

**PUBLIC FORUM
QUESTIONS/ANSWERS
19 December 2018**



Questions – Sandra Young

Demolition of 257 Crawford St

- 1. Is the original demolisher for the old Queanbeyan administrative council building to complete this demolition job?**

Response – Community Connections

The original contractor for the demolition of 257 Crawford St has entered into voluntary administration and is unable to complete the works. Council has resolved to authorise the CEO to enter into a contract with a suitably qualified contractor to complete the works.

- 2. If the answer to question 1 confirms that council is seeking another demolisher, why is council seeking another demolisher, and what is the basis for seeking another demolisher?**

Response – Community Connections

See question 1.

- 3. Will the demolition contract remain on budget, and if not, what will be the revised demolition estimate?**

Response – Community Connections

Council resolved in September 2017 to enter into a contract for \$489,300 excl. GST for these works. A portion of that amount has already been paid to the original contractor. The cost to complete the works will be known when a contract is awarded.

Potential water and sewer dividend

- 4. Is a dividend, or price increase, for water and sewer charges, to be implemented in the near future, (e.g. before the 2022 rate price freeze is lifted)? If this is implemented, which regional QPRC areas will be affected by this water and sewer increase, and when is this dividend, or extra payment, planned to be introduced?**

Response – Finance

The rate path freeze applies to general rates until the 2020-21 financial year.

Dividends are a permissible return from the operations of Utilities. The preferred Scenario 2 in the adopted Long Term Financial Plan established a pricing path from which a dividend from the Queanbeyan water and sewer funds may be derived. It is envisaged that this dividend may be used to finance new debt. A dividend cannot be introduced until Council has an Integrated Water Cycle Management Plan in place for the Queanbeyan area. This has not yet been adopted and the development of the plan remains in the early stages.

The amount of any dividend and any proposed water and sewer charges to operate, maintain and service debt in the Queanbeyan water and sewer funds, will be presented to Council with the relevant Delivery Program and Operational Plan, and the community will be invited for comment prior to adoption.

Potential stormwater levy

- 5. Is an increase in the stormwater fee planned to be implemented in the near future (e.g. before the 2022 rate price freeze is lifted)? If this is implemented, which regional QPRC areas will have an increase in their stormwater charges and when is this increase planned to be implemented?**

Response – Finance

The preferred Scenario 2 in the adopted Long Term Financial Plan proposes the introduction of a stormwater levy in year 4 (2021-22) in the Bungendore urban area. The exact area has not yet been determined until the stormwater management plan is considered.

A stormwater levy has applied to the Queanbeyan urban area (including Googong) for a number of years. The Local Government Act states that the levy can not exceed \$25 per year per residence. Council's adopted Revenue Policy shows a charge of \$20 for residential and business premises and \$12.50 for residential – strata/flats and business strata units.

QPRC Financial Statements 2017-18

- 6. Since the QPRC Financial statement, 2017/2018, was relegated to a closed council session at a recent Bungendore council meeting, will this 2017/18 Council Financial Statement be included a future council meeting and not be then included in a closed session section of the council meeting?**

Response – CEO

The report relating to Council's Financial Statements was considered in open session. The Financial Statements can be viewed at <https://www.qprc.nsw.gov.au/Council/Council-business/Budgets-and-planning#section-3>. You can view the replay of this section of the meeting at <http://webcast.qprc.nsw.gov.au/archive.php>

The report relating to Council's Annual Report was moved in to closed session to allow discussion on a particular matter. The Annual Report can be viewed at <https://www.qprc.nsw.gov.au/Council/Council-business/Budgets-and-planning#section-3>

Questions – Sue Ball-Guymer Queanbeyan Residents and Ratepayers Association

QPRC Long Term Financial Plan 2018-2028

During the last QPRC meeting on 28 November 2018, the QPRC Long Term Financial Plan 2018-2028 (LTFP) was adopted. We note the following:

- That the QPRC Long Term Financial Plan 2018-2028 needs to meet the requirements of the Office of Local Government and NSW Treasury Corporation (T-Corp).
 - That the QPRC Long Term Financial Plan 2018-2028 is not “set in concrete”.
 - That the QPRC needs to lodge and have approved the QPRC Long Term Financial Plan 2018-2028 so that it can apply to NSW Treasury Corporation (T-Corp) for the new tranche of proposed loans in a timely manner.
7. The QPRC Long Term Financial Plan 2018-2028 is the most important decision that council makes on behalf of the community, with the most significant impact. Could QPRC please clarify why such a significant proposal was adopted without public consultation?

Response – Finance

Council discussed the options of public consultation. The OLG guidelines do not require the Resourcing Strategy, and associated financial plan, to be exhibited for consultation. Council Adoption of the Long Term Financial Plan was required to commence the borrowing program.

Dividend - Sewer and Water Reserve Funds & Sewer Treatment Plant

8. The QPRC Long Term Financial Plan 2018-2028 mentions the introduction of a dividend of an ‘unspecified’ amount to be taken from the Queanbeyan Water and Sewer funds. We also understand that T-Corp has tightened their loan eligibility requirements. Is the inclusion in the QPRC Long Term Financial Plan 2018-2028 of a dividend payment from the Queanbeyan Water and Sewer funds a fundamental requirement for the approval of any loan/s sought from T-Corp? In other words, can QPRC still obtain loan/s from T-Corp without the proposed dividend being included as part of the loan application?

Response – Finance

Dividends may be derived from the nett operating result of water and sewer utilities. The annual forecast may propose a dividend of up to 50% of that surplus operating result, adjusted to the actual result at year end. QPRC reviewed a number of scenarios in the LTFP and decided the preferred option for the financial sustainability of Council included receipt of dividends. T-Corp looks to ensure a council has adequate general purpose revenues (ie under a council’s control) to meet the relevant financial benchmarks, including debt servicing.

The following extract is taken from the Best Practice Management of Water Supply and Sewage Guidelines – August 2017 issued by the NSW Department of Water and Energy.

The dividend payment is subject to the following preconditions:

- a. The “Surplus Before Dividends” must be calculated on the basis shown in the Statement of Financial Performance of Business Activities on page 18; and
- b. The dividend from surplus must not exceed 50% of this surplus in any one year; and
- c. The dividend from surplus must not exceed the number of water supply or sewerage assessments at 30 June of the relevant year multiplied by \$30, less the dividend for tax-equivalents; and
- d. The dividend from surplus may only be paid so that the total dividend from surplus paid in each rolling three year period does not exceed the total relevant surplus in the same period.

- 9. Historically, the QCC proposed exorbitant increases for water and sewer access charges; 9.5% and 13.5% respectively, compounded for 10 years, so as to provide a yearly surplus of \$1 million from the Sewer and Water funds to pay down deficits from the General Fund. Will a similar figure of a \$1 million dollar dividend per annum be proposed by QPRC? Is this why the figure is ‘unspecified’ in the QPRC Long Term Financial Plan 2018-2028?**

Response – Finance

Queanbeyan Water & Sewer operations was subject to a review of the forward pricing structures by Aither Consulting. The review indicated a one-off increase in sewer access charges and a one-off decrease in water access charges. Usage charges were also aligned with a single tier model. The model then assumed no further increases were required other than the annual CPI increase - a significant improvement from the original forecast of the former QCC. This model was accepted by Council. That model also included a potential dividend payment.

The Long Term Financial Plan has based all assumptions on the Aither model, therefore additional pricing increases, above CPI, are not forecast. The forecast revenue, and dividend, will be considered in the next Delivery Program

- 10. Should the community expect to see exorbitant water and sewer access charges being proposed once again to meet the proposed annual surplus target for the Water and Sewer funds?**

Response – Finance

See question 9.

- 11. Is the QPRC’s intention the same as the former QCC’s, to use the proposed dividend to pay down deficits in the General Fund, or will the proposed dividend funds be used for another purpose?**

Response – Finance

Dividends will be made available to General Fund.

- 12. Will QPRC be listing a specific (exact) figure for the dividend in its loan application to T-Corp?**

Response – Finance

An estimate has been provisioned in the Long Term Financial Plan – QPRC has assumed a dividend from Queanbeyan Water & Sewer Networks commencing Financial Year 2021-22 at an average of \$1.354 million over the remaining seven years of the model.

13. Will QPRC be advising T-Corp that a dividend ‘will be’ implemented or ‘potentially’ implemented in its loan/s application?

Response – Finance

QPRC has provided all assumptions within Long Term Financial Plan to TCorp.

14. How does QPRC justify taking a dividend from the Water and Sewer funds just because it has/or will have an operating surplus; when just for two years the proposed borrowings for the new Sewer Treatment Plant are 2019/2020 - \$10 million and for 2020/2021 - \$30 million? Why is not any surplus that these funds generate being used to offset the amount of loans required for the new Sewer Treatment Plant and/or used to pay down the loans for the new Sewer Treatment Plant?

Response – Finance

The Long Term Financial Plan has allowed for all proposed capital expenditure programs and funding sources, including borrowings. That capital and debt program includes the new STP.

15. Does not using the dividend from the Water and Sewer funds for the provision of other services, mask the real cost of providing these other services?

Response – Finance

General services are funded by fees, charges, grants or contributions with the balance met by rates.

Under NSW best practice guidelines, councils are allowed to derive a dividend from Water & Sewer networks for the purpose of General Operations. General Operations are able to use the dividends as a funding source for delivery of services or projects for example, and will be articulated in the Delivery Program for expenditure on Queanbeyan-based services or projects, or debt servicing for the projects.

16. How did the costings for new Sewer Treatment Plant explode from the \$70 million costings in 2016 to \$133.895 million costings in 2018?

Response – Community Connections

The original estimate used a medium rate for “construction only” identified from similar regional towns. The current estimate includes additional costs associated with items identified within the Sewage Treatment Plant Master Plan ie additional scope to allow for the expansion of the treatment plant and major upgrades of trunk mains and increased standards of effluent treatment. The current estimate is a P90 price that includes the total project costs.

17. Can the QPRC meet its ‘Fit for Future’ financial ratios without taking a dividend from the Water and Sewer Funds?

Response – Finance

Both former councils proposed an SRV (General Fund) or increases greater than CPI (Water and Sewer Funds) in their respective financial plans to meet asset and financial ratios. The LTFP for QPRC proposes annual adjustments at CPI or the rate peg. With the application of a dividend, those ratios can be met. QPRC reviewed a number of scenarios and decided on

the best option for the financial sustainability was based on dividends from Queanbeyan Water & Sewer networks. The use of an SRV was considered in Scenario 3, but not supported by Council.

Questions – Katrina Willis

CBD land sales – Heads of Agreement

- 18. Why is council planning to produce a masterplan for sites affected by the land sales deal after the planning proposals are lodged with council and not before any planning proposals are accepted?**

Response – Organisational Capability

The masterplan will be prepared before consideration of development proposals on sites proposed for sale by Council. As previously reported, a CBD Spatial Business Plan is under preparation to replace the 2009 Masterplan, and progress the ambitions of the CBD Transformation Strategy. The Plan guides the movement of people and traffic through the CBD, and the connections to and design of, public domain and carparks. The Development Control Plan continues to guide developments. The Plan then informs the palette and integration of the developments with the public domain, and becomes a consideration in the assessment of development applications.

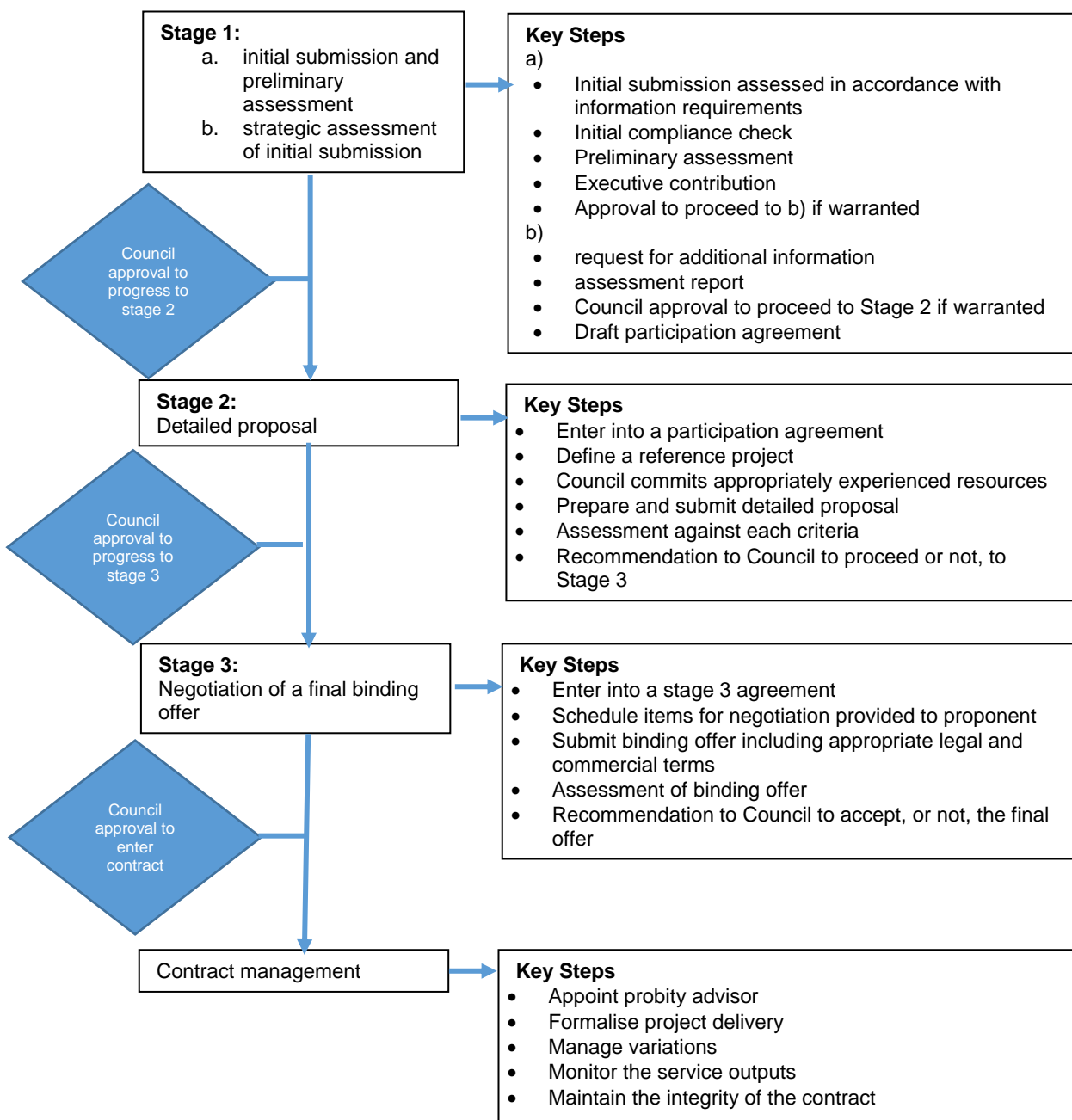
19. Has the council finalised a planning agreement with Downtown Q P/L and if so, will it publish it on the QPRC website?

Response – Organisational Capability

Council has a Heads of Agreement with DQPL in accordance with the Unsolicited Proposal Framework. Council has agreed to progress to stage 2. A participation agreement is proposed to manage the provision of public works in lieu of cash and other contributions for the development of the CBD sites owned by council. The agreement is yet to be drafted until development options by DQPL are progressed.

The Unsolicited Proposals Framework is shown hereunder:

Key stages in the consideration of unsolicited proposals



20. What is the current list of council-owned properties that QPRC intends to dispose of under the Heads of agreement?

Response – Organisational Capability

A report to Council's May 2018 meeting listed the properties that may be considered under each stage of the heads of agreement in its reports, most recently being the lots fronting Rutledge and Crawford Street behind the Lowe carpark and Council's head office.

Council will consider if it wishes to progress with any of the other potential properties for sale or redevelopment upon receipt of proposals from DQPL, or remove a property from consideration for example, the Morisset car park (site L, N) no longer form part of the agreement. Council has previously rejected the inclusion of sites from DQPL HoA other than D, Z, E, P, Q, R, M O.

That report, and the associated minutes, can be downloaded from <https://www.qprc.nsw.gov.au/Council/Council-business/Minutes-Agendas>

With regard to the decision to exchange sites the council owns in Crawford and Rutledge streets for public and civic works:

21. What evaluation did QPRC undertake to decide upon this course of action rather than to sell the properties and call tenders for the works and for council to pay for the works?

Response – Organisational Capability

An unsolicited proposal was received from DQPL, as can be the case on a number of developments or projects. Council's Property Policy and the Unsolicited Proposals Guide enables consideration of cash, works in kind or other community or environmental benefits in relation to the sale of property. Independent valuations were obtained to guide the potential market value of the Crawford and Rutledge sites. On that basis, the financial return (by sale or works in kind) is equivalent to the sale of the sites, as deemed by an independent valuation. Council resolved at its meeting to accept works in kind on Council land for public domain and other public works, to the level of that valuation to be determined following development application..

22. The partners in the Downtown Q P/L consortium do not appear to have experience in constructing civic and public works. What assessment did QPRC undertake of the consortium's capability to deliver the works?

Response – Organisational Capability

It is understood DQPL will engage experienced contractors to undertake the work. That work will be guided by the new CBD Spatial Business Plan, and carried out under Council supervision.

23. What public and civic works are proposed, and when are they scheduled to be constructed?

Response – Organisational Capability

The draft CBD Spatial Business Plan is expected to be subject to community engagement from February 2019, before formal consideration by Council. The plan will nominate the areas for car parking, public domain, green corridors and laneway connectors that may then be used to inform the scale, siting and design of private developments in the CBD precincts. Council endorsed the first three (of six) stages of public works in May 2018. The Lowe car park precinct public domain, parking and connectors will be integrated and constructed through Council's redevelopment of its head office site, and the private redevelopment by DQPL.

24. Are any of the public and civic works needed because of the developments proposed for the lots the council is exchanging in Crawford and Rutledge streets? If so, will the cost of these works be charged to the consortium?

Response – Organisational Capability

No, the works have been envisaged through the 2009 Masterplan, 2017 CBD Transformation Strategy, and will be carried forward into the 2019 CBD Spatial Business Plan.

25. How will the land swap work? Will the titles to the lots owned by the council be transferred to Downtown Q P/L? Is this proposed to occur before or after the public and civic works are completed?

Response – Organisational Capability

As resolved by Council, a plan of subdivision will be prepared to delineate the lot/s to be sold (i.e sites, D, Z, E).. It is anticipated any DQPL development application will be based on those sites for the private development, and nominate the site/s for works on Council land. The sale will be undertaken after the DA is determined by the JRPP, an updated independent valuation obtained, and forms the basis then of the land transfer.

26. Will the council now release the staff report to the Administrator for the business item considered at the 23 November 2016 meeting and which resulted in resolution 303/16?

Response – Organisational Capability

The decisions of that meeting are public. Elements of the report remain commercial in confidence.

CBD Property Disposal Plan

27. Will the council publish the CBD property disposal plan agreed by the former QCC councillors in a closed session of council shortly before the councillors were dismissed and QCC and Palerang councils were merged in May 2016?

Response – Organisational Capability

QCC published its decision in April 2016, following workshops and a report on the CBD Property Feasibility Study which proposed disposal and development opportunities for Council's CBD sites. Council then authorised staff to negotiate unsolicited and joint venture proposals for CBD sites, and to negotiate the potential acquisition of road and pedestrian links in the CBD for further report and endorsement of Council. Potential development uses for those sites included aged care facility, hotel/serviced apartments, office complex, including the redevelopment of 257 Crawford Street, decked and basement carparks and cinema. All those elements have been progressed and reported to Council.

The contents of the Study remain commercial in confidence.

28. Does this land disposal plan still inform the Heads of agreement?

Response – Organisational Capability

No, only the sites contemplated for potential sale to DQPL, each subject to a separate decision on each stage, are listed in the heads of agreement. See question 20

Code of Conduct finding

According to QPRC's draft annual report for 2017-18, provided to the November 2018 council meeting, former Administrator and current Mayor Tim Overall breached the Local Government Code of Conduct when he considered selling the CBD land through the heads of agreement. This is according to a finding of the NSW Office of Local Government.

29. Can the council advise what the consequences of this finding are?

Response – Office of the CEO

The OLG independently conducted the investigation and recorded its finding. Cr Overall was required to provide the finding to Council.

Googong water supply

30. When is the recycled water supply for Googong due to start?

Response – Community Connections

The expected date of recycled water reticulation is 1 July 2019. Reticulation of the recycled water is subject to final s60 approval from the regulator, DPIWater. Council has already concluded most of the prerequisite requirements for this approval including a number of third party audits.

31. Where is the water collected through the recycled watering system being discharged at present?

Response – Community Connections

Current discharge is to the licenced discharge point just downstream of Beltana Pond.

Curtis estate

32. Has the council received a further report on Curtis Estate? If so, will it publish the report on the QPRC website?

Response – Organisational Capability

Not at this stage.

Ellerton Drive Extension

33. Has RMS's insurer accepted liability for repairing the damage to the five properties along the Ellerton Drive Extension caused by construction of the road?

Response – Community Connections

RMS and its insurer are continuing to work with relevant property owners in regards to individual claims. Currently these claims are not yet resolved.

Proposed fast food outlet - Jerrabomberra

34. Can the council explain why there was no assessment of the impact on bird species from the signage proposed for the KFC outlet at Jerrabomberra?

Response – Natural and Built Character

Impacts relating to flora and fauna have previously been undertaken in the consideration of the re-zoning of the land as part of the current Poplars Local Environmental Plan 2013. Significant effects on threatened species, populations or ecological communities, or their habitats (Historic 5A of the EP&A Act) was considered at subdivision stage and no adverse impacts were identified. Consideration at individual development application stage for each development in this urban area is not expected to raise any additional matters.

35. Is the council aware of the devastating impact that urban night lighting can have on wildlife through disorientation arising from altered internal biological clocks? These impacts include sleep disturbance, altered behaviour that exhausts birds, and inability to forage and rest. These impacts are of growing

concern in areas of QPRC undergoing urban expansion, in particular where it is encroaching further into rural and peri-urban lands.

Response – Natural and Built Character

See question 35

36. Will the council investigate measures to mitigate these impacts and assess such measures for inclusion in its planning codes?

Response – Natural and Built Character

Council is unlikely to implement any codes that may conflict with the considerations of the NSW legislated Environmental Planning and Assessment Act in this regard to Section 5A.