should any funding gap arising from the transition period be recovered?*
10. *What arrangements are needed to ensure that any reductions in insurance taxes are passed on to the consumer?*

Discussion

General

The estimated expenditure for fire and emergency services in 2012-2013 is \$1.03 billion. FRNSW accounts for 63% of budgeted expenditure, while RFS and SES rely heavily on volunteers. One of the main objections to the current system is that the majority of funding is provided by people who insure their properties, while people who do not insure their properties enjoy the same benefit. In 2009-2010, 36% of NSW households did not have contents insurance and 5% of home owners did not have building insurance. Interstate evidence suggests that the proportion of households who take out insurance tends to increase when insurance taxes are removed. Replacing the emergency services levy on insurance with a well designed tax on land would increase insurance affordability and thus increase levels of insurance.

AlburyCity – Engineering & Works Committee

AGENDA

1. *Which revenue sources associated with emergency services funding should be replaced by a property levy?*

There are transparency, simplicity and efficiency arguments for replacing the current contributions made through three separate arrangements. A single levy on all properties reflecting the full costs of emergency services would be administratively simpler than having a separate levy plus contributions. As an example, if a single ad valorem levy were applied across all rateable land in the State, the annual levy is estimated at \$1.07 per \$1,000 of land value (or \$107 per \$100,000 of land value). By removing the current levy from insurance policies it is estimated to save the average household with building and contents insurance around \$250 per annum. Council's rates could also be reduced to reflect the consolidated levy and the State's current contribution would be freed up for other services.

2. *Should a property levy be raised as a fixed amount per property, as a proportion or percentage of property value, or some combination of the two?*

There are two main options for a property based levy; namely, an ad valorem amount (based on land value) or a fixed dollar amount per property. Since a relatively large proportion of total value of land in NSW is represented by a relatively small group of properties, under an ad valorem levy, most taxpayers would pay less than under a fixed fee per property. However a small number, owning the valuable properties, would pay significantly more and a cap system may need to be incorporated.

Under a fixed dollar system, each property would be levied the same charge regardless of property value. This rationale is based on the fact that every property has equal access to emergency services. A levy, based on a fixed dollar system, would represent a higher proportion of total income for low income earners.

Until more detailed information is available, including rationale and cost modelling, it is difficult for Council to form a position on the appropriateness of a fixed charge or an ad valorem based tax.

3. *Should different rates of tax be applied to different property types?*

The rates of tax could be weighted using criteria such as the existing distribution of tax or property types based on the cost of service (flood and bushfire prone properties pay more). Schemes such as the above will result in arbitrary differences in tax rates applying in neighbouring properties.

The apportionment of the levy across property types provides the mechanism to model the charge in accordance with criteria such as the current distribution (via the insurance levy), call out rates or access to services. For example, business properties currently contribute 49% to emergency services funding through premiums collected by insurance companies and 55% of responses to incidents by FRNSW in 2010-2011 were to business properties.

AlburyCity – Engineering & Works Committee

AGENDA

A common rate of tax applied to all property types regardless of use would be simple and efficient. However, this would result in a significant shift in the proportion of contribution by property type. For instance the residential sector contribution is anticipated to increase from 45% (collected by insurance companies) to 75-80% (collected through a property based levy).

Until more detailed information is available, including rationale and cost modelling, it is difficult for Council to form a position on the appropriateness of applying different rates of tax to different property types.

4. *Should different tax rates be applied in different parts of the State? If revenue amounts are zoned geographically, where should the boundaries of those zones be?*

Applying the same rates across the state would be simple and efficient and would satisfy many people's ideas of fairness. Alternatively, different levy rates could be applied to different parts of the state reflecting factors such as existing funding distribution, the cost and expectation for the provision of emergency services or the number and value of properties served. For example, with the greater population density in Sydney than the rest of the state, there are both higher numbers of properties at risk and higher capacity to provide rapid service. Furthermore, the state could be divided into zones reflecting population density; urban, regional centre, regional towns, rural agricultural and remote rural or geographically by local government areas.

There are a number of sound arguments for and against the inclusion of geographical zones within a new funding structure. However until specific examples are available that quantify the impacts, it is difficult for Council to form a position on the appropriateness of applying different rates of tax to different zones throughout the state.

5. *Should some proportion of emergency services funding be raised as an annual charge on vehicle registration?*

Motor vehicle incidents account for around 17% of total call-outs. In a fee for service approach, 17% of the levy could be recovered through an additional charge on annual registration fees. From an equity and fairness viewpoint, this may also be ineffective by fragmenting the levy and applying an additional charge on a select group (those residents with registered vehicles).

One of the objectives of the current review into emergency services funding is to consolidate the funding sources to clearly quantify the real costs associated with the service. Fragmenting the funding sources will not be consistent with this objective.

AlburyCity – Engineering & Works Committee

AGENDA

6. *Should pensioners receive concessional rates for a new property levy that funds emergency services?*

The financial impact of a property levy could be reduced for low income groups. Eligible holders of pensioner concession cards currently are eligible for a concession on their rates. Approximately 470,000 pensioners in NSW own real estate. For every 10% reduction in property levies to pensioners, revenue is estimated to reduce by \$30M per year.

Pensioner concessions are available for many taxes, rates and services. Therefore, it is a reasonable approach to incorporate pensioner concessions within any new emergency services funding structure. For efficiency of administration, it is desirable that concessions are based on current criteria for property rates and charges.

7. *How should the revenue target be set each year to take account of changing costs of fire and emergency services?*

The revenue target could be adjusted each year to take account of actual cost changes, or the rates could be set once, with automatic rules to take account of inflation. Setting revenue targets each year to reflect actual costs, would mean a new tax is calculated each year and rules would need to be established around an ad valorem property levy or a fixed fee per property. Having a revenue target with automatic escalation would provide greater certainty to taxpayers about future tax obligations. It is considered appropriate that revenue targets and respective charges are reviewed annually by the Independent Pricing and Regulatory Tribunal (IPART).

8. *Should revenue from a land based levy be collected by local governments or the Office of State Revenue?*

Local governments collect council rates, which are levied on land values. They have established systems for billing, collection of rates and collection of debts. It would be relatively straightforward for local governments to include a notice of a property based emergency services levy on council rates assessment notices. Alternatively, Councils may consider distributing a separate notice for the emergency services levy. Amendments to the Local Government Act may be required to facilitate the collection of the levy by Councils, the levy being attached to the property, and the levying of interest on overdue accounts.

A regime whereby local government collects the levy on behalf of the state, may be perceived by the broader community as a local government charge and part of the property rate. Albeit the local councils may only be the collection agency for the funding, there may a wider view that local government have responsibility for the state provided services. Similarly, the management of bad debt is of concern to local government and processes would need to be established to protect local government from this liability. Additionally, additional administration charges for local councils to process this levy should be recoverable from the State Government.

AlburyCity – Engineering & Works Committee

AGENDA

The Office of State Revenue is the State's primary tax collection agency, collecting land tax, payroll tax and stamp duties. It does not have an existing system for issuing tax assessment notices to all properties in the State. However, given this is primarily an administrative function and property ownership data bases are readily available, it is considered that establishing a billing and collection system by the state would not be an onerous or inefficient task. The costs associated with establishing a centralised state managed system need to be compared to the cumulative costs of 152 local government authorities modifying their existing systems. A centralised system also provides consistency of process across the state.

Accordingly, at this stage Council is unable to quantify which alternative for collecting the levy provides the best outcome for the community.

9. *Is a transitional period required for adjustment of the emergency services levy, and if so how should any funding gap arising from the transition period be recovered?*

An abrupt replacement of an insurance based system could cause some households and businesses to delay renewals on their insurance until the levy is abolished. To avoid incentives to delay the purchase of insurance, insurance companies could be required to proportionally reduce their surcharge to a defined date. An alternative approach would be to rely on competition between insurance companies to manage the transition process.

This is an operational issue for which Council does not need to have a position.

10. *What arrangements are needed to ensure that any reductions in insurance taxes are passed on to the consumer?*

The Government expects that abolishing the emergency services levy on insurance companies will result in lower costs of insurance for many consumers. In a highly competitive market, it is generally expected that any reductions in the cost of supplying a service would be passed on to the consumer in the form of lower prices. To address remaining concerns that insurance companies would not fully pass on these benefits to consumers, the Government will ask IPART to monitor insurance premiums.

This is an operational issue for which Council does not need to have a position.

AlburyCity – Engineering & Works Committee

AGENDA

Current funding arrangements in other states

State	Contribution details
Victoria	Levy on insurance companies, local government contributions and consolidated revenue. Has announced a move to a property based levy.
Queensland	Property based levy that is collected through local government authorities. The levy varies according to property type and location.
Western Australia	Property based levy that is collected through local government authorities. The levy varies according to property type and by region.
South Australia	Property based levy comprising of a fixed fee plus a variable levy based on capital value adjusted for location and land use. A levy is also collected on mobile property such as motor vehicles.
Tasmania	Contributions from local government, insurance companies and motor vehicle registration.
Australian Capital Territory	Property based levy on residential property (fixed) and commercial property (based on unimproved land value).
Northern Territory	Funded from consolidated revenue.

Submission

The review of the provision of emergency services funding for NSW is an issue that will impact on Council and the broader community. Therefore, it is important that Council remain pro-actively involved in the process to ensure a satisfactory new regime is achieved. Primarily there are two major issues for Council consideration. Firstly, Council's position on the proposed consolidation of the emergency services funding through a property based levy and, if this supported, should local government collect the tax on behalf of the state.

It is recommended that Council make a submission to the NSW Government on the future funding of emergency services, based on the following principles:

- Provide in principle support for the introduction of a property based levy for the funding of emergency services. This levy should replace the three current funding sources and therefore reflect the full cost of the provision of service.
- Seek clarification on the alternatives nominated for the collection of the levy, including comparisons between a state based centralised system and a local government area based system.
- Request that debt management remain the responsibility of the State Government and any local government administration costs associated with a revised system be fully reimbursed.
- Request further detailed information, including rationale and cost modelling, on the appropriateness of items such as; a fixed charge versus an ad valorem based property tax, different tax rates for property types and different rates for geographical areas.
- Not support a proportion of emergency services funding being raised as an annual charge on vehicle registration.

AlburyCity – Engineering & Works Committee

AGENDA

- Support the inclusion of a pensioner concession for any new property levy and request that eligibility for this concession be consistent with current criteria for property rates and charges.
- Support a revenue target review system whereby annual charges do not significantly vary.

Conclusions

The State Government has released a discussion paper on the funding of emergency services and is seeking feedback from the community by Monday 8 October 2012. The aim of the review is to develop a fairer and more efficient way of funding fire and emergency services in NSW. The current system for funding is through the application of a tax on insurance premiums and a contribution by State Government and Local Government.

For AlburyCity, there are primarily two fundamental questions that will influence Council's position. Council needs to determine if they support a property based levy and if so, should the levy be collected by local governments on behalf of the State. A number of associated issues such as the levy being a fixed amount or ad valorem, different rates for different property types, different rates for different parts of the state, vehicle registration charges, pensioner concessions and the setting of revenue targets will require more detailed information for Council to determine a position. Transition periods and ongoing monitoring and compliance are operational issues and are not strategic decisions that will influence Council's position.

It is important that Council remain pro-actively involved in the review process to ensure a satisfactory outcome is achieved for the Albury community.

Recommendation

That the Committee recommends to Council that Council prepare a submission to the NSW State Government on the recently released discussion paper, "*Funding Our Emergency Services*", as per the recommendations detailed in this report.

- **Attachment**
 1. Discussion Paper – Funding our Emergency Services (July 2012).

AlburyCity – Engineering & Works Committee

AGENDA

6B 2011-2012 Works Program (FIL11/03522)

DATE: 8 August 2012

CONFIDENTIAL: YES NO If yes please tick one of the following reasons:
Personnel Matters Commercial Legal Security Personal Hardship

MEETING DATE: Monday 20 August 2012

FURTHER ENQUIRIES TO: Andrew Lawson PHONE: 6023 8227
Engineering Services

Background

As part of the 2011-2012 Budget process, Council adopted an extensive works program for asset construction, upgrading and maintenance. This program is broadly divided into 12 sub programs which included a total of 357 identified projects with a combined value of approximately \$46.7M.

The scheduling of projects and resources is an important component in ensuring that designated projects within the approved budget are completed. This report provides an update on the status of the 2011-2012 works program including accomplishment at the end of the financial period.

Issues

With the focus on project delivery, the scheduling of projects is undertaken with the objective to achieve 100% completion. Project scheduling is based on factors including current asset condition, design status, appropriateness of timing for construction, funding qualifications, seasonal conditions and available in-house skills and resources.

A combination of internal and external resources is used to ensure that the program is completed to standard, within timeframes and in accordance with budget provisions. This project plan is continually monitored to highlight any variations from initial predictions and the determination of any required adjustments.

Attached for information is a Gantt Chart summarising the projects and their respective scheduling during 2011-2012. Completed projects are represented by solid black bars, while projects in progress carry an internal black bar representing percentage complete.

Discussion

The works program, at the end of the final quarter in the 2011-2012 financial year has achieved an overall accomplishment of 94.5%, being 5.5% behind the projected target of 100%.

Since the commencement of the program 24 extra projects have been included, bringing the total number of identified projects to 381.

AlburyCity – Engineering & Works Committee

AGENDA

Of the 381 projects in the program 336 projects were fully completed with a further 41 underway and 4 projects yet to be commenced.

The accomplishment of 94.5% of the works program is considered a good result when taking into account the significant negative impact of the extensive amount of rain experienced since the commencement of the program. Specifically, the storm event in March, which was declared a natural disaster for the AlburyCity area, has demanded a considerable portion of Council's resources in the form of rectification and maintenance works.

The table below details the amount of rainfall experienced since the commencement of the 2011-2012 works program:

MONTH	1994-2012 AVERAGE RAINFALL	TOTAL RAINFALL (mm) 2011/12	NUMBER OF RAIN DAYS 2011/12
July - Sept	191.1	195.8	37
Oct - Dec	161.5	192.0	21
Jan - Mar	128.0	363.8	26
Apr - June	142.7	115.0	25
TOTALS	623.3	866.6	109

Note: Information sourced Australian Government Bureau of Meteorology website.

The table below details the final status of the sub programs:

Strategic Objective	% complete
Road & Drain Construction Program	91.7
Road & Drain Rehabilitation Program	87.5
Footpath & Bike Path Program	100.0
Road Resealing Program	100.0
Traffic Improvements Program	99.0
Road & Drain Maintenance Program	100.0
Building Construction & Maintenance Program	93.2
Landscape Construction & Maintenance Program	95.9
Design Program	98.9
Plant Replacement Program	100.0
Watermain Renewal & Replacement Program	97.6
Water & Sewer Augmentation Program	93.0
Overall Total	94.5

Notes:

- To achieve Total Overall % Complete, weightings have been applied to each program based on program value.*
- Percentage completion is based on project accomplishment not actual expenditure.*

AlburyCity – Engineering & Works Committee

AGENDA

As indicated above, a high level of accomplishment has been achieved, despite the addition of an extra 24 projects. The above table includes the projects that were added to the initial program during 2011-2012, necessitated by circumstances such as the provision of additional funding being secured, revision of strategies and accelerated deterioration of existing assets. For example, some additional projects that have been added to the 2011-2012 programs include:

- Ebden Street car park construction;
- Severin Court footpath construction;
- Wewak Street footpath construction;
- Garoogong Park footpath improvement;
- Sealing of Percy Street, Urana Road, Tynan Road and Coola Court;
- Gerogery Road bus bay installation;
- Buchhorn Street rehabilitation; and
- Drainage improvements in Saunders Street, Pemberton Street and Small Street.

The incomplete projects are generally those affected by outside influences such as extended community consultation, land/easement acquisitions, consultants, delivery of materials, advice from government departments or projects programmed to extend across financial periods.

It is anticipated that these outstanding projects, which have been listed for carry forward into the 2012-2013 financial year, will not significantly impact on the ability to complete the 2012-2013 works program. Staff have developed and reviewed the 2012-2013 works program to determine the ratio of internal and external resources required to ensure a satisfactory level of completion of the program.

Conclusions

To ensure a satisfactory level of accomplishment for the 2011-2012 works program a combination of both internal and external work crews are utilised. The schedule was continually monitored and adjustments made as required.

The accomplishment of 94.5% of the works program is considered an excellent result when taking into account the extensive rainfall experienced since the commencement of the works program and the addition of 24 extra projects. The total rainfall for the 2011-2012 financial year of 866.6mm spread over 109 days has created difficult construction conditions, and resulted in a considerable portion of Councils resources being allocated to rectification and maintenance works. It is anticipated that the outstanding 2011-2012 works will not significantly impact on Councils ability to complete the 2012-2013 works program.

AlburyCity – Engineering & Works Committee

AGENDA

Recommendation

That the committee recommends to Council that the report on the final status of the 2011-2012 Works Program be received and noted.

- **Attachments**

1. Gantt Chart.
2. 2011-2012 Works Program Status Report – June Final.

EWC 7 – GENERAL BUSINESS