



**Bellingin Shire Council**  
**Rate Variation - Public Information & Consultation**  
**FREQUENTLY ASKED QUESTIONS**

- Q:** How do you come up with \$50 as a typical rate increase?  
**A:** Based on a typical, residential average block.
- Q:** Do the land valuations apply?  
**A:** Yes, from 1<sup>st</sup> July 2008.
- Q:** What is the length of years for the levy?  
**A:** 20 years.
- Q:** Will the levy continue beyond the 20 years?  
**A:** No
- Q:** What is the interest rate?  
**A:** 7-8% but we are aware rates are increasing.
- Q:** Why \$3m to fix and what is the final cost of the project?  
**A:** \$3m – will take 18mths to complete – contracted out. Other costs will be interest. People who will benefit are the people of the future. The State Govt. is advising councils to borrow to fund infrastructure that benefits future communities. Cost is based on expert estimates. Open tender will determine the final amount. Council engineers are not building construction experts and are otherwise utilised. Site-works are \$350k and demolition is \$100k.
- Q:** Will the \$3m blow out to \$30m?  
**A:** Council is confident with the \$3m estimate.
- Q:** What about using Council reserves of \$28m?  
**A:** The majority is restricted for specific purposes by Legislation, e.g. \$18.5 million is for s.94 works; and water, sewer and waste works, \$800K for plant replacement; \$1.6 million for employee entitlements; \$1.4 million for the Library/Admin Centre project; \$983K for specific purpose grant works; \$1.2 million for infrastructure works carried forward from prior year; \$100K for quarry restoration; \$500K for the Telstra site and access way; \$400K for the current year's deficit, etc.. \$350k of \$1.4m is treated as General Fund income
- Q:** \$28m is earning interest – why not use this?  
**A:** Some interest relates to specific reserves – applied to those reserves. The balance of the interest already goes toward the general fund, supplementing works, etc.  
All components of interest are earmarked and if used, will be to the detriment of other services.
- Q :** Who has been responsible for the maintenance of the depot & why has it allowed to get to this state?  
**A:** G.M., Dir. Of Eng. & Operations. Current administration has only been in place for 2 years. The current Council is looking ahead to what has to be done – being responsible for ensuring a platform of service delivery for the future that is safe and efficient. We are not reflecting back on prior Administrations.

- Q:** What is the net increase and total area of the proposed building?  
**A:** Concrete floor and metal cladding, staff amenities & offices will be demountables, store – 600 sq.m, replacing old building & size will be smaller plus car parking.
- Q:** What is the cost breakdown per sq. meter for the proposed building?  
**A:** \$1800 per sq. me for staff amenities.
- Q:** Why not outsource mechanical work?  
**A:** Major plant – increasing complexity – specialist job. Unicqo recommended that it be on a purchase agreement basis with the supplier to carry out maintenance.
- Q:** Why a servicing depot?  
**A:** Routine compliance checks and fleet management will be done in-house. Major repairs and servicing will be done by specialist mechanics.
- Q:** Why is the Council against plant doing private work?  
**A:** The amount of private work being carried out by Council was minimal in the past and we were losing money on it. The practice was stopped for this and other probity reasons. The workforce is fully-utilised.
- Q:** What are the provisional figures & time-frame?  
**A:** 25% contingencies, inflation costs allowed for and business interruption on site.
- Q:** How will downsizing affect the facilities?  
**A:** Better utilisation of plant operations will be implemented over 18 mths.
- Q:** Will there be tenders to keep equipment utilised?  
**A:** Council is looking at equipment utilisation and the possibility of contracting in some Plant
- Q:** Will additional staff be moving to the depot?  
**A:** An engineering office has already been established there.
- Q:** Who is responsible for management of the asset and OH&S?  
**A:** Council's G.M. The new management team has been in place for 2 years.
- Q:** Will sale of machinery help to off-set costs?  
**A:** Needs to be in continual use to be cost effective. Reason for plant – to maintain roads. Rationalisation of fleet will happen to increase services.
- Q:** What will the loan amount be over 20 years - will the rate variation have a compounding effect, ie: is the 5.9% accumulative, from the base rate?  
**A:** Total repayments including interest will be \$5.7 million. Normally a special increase will have a cumulative effect. If Council wishes, it can decide when making the rates each year, to eliminate the compounding effect. Could compound from \$289k to over \$400k, however the value of the money will also be inflated. Rating income cannot increase beyond the rate pegging limit each year. Individual properties may be affected if the land values increase disproportionately to the average increase in valuations of land with the respective rating categories.
- Q:** Is Bellingen Shire Council considering not owning equipment and hiring contractors?  
**A:** We need to own some of our equipment and be able to respond to emergencies.

**Q:** What will you do if the Minister does not approve the increase?

**A:** The Council would have to make some hard decisions, eg: taking funds away from vital services, as the upgrade to the depot is a priority. However, we are confident that anyone who sees the depot, will understand the necessity. The Minister has personally visited the site and been given a guided tour by GHD.

**Q:** Isn't merger / amalgamation one of the answers?

**A:** This has been suggested, but not by us. Even with an amalgamation, a depot of some sort would be required in the area. BSC is very firm about retaining local control of our area. This would be lost in a merger. Council believes this position reflects the views of the general community.

**Q:** What are the ways Council is increasing efficiency and providing adequate working hours?

**A:** There are different ways of doing things that can be more efficient – utilization of plant, also Council is undergoing an exercise to look at fleet by fleet and job by job – will not be going to full outsourcing.

**Q:** Some of your workers say, the upgrade is not necessary – is it?

**A:** BSC is changing the 'safety culture' of the organisation which needs to be embraced by the workforce. We acknowledge that there are always some who struggle to accept change, however, the Council is obliged to provide a safe workplace for its workers.

**Q:** Why is the upgrade necessary?

**A:** The Raleigh Depot is Council's primary / principal depot - an important 'platform' for service delivery. Existing facilities have reached their use-buy date – there are defects in the floor, walls, roof, as well as an inefficient / ineffective electrical system and poor air quality. There are few structures that are structurally sound and comply with current building regulations. There are major drainage and dust contamination issues that need to be addressed.

**Q:** Isn't there only 6 people who work at the Depot, with the remaining – out doing the work?

**A:** 35 people are based at the depot and a further 30 rely on its facilities & services, including the workshop & store. Plant is also stored there. Currently, there are no facilities for female staff which does not comply with EEO legislation.

**Q:** Will selling Council assets such as the bridge shed, shorten the term of the loan?

**A:** If the shed is surplus to requirement, Council will sell it and the proceeds will reduce the period of the loan time-frame.

**Q:** Why doesn't Council sell off assets to fund this upgrade?

**A:** We are investigating the feasibility of selling the bridge crew shed. There is only one other possible asset sale of any significance that we could sell – the shops at Urunga. However, these are earning rental income and contributing to services. Council is developing an Asset Management Plan for 2009/10 to make one-off decisions now would be premature – not a strategic decision

**Q:** Why can't Council use its reserves to pay for this upgrade?

**A:** \$18.5m is levied on developments (D.A.'s etc.), Section 94 contributions & Section 64 developer contributions for water & sewerage, the surplus is for waste management. By legislation – Council cannot use this for any other purpose. The other \$10m is set aside in reserves for general purposes, eg: staff retirement, replacement of plant & fleet. The interest already subsidises road maintenance & general purpose activities. Would still have to service the internal loan – ie: repay principal & interest earned.

- Q:** What are the components of the cost of this upgrade?  
**A:** According to the GHD report, the cost has been estimated at \$2.6m, however this does not allow for inflation or business interruption costs through to the end of the construction period, which are additional. The total cost is estimated to be \$3m. However, any savings by the sale of the bridge shed, for example, will be repaid off the loan, reducing the term of the loan.
- Q:** What hours per day does equipment operate?  
**A:** Wide range of utilisation – some plant not adequately utilised for Council to own and budget constraints have limited. Assessment is being carried out currently.
- Q:** Why wasn't the depot built to compliance standards?  
**A:** Probably, there was a lack of funds at the time. Some worker 'down-time' has been used to maintain depot but not enough.
- Q:** What is the structural integrity of the depot – has there been an investigation based on existing standards?  
**A:** Some current structures not sound (according to independent Report)
- Q:** What plans are in place for asset management funding from State/Federal Governments?  
**A:** No funds are available for this purpose. If this funding does eventually become available – it won't be for a long time. The time-frame for Councils to comply is 3 years but it will take 5 years. OH&S is the focus of responsibility today.
- Q:** Should this situation have been considered prior to the administration new extension?  
**A:** Elected Council not previously made aware of Depot situation. Council received an improvement notice at another site which triggered the alarm early in the GM's tenure, as well as a serious electrical accident, so the GM took Councillors to view the Raleigh Depot and all agreed, it needed to be fixed. We were already committed to the Admin. & Library Project by building new wings onto the existing building. It has taken 18 months to analyse all the problems and decide on solutions.
- Q:** How will the future depot be maintained?  
**A:** Via a proper budget allocation.