



Tomaree Ratepayers and Residents Association

Allocation of Ward Funds

Date 15 July 2011

For your information, this letter was sent to Council today.

The Mayor,

Port Stephens Council

By Email

15 July 2011

Dear Councillor Westbury

Re: Allocation of Ward Funds

The Notice of Motion adopted by Council at its meeting on 12 July attracted the attention of the TRRA Management Committee and accordingly I am writing to you seeking further information on the process under which these allocations are made. We also wish to register or objection to the allocation of some \$1.6 million for such projects when Council's overall financial position requires immediate action to contain a spiralling deficit.

We wish to bring Councils attention the following extract from the DLG 2005 Review which has been totally ignored by this decision.

Extracts as follows:

Recommendations (pages 11-12)

Asset and financial management

27. Council should complete the development of its long-term financial plan in conjunction with its strategic planning processes, taking into account the following considerations:

- a. alternative sources of revenue
- b. long term rates strategy (rating structure, special variations etc)
- c. long term borrowing needs and debt service ratio
- d. investment strategies
- e. the alignment of its long-term financial plan with other strategic directions such as 2030, asset management, social and strategic plans
- f. long-term plans for capital works, land acquisition and anticipated demand for community facilities
- g. reserves and section 94 contributions

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Local Government Reform Program

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- h. asset management plan
- i. ward funds

And again at page 13

32. Council should review the current ward funding policy and is encouraged to either remove or significantly limit the allocation of funds.

And again at page 38:

Ward funds

Council currently allocated 30% of all property sales to ward funds. With forecasted sales of property increasing significantly in coming years, **council should review the current ward funding arrangement, with a view to either removing or significantly limiting the existing allocation of funds.**

Council is working towards a well-defined strategic direction and has plans to realise this vision. While a majority of capital works proposed from ward funds are subject to long term strategies, council acknowledges a lack of integration in present arrangements. **Council runs the risk that large ward funds could result in the redirection of the council's focus away from strategic priorities. (Recommendation 32)**

TRRA will be bringing this matter to the attention of the Minister for Local Government and the Department that is conducting the current review. **TRRA would like Council to confirm to us and the Minister if these recommendations from the last review are to be rejected?**

Notwithstanding the above, TRRA understands that Council has a long standing policy to make available 30% of the proceeds of the sale of assets for Councillors to allocate to projects within their Wards. We also understand that project lists for the distribution of the Sandvik site sale, are being prepared for East and West Wards. Our concern is that there has been no public call for applications from the community for allocations and that the details of the projects being funded, or of the recipients are not advised to Councilors in their agenda papers, or to the public. Are the recipients required to be incorporated non-profit organizations? Are the funds transferred to the nominated organization or are they expended by the Council on land or assets in the ownership and control of Council itself? What obligations apply to demonstrate appropriate application of the funds?

TRRA is concerned that \$1.6 m is being distributed and allocations are proposed of up to \$100,000 without any published criteria for the projects to be funded. TRRA believes that this process needs to be more precisely defined and there must be much more accountability and transparency. We are also concerned that there is every possibility of much larger asset sales, such as the Salamander Shopping Centre land sale, which would see many millions becoming available for distribution through this poorly defined process.

TRRA appreciates that Ward Allocations, if properly managed, can provide useful assistance for organizations and projects if the Council's financial position was firmly in the black. However, we note the admissions in the "Integrated Plans" that Council has a backlog of some \$29 m. in asset maintenance and renewal and faces an annual \$7.9 m. shortfall in asset maintenance each year to 2021. We are also advised that the result for the last financial year was a deficit in the order of \$5 m.

We note that the Minutes from the Council meeting on 12 July report that ***"the focus of discussions has been about sustaining Council's existing assets"***. TRRA believes that this is the key question to be addressed along with the options for making savings in operational costs.

By applying the funds from the sale of the Sandvik site or any other asset sale to Allocation to Wards, Council is not being a responsible financial manager. Perhaps the community has to accept restraint in such expenditure until the Council puts its books back into surplus. **According to the Long Term Financial Plan the alternative is a permanent 12% increase of rates plus the maximum increase allowed by rate pegging. This should be pointed out to the ratepayers of Port Stephens.**

TRRA notes that there is an obligation for Council to publicly exhibit details of projects listed for funding which are not on the forward capital works programmed.

TRRA requests from Council:

1. Clarification on the Council's response to the recommendations on ward funding from the 2005 review.
2. Details of the process which applies to the nomination of projects to receive allocations of Ward funds.
3. Details of the criteria applicable in selecting projects / organizations for grants/ funding allocation.
4. Details of the obligations of recipients to fully acquit the expenditure of their allocations.
5. Any alternative applications of these proceeds which were considered or advised to Councillors which would have improved Council's overall financial position.

Yours sincerely

Geoffrey Washington

Chairman Tomaree Ratepayers and Residents Association

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