

# **Corangamite Shire**

## **AGENDA**

# **Special Council Meeting**

*5.00 pm • Tuesday 13 June 2017*

*Killara Centre  
210-212 Manifold Street, Camperdown*

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# Order of Business

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1. PRAYER
2. APOLOGIES
3. DECLARATIONS OF CONFLICT OF INTEREST
4. DEPUTATIONS & PRESENTATIONS
5. OFFICERS' REPORTS

**ANDREW MASON**  
**CHIEF EXECUTIVE OFFICER**

**DISCLAIMER**

The advice and information contained herein is given by the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written enquiry should be made to the Council giving the entire reason or reasons for seeking the advice or information and how it is proposed to be used.

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#### 4. DEPUTATIONS & PRESENTATIONS

1. Members of the public may address Council under this section of the Agenda of an Ordinary Meeting of the Council if:
  - a) The person is addressing the Council in respect to a submission on an issue under Section 223 of the *Local Government Act*, or
  - b) The person has requested that they address Council on an issue and the Mayor has agreed that they be heard.
2. Requests to address Council must be received by 5.00 pm on the day prior to the scheduled Ordinary Meeting of the Council.
3. Presentations made to Council in this section of the Agenda may not exceed five minutes in length, although Councillors may ask questions proceeding each presentation. If a presentation exceeds five minutes in length, the Mayor may request that the presenter ceases to address Council immediately.

## 5. OFFICERS' REPORTS

### 5.1 Budget 2017-2018

**Author:** Adam Taylor, Manager Finance

**File No:** D17/367

**Previous Council Reference:** 26 April 2017, Item 10.2

#### **Declaration**

Chief Executive Officer – Andrew Mason

In providing this advice to Council as the Chief Executive Officer, I have no interests to disclose in this report.

Author - Adam Taylor

In providing this advice to Council as the Manager Finance, I have no interests to disclose in this report.

#### **Summary**

The purpose of this report is for Council to consider and adopt the 2017-2018 Budget, incorporating the 2017-2018 Fees and Charges Schedule in accordance with the *Local Government Act 1989* (the Act). The 2017-2018 Budget is attached to this report under separate cover.

#### **Introduction**

At the ordinary Council Meeting held on 26 April 2017, Council resolved a number of matters including:

1. Preparation of Budget
2. Public notice, display and inspection
3. Invitation of submissions.

For 2017-2018 an operating surplus of \$5.235 million has been budgeted with a capital works program of \$14.998 million. All borrowings are proposed to be repaid and key performance indicators include delivery of a year-end unrestricted working capital ratio of 181%. The proposed underlying rate increase is 2.0% in accordance with the State Government rate cap.

The proposed 2017-2018 Budget was advertised widely in newspapers across the Shire and copies of the Budget have been available for inspection at the Civic Centre, all libraries and on Council's website since 27 April 2017.

#### **Issues**

As required by the *Local Government Act 1989*, the 2017-2018 draft Budget was placed on public exhibition and submissions invited for a period in excess of 28 days, closing on 31 May 2017. A total of five submissions were received during the statutory public notice period and one submitter requested to present to a committee of the whole Council in support of their submission on 6 June 2017 from 10.00 am.

The proposed 2017-2018 Budget has been prepared to ensure that Council continues to maintain its services and meet the objectives of Council's asset management and Strategic Resource Plan in a financially constraint environment. The principles of sound financial management requires Council to deliver recurrent operating surpluses, continue to invest in asset renewal and maintain adequate liquidity. All of which are delivered within the 2017-2018 Budget.

**2017-2018 Budget Outcomes**

Key financial outcomes for the 2017-2018 Budget are as follows:

	<b>2017-2018 Budget</b>
Operating result	\$5,235,283
Rate income	\$20,578,468
Underlying rate increase	2.00%
Total Increase in rates & charges	2.22%
Operating expenditure	\$28,180,215
Capital expenditure	\$14,997,700
Loan redemption including interest	\$2,400,000
Transfer to reserves	\$141,500
<b>Total budget commitments</b>	<b>\$45,719,415</b>
Cash balance at year end	\$12,807,104
Borrowings at year end	nil
Working Capital Ratio (Unrestricted)	181%
Asset renewal	113%

**Rate Income**

Rates and Charges will account for 47% of the total revenue in 2017-2018. An increase in rate income is required to meet Council's aspirations and community expectations for new and existing infrastructure. The Strategic Resource Plan includes rate increases equal to an estimate of the Consumer Price Index (CPI) over the next four years.

The proposed underlying increase in total rates and charges for 2017-2018 is 2.00%. The increase in the kerbside collection charge will be 3.48% to cover the cost of providing the service and also represents additional properties accessing the service. Combined, this equates to an increase in total rates and charges of 2.22% on the 2016-2017 forecast. This is detailed below.

Type of Charge	2016-2017 Forecast	2017-2018 Budget	Increase	Comments
General Rates	17,010,002	17,372,638	2.13%	
Municipal Charge	1,596,859	1,628,746	2.00%	
	<b>18,606,861</b>	<b>19,001,384</b>	<b>2.13%</b>	Increase in rates and charges including supplementary rates
Garbage Charge	1,524,023	1,577,084	3.48%	Increase cost of service and additional properties
<b>TOTAL</b>	<b>20,130,884</b>	<b>20,578,468</b>	<b>2.22%</b>	Total increase in rates & charges

Council is also responsible for collecting the Victorian State Government Fire Services Property Levy. The levy appears on rate notices as a separate charge. Council does not derive any benefit and is required to remit amounts collected to the State Revenue Office quarterly.

### *Operating Expenditure*

Council's budgeted operating expenditure for 2017-2018 will be \$28.180 million (on a "cash" basis). This represents an increase of \$0.167 million, or 0.59% over the 2016-2017 Adopted Budget as per the following table:

	2016-2017 Adopted Budget	2017-2018 Draft Budget	2016-2017 v 2017-2018 Favourable / (Unfavourable)	
Operating Expenditure (Cash)	\$28,012,613	\$28,180,215	(\$167,602)	(0.59%)

Operating initiatives are contained within the budget and include:

- Drainage Program – Various Local Roads \$500,000
- Twelve Apostles Trail – Stage 1 Technical Assessments \$100,000
- 2017-2018 Community Grants Funding \$50,000
- 2017-2018 Facility Grants \$50,000
- Additional Weed Funding \$50,000
- Rural Living Review and Strategy \$50,000
- Waste Management Strategy \$50,000
- Saleyards future planning \$40,000
- Environment Support Fund \$30,000
- Retail Area Façade Program \$30,000
- Economic Development Strategy – Year 1 implementation \$30,000
- Actions from the Intensive Animal Industries Initiative \$30,000
- Food and Fibre Strategy – Value-add Opportunity Investigation \$30,000
- On-line learning management system \$30,000

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### ***Capital Expenditure***

The total Capital Works program will be \$14.998 million, of which \$8.70 million will come from Council operations, \$5.42 million from external grants, \$210,000 from special charge schemes and community contributions and \$670,000 million from asset sales. Details are provided in Section 3 and Section 6 of the attached Budget document. Council will continue to heavily invest in its road network through capital renewal, which is also supplemented by programmed maintenance.

The 2017-2018 Capital works program includes:

- \$7.30 million on road assets with grant income of \$2.78 million budgeted.
- \$2.17 million on bridge assets including stage 2 of Castle Carey Road Bridge realignment at a cost of \$1.60 million. The total cost of the project is \$5.20 million over three financial years.
- \$2.45 million of heavy plant and light fleet replacements.
- \$1.16 million of streetscapes including \$1.14 million for Port Campbell streetscape construction.
- \$1.92 million of other projects including \$200,000 for Cobden lake downstream improvements, \$150,000 for Terang Civic Hall improvements and \$115,000 for Camperdown Clock tower works.

A substantial part of the capital works program is based on existing asset management plans. Other projects have been included to take advantage of external funding opportunities and to deliver community planning outcomes. Council's asset renewal gap for 2017-2018 is projected to be 113% against a long-term target of 100%. This is higher due to the additional Roads to Recovery Funding. Council's four year Strategic Resource Plan forecasts an average annual renewal ratio of 105%.

### ***Borrowings***

The Budget provides for no new borrowings in 2017-2018. Council has proposed to repay all borrowings in the 2017-2018 Budget. This strategy will allow Council to absorb the impact of any future financial shocks. The funds which were allocated to repay borrowings in future years will be allocated to a reserve to help fund future infrastructure requirements.

### ***Reserve Transfers***

The Naroghid Landfill has an estimated remaining life of 56 years. The current net present value estimate for restoration is \$4.9 million. The Budget includes the transfer of \$91,000 to reserve for future restoration costs. (This amount is reviewed annually.)

An allocation of \$30,000 is recommended to be transferred from heritage planning reserves to help pay for repairs to the Camperdown Clock Tower.

An allocation of \$1 million is also recommended to be transferred from cash reserves to assist early repayment of borrowings.

### ***Statutory Disclosures***

The 2017-2018 Budget includes the disclosure requirements of the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2014*. The required statutory information pertaining to Rates and Charges is detailed within Section 7.



### Policy and Legislative Context

Council is required under the Act to adopt the Budget by 30 June 2017. Council was required to undertake public consultation as part of the process. The Budget is Council's annual financial strategic document and has been prepared in accordance with its commitment in the Council Plan 2017-2021 that:

We are committed to ensuring the ethical behaviour of Councillors and staff, maintaining good governance and remaining financially sustainable.

Council will make budgetary decision that ensure Council remains in a strong financial position now and into the future.

Council will deliver value for money by ensuring that services are required and delivered efficiently and sustainably.

The Budget also contains new initiatives that have been identified in the recently adopted Council Plan to ensure Council is able to deliver on its objectives over the life of the Plan.

### Internal / External Consultation

The Budget has been developed following an extensive consultation process with Councillors and officers, and using information from Council adopted strategies and plans, including asset management plans.

Council advertised the 2017-2018 Budget and called for public submissions under Section 223 of the *Local Government Act 1989*.

### Submissions

Council has received 5 submissions to the 2017-2018 Budget during the statutory public notice period. One submitter appeared at a meeting of the Committee of the whole Council on 6 June 2017 commencing at 10.00am to present in support of their submission.

Analysis of the submissions is attached under separate cover. Submissions have been provided to Councillors as received and each submission is provided under separate cover. A summary of the submissions is provided below.

	Issue	Submissions	Theme of Submission
1	School Bus Shelters	1	Council should continue to provide funding for new or relocated bus shelters and the associated maintenance.
2	Camperdown Botanic Gardens	1	Council should allow a separate and adequate sum annually for the ongoing management of the Camperdown Botanic Gardens and Arboretum.
3	Cobden Civic Hall	1	Council should fund Electrical Works and reconsider the proposal for Concertina Doors and Wall Removal.
4	Progressing Cobden	1	In support of additional funding for the Cobden Civic Hall and Cobden Spring Festival.
5	Cobden Spring Festival	1	Council should reconsider the reduction in funding for the Cobden Spring Festival.

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### Financial and Resource Implications

The Budget has been prepared in accordance with the direction provided by Council and in accordance with Council's Long Term Financial Plan. The Budget has been prepared within the following parameters:

- A 2.22% increase in rates and charges which results from compliance with the rate cap of 2.0% plus 0.22% due to supplementary rates and costs associated with kerbside waste collection.
- An operating result of \$5.235 million.
- A capital works program of \$14.998 million.
- An unrestricted working capital ratio of 181% to maintain a solid liquidity buffer for Council to meet its short term obligations.
- A debt commitment ratio of 11.7% and total indebtedness ratio (as a percentage of own source revenue) of 20.4%.
- Capital budgets have been prepared in accordance with good asset management principles.

Contained within the 2017-2018 Budget document is:

- Detailed information on project initiatives, staffing and resources.
- Detailed capital works program included proposed future capital expenditure (Section 3 and Section 6).
- 2017-2018 Fees and Charge Schedule (Appendix A).
- 2017-2018 Strategic Resource Plan (Section 8).

### Options

Council may choose either:

1. Adopt the 2017-2018 Budget, incorporating the 2017-2018 Fees and Charges Schedule, as attached, being the advertised budget with the proposed amendments described above
2. Adopt the 2017-2018 Budget, incorporating the 2017-2018 Fees and Charges Schedule, as attached with additional amendments. If additional amendments are proposed Council should consider alternate savings.

### Conclusion

The 2017-2018 Budget maintains Council's sound financial position with a strong commitment to a high standard of services, complemented by a significant capital works program.

The 2017-2018 Budget presented to Council is balanced and has regard to the key indicators that reflect Council's financial sustainability.

### RECOMMENDATION

**That Council:**

1. **Adopt the Budget as presented.**
2. **Authorise the Chief Executive Officer to give public notice of this decision to adopt such Budget, in accordance with Section 130(2) of the *Local Government Act 1989*.**

3. Adopt the following determinations on the rates and charges and other matters for the 2017-2018 financial year.

- (a) That an amount of \$20,578,468 be declared as the amount which Council intends to be raised by rates and charges for 2017-2018 – 1 July 2017 to 30 June 2018, calculated as follows:

	\$
General Rate	7,720,060
Farm Rate	9,631,425
Vacant Industrial Land Rate	14,923
Recreation and Cultural Rate	6,230
Municipal Charge	1,628,746
Kerbside Collection Charge	1,577,084
Total Amount to be raised	20,578,468

**GENERAL RATES**

- (b) General rates be declared for the period commencing on 1 July 2017 and concluding on 30 June 2018.
- (i) It be further declared that general rate income be raised by the application of a general rate being 0.39130 cents in the dollar.
- (ii) It be confirmed that the general rate for all rateable land within the Corangamite Shire be determined by multiplying the Capital Improved Value of rateable land by the rate in the dollar.

**DIFFERENTIAL RATES**

- (c) That different rates in the dollar be declared for different classes of property.

General Rate	0.39130
Farm Rate	0.35608
Vacant Industrial Land Rate	0.46956
Cultural & Recreational	0.19565

**CLASSES OF PROPERTY**

- (i) Farm land:
- A differential rate for farm land be declared for that rateable land classified as farm land under the Rating Strategy for the 2017-2018 rating year.
  - The differential rate be determined by multiplying the Capital Improved Value of the rateable land by the percentage indicated below:

Category	Cents in \$ Capital Improved Value	Percentage
Farm Land	0.35608	91% of General Rate

**(ii) Vacant industrial land:**

- A differential rate for vacant industrial land be declared for that rateable land classified as vacant industrial land under the Rating Strategy for the 2017-2018 rating year.
- The differential rate be determined by multiplying the Capital Improved Value of the rateable land by the percentage indicated below:

Category	Cents in \$ Capital Improved Value	Percentage
Vacant Industrial Land	0.46956	120% of General Rate

**(iii) Cultural & recreational land:**

- A differential rate for cultural and recreational land be declared for that rateable land classified as Cultural and Recreational under the Rating Strategy for the 2017-2018 rating year and listed in the Rating Strategy.
- Rateable land:
  - Terang Trotting Club;
  - Camperdown Racecourse; and
  - Terang Racecourse.
- The differential rate be determined by multiplying the Capital Improved Value of the rateable land by the percentage indicated below:

Category	Cents in \$ Capital Improved Value	Percentage
Cultural & Recreational Land	0.19565	50% of General Rate

**MUNICIPAL CHARGE**

- (d) A Municipal Charge be declared for the period commencing on 1 July 2017 and concluding on 30 June 2018.**
- (i) The Municipal Charge be declared for the purpose of covering some of the administrative costs of Council.**
  - (ii) The Municipal Charge be fixed at \$193.30 for each rateable land (or part) in respect of which a Municipal Charge may be levied.**

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**ANNUAL SERVICE CHARGE – KERBSIDE COLLECTION CHARGE**

- (e) Annual service charges be declared for the period commencing on 1 July 2017 and concluding on 30 June 2018.
- (i) Garbage Collection Charge: being for collection, disposal and administration of household refuse service including green waste and recycling for those tenements where the garbage service is rendered or is available.

General Charge	\$296.50
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**CONSEQUENTIAL**

- (f) The Rate Revenue Coordinator be authorised to levy and recover the general rates, the municipal charges and annual service charges described earlier in this resolution in accordance with the *Local Government Act 1989*.

**INTEREST RATE**

- (g) The rate of interest is in accordance with Section 172(2) and 227A of the *Local Government Act 1989*, calculated at the rate fixed under Section 2 of the *Penalty Interest Rates Act 1983* that applied on the first day of July immediately before the due date for the payment.

**MID-YEAR ADJUSTMENTS**

- (h) That \$13,000 be allocated to Cobden Civic Hall in the mid-year budget review to contribute towards the costs of electrical switchboard replacement.

**Attachments**

1. 2017-2018 Budget Submissions - Under Separate Cover
2. 2017-2018 Draft Budget Submissions Analysis – Under Separate Cover
3. Draft Budget 2017-2018 - Under Separate Cover