

**MINUTES OF THE RESOURCES & SERVICES COMMITTEE MEETING  
HELD 8 JULY, 2002, CIVIC CENTRE, OXLEY STREET  
CAMDEN**

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8 JULY, 2002**

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**Present:** Cr S Winn (Deputy Mayor/Chairperson), Cr G Corrigan, Cr C Patterson, Cr B Batros, Cr E Campbell, Cr S Fekete, Cr S Senise.

**Staff:** General Manager, Director Governance & Outcomes, Director Works & Services, Director Development & Environment, Acting Manager Community Services (Community Project Officer), Administration Officer.

**Apologies:** An apology was received from Cr F Anderson and Cr N McFadden from this meeting.

*Resolved on the Motion of Cr Corrigan, seconded Cr Campbell that leave of absence be granted to Cr Anderson and Cr McFadden for this meeting.*

RS040/02 THE MOTION WAS **CARRIED**.  
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**1. Investment Monies: Period Ended, 31<sup>st</sup> May, 2002**  
(Director Governance & Outcomes)

In accordance with clause 19 (3a & 3b) of the Local Government (Financial Management) Regulation 1993, a list of investments held by Council as at 31<sup>st</sup> May 2002, is provided as **Tabled Document "RS 1"**.

It is further certified that all investments have been made in accordance with section 625 of the Local Government Act 1993, the relevant regulations and Council's investment policy.

Current investments of the General Fund both term and call are returning an average daily yield of 4.59% and during the month of May, 2002, the average return on all investments both call and term was 4.57%.

Recommended: That,

- (i) Council note that the Principal Accounting Officer has certified that all investments held by Council have been made in accordance with the Local Government Act, Regulations and Council's Investment Policy.
- (ii) The list of investments as at 31<sup>st</sup> May, 2002 be noted.
- (iii) The interest rate return of 4.57% for the month of May, 2002, be noted.

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*Resolved on the Motion of Cr Corrigan, seconded Cr Patterson  
that,*

- (i) Council note that the Principal Accounting Officer has certified that all investments held by Council have been made in accordance with the Local Government Act, Regulations and Council's Investment Policy.*
- (ii) The list of investments as at 31<sup>st</sup> May, 2002 be noted.*
- (iii) The interest rate return of 4.57% for the month of May, 2002, be noted.*

RS041/02 THE MOTION WAS **CARRIED**.  
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**2. The Australian Boy Scout Association New South  
Wales Branch Licence Renewal - Wilkinson Street**  
(File 1300.80/2) (Director Governance and Outcomes)

Council has received a letter from the Scout Association of Australia requesting renewal of the lease for the Scout Hall situated in Curry Reserve, Wilkinson Street, Elderslie (part Lot 53 DP 27427) for a further 21 years.

The existing twenty year lease signed in 1981 with The Australian Boy Scout Association New South Wales Branch expired on 1 October 2001 and from then has been operating on a month to month basis.

Under the Local Government Act 1993 Section 46, Council is permitted to renew the agreement, as a licence, for a period no longer than 21 years to non-profit organisations. In these instances, it is required to give public notice of the proposal, as outlined in Section 47, including advertisement in local papers and contacting adjoining owners.

During the term of the previous lease the Scout Association have constructed and maintained a substantial Hall and associated facilities on the site. The Hall is currently occupied by the Razorback Rover Crew, which is the largest Crew in the Hume Region and is very active. The Crew also offers service to the community through assistance to other Scouting activities involving the younger sections.

Discussions have been held within Council and there are no objections to the renewal of the licence for the requested period. The Scout Association are considered to be excellent tenants and actively support the youth of Camden.

Recommended: That

- i) Council advertise the proposed new licence as required under Section 47 of the Local Government Act 1993.
- ii) If no objections are received Council enter into a new licence with The Australian Boy Scout Association, NSW Branch for a period of 21 years in accordance with the term of Section 46 of the Local Government Act 1993.
- iii) The Council Seal be affixed to any documents relating to the Licence Agreement.

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*Resolved on the Motion of Cr Fekete, seconded Cr Batros that*

- i) Council advertise the proposed new licence as required under Section 47 of the Local Government Act 1993.*
- ii) If no objections are received Council enter into a new licence with The Australian Boy Scout Association, NSW Branch for a period of 21 years in accordance with the term of Section 46 of the Local Government Act 1993.*
- iii) The Council Seal be affixed to any documents relating to the Licence Agreement.*

RS042/02 THE MOTION WAS **CARRIED**.  
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**3. Inquiry Into Local Government and Cost Shifting**

(File 938)(Director Governance & Outcomes)

**Introduction**

On 30 May, 2002 the Federal Minister for Regional Services, Territories and Local Government, the Hon. Wilson Tuckey MP, initiated an inquiry into local government and cost shifting.

The Inquiry will focus on cost shifting onto local government by State governments and the role, responsibilities and financial position of local government. It will be conducted by the House of Representatives Standing Committee on Economics, Finance and Public Administration chaired by David Hawker MP.

**Terms of Reference**

The terms of reference for the Inquiry will include an examination of:

1. Local government's current roles and responsibilities.
2. Current funding arrangements for local government, including allocation of funding from other levels of government and utilisation of alternative funding sources by local government.
3. The capacity of local government to meet existing obligations and to take on an enhanced role in developing opportunities at a regional level including opportunities for councils to work with other councils and pool funding to achieve regional outcomes.
4. Local government expenditure and the impact on local government's financial capacity as a result of changes in the powers, functions and responsibilities between State and local governments.
5. The scope for achieving a rationalisation of roles and responsibilities between the levels of government, better use of resources and better quality services to local communities.
6. The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee.

The Inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth.

Written submissions are sought by Friday 26 July, 2002 and Council has been encouraged to make a submission.

### **Impacts of Cost Shifting**

The impacts of cost shifting, or unfunded mandates as we more often describe them, are well known to all local government councillors. There are typically two types of cost shifting that involve councils being given new or expanded responsibilities without adequate access to additional revenue with which to support the new activities. The first occurs when State governments transfer or create a responsibility to local government without any, or inadequate, revenue raising capacity or subsidy. Examples of this type of cost shifting include the new Companion Animals legislation that increases responsibilities but reduces revenues.

The second form of cost shifting is much more long term and insidious. An example is the provision of public library services. Providing public libraries is, by legislation, a State government responsibility. In the 1930s the State government recognised the value of local management of library services and contracted to councils the role. The government paid a per capita fee to the councils to operate public libraries within their areas. Over many decades the per capita subsidy has failed to keep pace with either inflation or the true cost of service provision so that now councils meet the lion's share of the cost. In the case of this Council, for example, the government subsidy meets only 6.5% of total library costs. Camden rate revenue meets the \$1,257,000 difference between the costs of the service and the government subsidy of \$88,000.

There are many examples of cost shifting to local government by both State and Federal governments and it has become an accepted, though disliked, fact of life. Some of the new responsibilities are mandatory and councils have no choice. Others are the result of councils recognising the need and attempting to fill the gaps in service provision for the benefit of their communities. Either way, there is a need for other levels of government to recognise the burdens imposed and their obligations to provide access to funding to councils.

### **Industry Submissions**

Both the N.S.W. Local Government & Shires Associations (LGSA) and the Australian Local Government Association (ALGA) have indicated that they will be making comprehensive submissions to the Inquiry. It is doubtful that an individual submission to the Inquiry by this Council will add significantly to the body of evidence placed before the Inquiry. Both advocate organisations will be making available copies of their submissions to member councils and it is suggested that these be reviewed and, in the case of an omission relevant to Camden, a separate submission be made if necessary.

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Recommended: That Council support the ALGA and the LGSA in their submissions to the Inquiry and only make an independent submission in the event of the omission of any issue relevant to Camden.

*Resolved on the Motion of Cr Corrigan, seconded Cr Patterson that Council support the ALGA and the LGSA in their submissions to the Inquiry and only make an independent submission in the event of the omission of any issue relevant to Camden.*

RS043/02 THE MOTION WAS **CARRIED**.  
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**4. Southern Phone Company - Taking Up Of Share Offer**  
(File 3719/3)(Director – Governance & Outcomes)

**Introduction**

Councillors may recall a previous report advising that a regional telecommunications company, called the Southern Phone Company, is being formed to offer low cost voice and data services in the south east of NSW.

The project is funded by the federal government under the Networking The Nation programme. Only local Councils may hold shares in the company, with any profits returned to Councils to return to their community in the form of works and services. Two shares are now being offered to Council at the initial issue price of a nominal \$1 per share.

**Project description**

Southern Phone Company will provide:

- Low cost long distance, international and fixed to mobile telephony
- Low cost broadband data services.

Telephony services will be offered to all residences and businesses in the region. Users of the service are likely to be those with significant spending on long distance calls, as Southern Phone will provide calls up to 50% cheaper than the rate available from current providers. Local calls and mobile phones are not part of the Southern Phone offering, customers will remain with their current provider for those services.

Broadband data services will be offered in the area covered by the initial network, being the south coast and parts of the southern tablelands and south west slopes. Major users are expected to be larger businesses, education, health and government. Users will enjoy rates significantly below those now seen in the market, and these savings should be passed on, at least in part, to the broader community through lower service charges.

Ownership of the company will be vested in the regional community through the councils of the region that take up this share offer. The Company, the Southern Phone Company Limited, a company limited by shares has been formed. This is the most common company structure in Australia. All councils in the region serviced by Southern Phone will be offered shares, which will entitle them to a share of profits to be used for community benefit.

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**Background**

The project has been funded by the federal government's Networking the Nation program with a grant of \$4,773,000 to the Eurobodalla Shire Council.

An initial grant of \$2,500,000 was made in July 2001 and as a result a meeting of Councils was held in Goulburn in that month to inform councils of the project and seek their support and endorsement.

Formal resolutions of endorsement or support were passed by 22 regional Councils, being:

Tallaganda Shire Council,  
Camden Council,  
Yarrowlumla Shire Council,  
Cooma-Monaro Shire Council,  
Young Shire Council,  
Goulburn City Council  
Snowy River Shire Council,  
Harden Shire Council,  
Wollongong City Council,  
Mulwaree Shire Council,  
Yass Shire Council,  
Bombala Council,  
Boorowa Council,  
Shellharbour City Council,  
Crookwell Shire Council,  
Shoalhaven City Council  
Gunning Shire Council,  
Eurobodalla Shire Council  
The Council of the Municipality of Kiama,  
Tumut Shire Council  
Queanbeyan City Council,  
Bega Valley Shire Council.

**Corporate Structure, Funding & Ownership**

The Southern Phone Company has been formed under the provisions of the Corporations Act 2001 as a Company Limited by Shares.

A Company Constitution was prepared by legal firm Minter Ellison and approval for councils to form the company and take shares was received from the NSW Minister for Local Government on 31 January 2001.

Under the Company Constitution shareholders in the company must be local governments. No individuals will be permitted to own shares.

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A Board of seven Directors will manage the operations of the company. From their number they will elect a Chairperson. Board members will be appointed for three years. The initial board will be appointed for individual terms of one, two or three years to ensure that on their retirement there will be continuity of management. The Chief Executive Officer (CEO) will be a Director.

The Board will declare dividends payable.

Directors have been sought through public advertisement with the criteria for selection including business experience and commitment to regional economic and social development. Appointment of Directors will be made by the project Steering Committee.

If a Director is also an elected Councillor of a shareholding Council, no sitting fee will be paid, but expenses will be reimbursed. A suitably expert and experienced CEO will be appointed by the Board to manage the day-to-day operations of the company and will be accountable to the Board.

The Board will be accountable to the shareholders through the Annual General Meeting and through General Meetings that may occasionally be called under the terms of the Company Constitution.

The operations of the Board and the Company will also be governed by the Corporations Act 2001 and all relevant federal and state legislation.

Southern Phone is a regional company so the headquarters and principal place of business will be in the region, in the Eurobodalla Shire.

The Company was formed on 13 June with the Steering Committee established to oversee the administration of the NTN funded project becoming the interim Board. This Board has appointed the Project Manager as Interim CEO to oversee the development of the company and its business.

Under the constitution a permanent Board must be appointed by 13 August. The company will be organised by divisions, reflecting the major operations, being Data and Voice.

The function of the Data Division will be to oversee contracts and ensure the operation of the backbone network. This division will also acquire major customers and ensure their needs are met.

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The Voice Division will acquire and service long distance telephony customers. It will operate a call centre and ensure first level customer support.

**Shares**

Two shares will be offered to Councils for the nominal sum of \$1 each. All shareholders will hold an A Class share. This share entitles each shareholding council to an equal share of 20% of the profits being distributed. So, a small rural council would get exactly the same A Class dividend as a major regional council.

Each shareholder will receive one B to ZZ Class Share. The remaining 80% of profits being distributed would be given to each shareholder in proportion to the amount of business billed by Southern Phone to customers within the Local Government Area, determined by postcode. The distribution when councils share postcodes will be determined equitably by the Board.

Councils will not need to seek individual Ministerial approval to take up shares in the company. The Department of Local Government has confirmed that the approval to form the company given to the Project Manager, Eurobodalla Shire Council, also encompasses the acceptance of shares by regional councils in line with the Constitution and advice on company formation that was provided with the application.

**Funding**

The Southern Phone Company is fully funded. Grants totalling \$4,773,000 have been made by the federal government's Networking the Nation program. There will be no call on Councils for funds.

A sum of \$2.4 million has already been paid with further payments to be made according to contractual arrangements with the government. The company expects that these funds will be sufficient to see it through start-up and to a position of self-sufficiency. Additional funding arrangements will be made at the discretion of the Board.

**Risk to Councils**

In establishing the company structure advice was sought from Pricewaterhouse Coopers Legal and Minter Ellison on the best structure to ensure there would be no risk to councils or their ratepayers.

Both firms concurred the best structure was the formation of a company limited by shares, as outlined above.

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This structure ensures the liability of each shareholder is limited to the value of their shares - in this case two shares per Council valued at \$1 each. Should the venture fail there can be no call on shareholders for funds.

In the event of the company failing, there may be some "reputational risk" to Councils endorsing and owning the company. This, however, will not involve any financial or legal risk.

**Benefits to Councils**

The project will provide significant social and economic benefits to the community in the form of low cost long distance calls and, in the area served by the data network, more affordable and accessible bandwidth. The primary area to benefit will be those communities furthest from metropolitan Sydney and therefore benefits to Camden and its residents will be minimal.

Councils will also receive a share of profits generated by the company, although there will be no distribution for the first three years.

**Benefits to the community**

The economic and social benefits from cheaper telecommunications services in the region will be substantial. The cost of telecommunications in regional areas constantly ranks at the top of the list of problems faced by our communities.

The Southern Phone Company project, while not solving all problems instantly, is a good start and shows the region is taking matters into its own hands in driving prices down and improving services.

**Benefits to Southern Phone of Council ownership**

There will be two strong reasons for residents and businesses to use the services of Southern Phone. They will be cheaper than those currently available and profits will be returned to the community.

The message that the community of each council area can share in the benefits of this important economic and social development initiative will help Southern Phone gain customers and ensure the viability of the company.

**Council as a customer**

Council does not have to be a customer to be a shareholder.

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Council will look at the pricing and services of Southern Phone in comparison to other offers that are made by telecommunications companies. If the service and pricing of Southern Phone is as good or better than that offered elsewhere Council may consider placing its long distance, fixed to mobile and international business with the Council owned company.

It is important to note Southern Phone's services will be delivered by Australia's largest telecommunications companies to the standard already enjoyed. The only difference will be a lower bill and a better dividend.

**Summary**

The Southern Phone Company project is a significant regional economic and social development initiative.

Council is being offered shares in the company at nominal cost and these shares will allow profits generated to be returned to the community in the form of improved works and services.

**Recommended:**

- (i) That Council apply to the Southern Phone Company for two shares at \$1 each, being one A Class share and one share in the B to ZZ class.
- (ii) That Council consider the purchase of telecommunications services from the Southern Phone Company as they become available, subject to competitive pricing.

**Resolved on the Motion of Cr Batros, seconded Cr Fekete that**

- (i) *Council apply to the Southern Phone Company for two shares at \$1 each, being one A Class share and one share in the B to ZZ class.*
- (ii) *Council consider the purchase of telecommunications services from the Southern Phone Company as they become available, subject to competitive pricing.*

RS044/02  
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THE MOTION WAS **CARRIED**.

*(Cr Campbell, Cr Patterson & Cr Senise voted against the Motion).*

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**5. Update on Council's 355 Management Committees –  
Narellan Community Hall & Harrington Park  
Community Centre**

(File 3811/1) [ Director Works and Services]

**Purpose**

This report advises Council of the formal resignation of two of Council's 355 Management Committees:

Narellan Community Hall  
Harrington Park Community Centre

**Background**

Council currently has ten (10) voluntary 355 management committees. These are set out below:

- Bicentennial Park;
- Narellan Community Hall;
- Harrington Park Community Centre;
- Catherine Field Community Hall and Tennis Courts;
- Leppington Oval and Tennis Courts;
- Camden Senior Citizens Centre;
- Camden Youth Centre;
- Camden International Friendship Association; and
- Australia Day Committee;
- Camden Festival Committee

**Discussion**

**Harrington Park 355 Committee**

As previously flagged to Council the Harrington Park 355 Committee have resolved to hand back management of the facility to Council. Council received a formal letter of resignation on May 2<sup>nd</sup>, 2002. (see **Tabled Documents "RS 2"**). This situation has arisen for a number of reasons. These can be summarised as:

- The volume of work associated with managing the centre.
- The high usage of the facility.
- Additional pressure placed on committee by recent changes to public liability requirements.

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Harrington Park 355 Management Committee have expressed a desire to have some involvement in the future direction of the facility, but felt that the burden of managing the large number of bookings (including a number of casual bookings) was unmanageable on a purely volunteer basis.

**Narellan Community Hall**

On June 18. 2002 a letter was received from the Management Committee of Narellan Community Hall informing Council of their resignation (effective immediately). (see **Tabled Document "RS3"**).

The Mayor has acknowledged their resignation in writing and thanked the committee for their efforts.

**Facilities Coordinator**

Funding is provided in the 2002/2003 for a part time Facility Co-ordinator.

This position will be responsible for managing Council's community facilities and tennis courts; providing on going support and advice to the remaining 355 Management Committees and undertaking policy work to ensure that Council's facilities are meeting community needs.

**Conclusion**

It is believed that the increase in accountability and administrative requirements are two factors which have contributed to the decision by Harrington Park and Narellan 355 Management Committees to resign from their positions.

The remaining 355 Community Management committees will continue to be supported.

Recommended: That

- (i) Council acknowledge the contribution made by both Management Committees;
- (ii) Council endorse sending a letter of thanks to the committee members of the Harrington Park 355 Committee as an acknowledgment of their commitment as volunteers of Council.

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*Resolved on the Motion of Cr Batros, seconded Cr Patterson that*

- (i) Council acknowledge the contribution made by both Management Committees;*
- (ii) Council send a letter of thanks to each committee member of the Harrington Park 355 Committee to acknowledge their commitment as volunteers of Council.*

RS045/02 THE MOTION WAS **CARRIED**.  
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**6. Commercial Waste Management Charges**

(Director, Development and Environment Division)

Council recently adopted the fees and charges for the year beginning 1 July, 2002. However, an error has become apparent in the cost as published for a new service to be offered for the first time this year. A three-bin service is to be offered that will allow small commercial and industrial premises to avail themselves of a service the same as that offered to urban residential properties. A weekly service of 240 litre garbage, recycling and greenwaste is to be made available.

A Commercial three bin service should have been priced the same as a domestic 240 litre service plus GST. The fees as published were \$274.04 and should have been \$357.76.

Recommended: That the revised fees be re-advertised for a period of 28 days to seek public comment. At the close of the exhibition period any submissions are to be considered and reported to Council for resolution.

*Resolved on the Motion of Cr Fekete, seconded Cr Campbell that the revised fees be re-advertised for a period of 28 days to seek public comment. At the close of the exhibition period any submissions are to be considered and reported to Council for resolution.*

RS046/02 THE MOTION WAS **CARRIED**.

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The Meeting closed at 6.20pm.