

Corangamite Shire

AGENDA

Special Council Meeting

5.00 pm • Tuesday 12 June 2018

*Killara Centre
210-212 Manifold Street, Camperdown*

Order of Business

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 2018-2019

Author: Adam Taylor, Manager Finance

File No: D18/223

Previous Council Reference: 24 April 2018, Item 10.1

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 2018-2019 Budget, incorporating the 2018-2019 Fees and Charges Schedule in accordance with the *Local Government Act 1989* (the Act). The 2018-2019 Budget is attached to this report under separate cover.

Introduction

At the ordinary Council Meeting held on 24 April 2018, Council resolved a number of matters including:

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

For 2018-2019 an operating surplus of \$2.564 million has been budgeted with a capital works program of \$13.278 million. Key performance indicators include delivery of a year-end unrestricted working capital ratio of 252%. The proposed underlying rate increase is 2.25% in accordance with the State Government rate cap.

The proposed 2018-2019 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 26 April 2018.

Issues

As required by the *Local Government Act 1989*, the 2018-2019 draft Budget was placed on public exhibition and submissions invited for a period in excess of 28 days, closing on 31 May 2018. A total of seven submissions were received during the statutory public notice period and three submitters requested to present to a committee of the whole Council in support of their submission on 5 June 2018 from 10.00 am.

The proposed 2018-2019 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 constrained 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 2018-2019 Budget.

During the exhibition period the Victorian Valuer-General amended the 2018 valuations of ratepayer properties within the shire. As a result of these changes there have been minor changes to the advertised general rate and differentials as shown below.

| Type or class of land | 2018-2019 Draft Budget (as advertised) | 2018-2019 Draft Budget (Finalised Revaluation) |
|-----------------------------------|--|--|
| | cents/\$CIV | cents/\$CIV |
| General Rate | 0.38206 | 0.38137 |
| Farm Rate | 0.34385 | 0.34233 |
| Vacant industrial land Rate | 0.45847 | 0.45764 |
| Cultural & Recreational Land Rate | 0.19103 | 0.19069 |

2018-2019 Budget Outcomes

Key financial outcomes for the 2018-2019 Budget are as follows:

| | 2018-2019 Budget |
|------------------------------------|---------------------|
| Operating result | \$2,564,355 |
| Rate income | \$21,531,951 |
| Underlying rate increase | 2.25% |
| Total Increase in rates & charges | 3.77% |
| Operating expenditure | \$29,016,146 |
| Capital expenditure | \$13,277,500 |
| Loan redemption including interest | nil |
| Transfer to reserves | \$5,805,250 |
| Total budget commitments | \$48,094,896 |
| Cash balance at year end | \$16,103,510 |
| Borrowings at year end | nil |
| Working Capital Ratio | 302% |
| Asset renewal | 95% |

Rate Income

Rates and Charges will account for 51% of the total Council revenue in 2018-2019. 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 CPI over the next four years.

The total underlying increase in rates and charges for 2018-2019 is 2.29%. The increase in the Waste Management Charge will be 21.62% to cover the cost of increasing cost of

providing the service. This equates to an increase in total rates and charges of 3.77% on the 2017-2018 forecast. This is detailed below.

| Type of Charge | 2017-2018 Forecast | 2018-2019 Budget | Increase | Comments |
|-------------------------|--------------------|-------------------|--------------|---|
| General Rates | 17,522,695 | 17,923,738 | 2.29% | |
| Municipal Charge | 1,635,082 | 1,672,119 | 2.27% | |
| | 19,157,777 | 19,595,857 | 2.29% | Increase in rates and charges including supplementary rates |
| Waste Management Charge | 1,591,944 | 1,936,094 | 21.62% | Increase cost of service |
| TOTAL | 20,749,721 | 21,531,951 | 3.77% | 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 2018-2019 will be \$29.02 million (on a "cash" basis). This represents an increase of \$0.90 million, or 3.2% over the 2018-2019 Adopted Budget as per the following table:

| | 2017-2018 Adopted Budget | 2018-2019 Draft Budget | 2017-2018 v 2018-2019 Favourable / (Unfavourable) | |
|------------------------------|--------------------------------|------------------------------|---|---------|
| Operating Expenditure (Cash) | \$28,123,540 | \$29,024,316 | (\$900,776) | (3.20%) |

The total operating initiatives are contained within the budget (refer to Section 2) and total \$1.64 million, of which \$1.55 million will come from council operations, \$67,000 from external grants and \$21,700 from community contributions.

Capital Expenditure

The total Capital Works program will be \$13.28 million, of which \$10.13 million will come from Council operations, \$2.89 million from external grants, \$0.25 million from special charge schemes and community contributions. Details are provided in Section 4.5 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 2018-2019 Capital works program includes:

- \$6.83 million on road assets with grant income of \$1.99 million budgeted.
- \$1.24 million on bridge assets including stage 3 of Castle Carey Road Bridge realignment.
- \$2.10 million of heavy plant and light fleet replacements.
- \$0.42 million of streetscapes
- \$2.68 of other projects including building, kerb and channel, information technology, footpaths and recreation projects.

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 2018-2019 is projected to be 95% against a long-term target of 100%. Council's four year Strategic Resource Plan forecasts an average annual renewal ratio of 121%.

Borrowings

The Budget provides for no new borrowings in 2018-2019.

Reserve Transfers

The Naroghid landfill has an estimated remaining life of 55 years. The current net present value estimate for restoration and monitoring is \$5.199 million and was recently reviewed in January 2017. The draft budget includes a \$92,000 transfer to the Landfill Restoration Reserve. This additional allocation will create a reserve of \$467,939 as at 30 June 2019.

A new reserve has been created to allocate funds required for future large-scale projects which have been identified by Council. These projects include Port Campbell Urban Design and the 12 Apostles Trail. The amount allocated to this reserve is \$5.7 million in 2018-2019 million and will be reduced over the life of the project completion.

Statutory Disclosures

The 2018-2019 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 4.1.

Policy and Legislative Context

Council is required under the Act to adopt the Budget by 30 June 2018. Council is 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:

Council will make budgetary decisions that ensures 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.

Council will advocate strongly in relation to roads, cost shifting, and other Council and community priorities.

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 2018-2019 Budget and called for public submissions under Section 223 of the *Local Government Act 1989*.

Submissions

Council has received 7 submissions to the 2018-2019 Budget during the statutory public notice period. Three submitters appeared at a meeting of the Committee of the whole Council on 5 June 2018 commencing at 10.00am to present in support of their submission.

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

| Issue | Submissions Received | Theme of Submission | Officers Response |
|---|----------------------|--|---|
| 1 Waste Management Charges | 1 | Costs for disposal of waste for those outside the kerbside collection area is too high. | The annualised cost of disposing of waste and recycling through the transfer stations (\$348.40) is comparable to the current Waste Management Charge (\$360.00) paid by those residents in the kerbside collection area. No changes are recommended. |
| 2 Increased Waste Collection in Lismore | 1 | Council should provide additional waste collection in Lismore as the volume has been increasing. | Officers will review the volume of waste in Lismore and decide if extra collections or additional bins are required. Any changes will be accommodated within existing budgets. No changes are recommended. |
| 3 Lakes and Craters holiday park toilet block funding | 5 | Council should not proceed with the toilet block at the caravan park. | Council considered this contribution as a part of budget discussions and with reference to the Lakes and Craters Holiday Park Masterplan and lease agreement. No changes are recommended. |

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 3.81% increase in rates and charges which results from compliance with the rate cap of 2.25% plus 1.56% due to supplementary rates and costs associated with kerbside waste collection.
- An operating result of \$2.564 million.
- A capital works program of \$13.278 million.
- An unrestricted working capital ratio of 252% to maintain a solid liquidity buffer for Council to meet its short term obligations.
- Capital budgets have been prepared in accordance with good asset management principles.

Contained within the 2018-2019 Budget document is:

- Detailed information on project initiatives, staffing and resources.
- Detailed capital works program included proposed future capital expenditure (Section 3 and Appendix B).
- 2018-2019 Fees and Charge Schedule (Appendix A).

Options

Council may choose to either:

1. Adopt the 2018-2019 Budget, incorporating the 2018-2019 Fees and Charges Schedule, as attached, being the advertised budget with the proposed amendments described above; or
2. Adopt the 2018-2019 Budget, incorporating the 2018-2019 Fees and Charges Schedule, as attached with additional amendments. If additional amendments are proposed, Council should consider alternate savings.

Conclusion

The 2018-2019 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 2018-2019 Budget presented to Council is balanced and has regard to the key indicators that reflect Council’s financial sustainability.

RECOMMENDATION

That Council:

1. **Adopts the Budget as presented.**
2. **Authorises 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. **Adopts the following determinations on the rates and charges and other matters for the 2018-2019 financial year.**
 - (a) **That an amount of \$21,531,950 be declared as the amount which Council intends to be raised by rates and charges for 2018-2019 – 1 July 2018 to 30 June 2019, calculated as follows:**

| | \$ |
|--|-------------------|
| General Rate | 7,866,427 |
| Farm Rate (90% of General Rate) | 10,036,435 |
| Vacant Industrial Land Rate (120% of General Rate) | 14,735 |
| Recreation and Cultural Rate (50% of General Rate) | 6,140 |
| Municipal Charge | 1,672,119 |
| Waste Management Charge | 1,936,094 |
| Total Amount to be raised | 21,531,950 |

GENERAL RATES

- (b) **General rates be declared for the period commencing on 1 July 2018 and concluding on 30 June 2019.**
 - (i) **It be further declared that general rate income be raised by the application of a general rate being 0.38137 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 | 0.38137 |
| Farm Rate | 0.34233 |
| Vacant Industrial Land Rate | 0.45764 |
| Cultural & Recreational | 0.19069 |

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 2018-2019 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 | 0.34233 | 90% 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 2018-2019 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 | 0.45764 | 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 2018-2019 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 | 0.19069 | 50% of General Rate |

MUNICIPAL CHARGE

- (d) A Municipal Charge be declared for the period commencing on 1 July 2018 and concluding on 30 June 2019.
- (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 \$197.65 for each rateable land (or part) in respect of which a Municipal Charge may be levied.

ANNUAL SERVICE CHARGE – WASTE MANAGEMENT CHARGE

- (e) Annual service charges be declared for the period commencing on 1 July 2018 and concluding on 30 June 2019.
- (i) **Waste Management Charge:** covers kerbside waste collection and disposal where available, emptying and disposal of public rubbish and recycling bins, public education programs and costs associated with contract administration and dealing with customer service inquires. “Kerbside waste” includes general waste, green waste (including kitchen organics) and recyclables.

| | |
|----------------|----------|
| General Charge | \$360.00 |
|----------------|----------|

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.

Attachments

1. 2018-2019 Budget Submissions Combined - Under Separate Cover - Confidential
2. Budget 2018-2019

5.2 Council Plan 2017-2021 Review

Author: Penny MacDonald, Executive Services and Governance Coordinator

File No: D18/137

Previous Council Reference: Nil

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 - Penny MacDonald

In providing this advice to Council as the Executive Services and Governance Coordinator, I have no interests to disclose in this report.

Summary

Council is required by the *Local Government Act 1989* (the Act) to review its Council Plan at least once each financial year. This report provides Council with the opportunity to review the Council Plan 2017-2021 to determine if it requires any adjustment.

Introduction

Council must review its Council Plan at least once each financial year, in order to determine whether the current Council Plan requires any adjustment for the remaining period of the Plan.

The current Plan, which expires June 2021, sets out Council's strategic objectives, strategies for achieving the objectives, and indicators for monitoring the achievement of the objectives. It also contains Council's Strategic Resource Plan, outlining the required resources to achieve the Plan over the next four years, as well as an Annual Action Plan, detailing actions and initiatives for a 12 month period that are consistent with Council's objectives and strategies.

Issues

A review of the Council Plan 2017-2021 is important in terms of good governance and is necessary in order for Council to remain compliant with the *Local Government Act*.

Officers have reviewed the current Council Plan 2017-2021 and believe the Plan continues to be valid and relevant for Corangamite Shire over the remaining period of the Plan. No changes are recommended to Council's strategic objectives, strategies or indicators. However, a new Annual Action Plan is required for the 2018-2019 financial year and for the Strategic Resource Plan to be updated to reflect changes in resourcing commitments.

Council's Annual Action Plan is published as a supplement to the Council Plan. The attached Annual Action Plan for 2018-2019 identifies projects and initiatives as key actions to be undertaken throughout the coming year that complements the actions listed as indicators within the Council Plan. The actions will be carried out in addition to the usual business of Council. All actions within the Annual Action Plan are specific and measurable

within an annual timeframe, and relate to the long term objectives and strategies in the Council Plan.

The Strategic Resource Plan, which is a four year plan that outlines the resources required to achieve the Council Plan objectives, has been updated to reflect changes in resourcing commitments. The revised Strategic Resource Plan is attached under separate cover for adoption by Council.

Policy and Legislative Context

Section 125(7) of the *Local Government Act 1989* requires that once in each financial year. Should Council determine that the objectives, strategies or indicators require adjustment, it will be necessary to consult with the community in accordance with section 223 of the Act prior to any changes being made.

A review of the Council Plan is consistent with the Council Plan commitment and objective:

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

Council will demonstrate high levels of ethical behaviour and governance standards.

Internal / External Consultation

Councillors, senior officers and managers have been consulted regarding the Council Plan and have contributed to the development of the Annual Action Plan 2018-2019. The revised Strategic Resource Plan has been prepared by the Finance department as part of the annual Budget process.

Financial and Resource Implications

Publication of the Council Plan 2017-2021, with a revised Strategic Resource Plan and accompanying Annual Action Plan 2018-2019, will incur printing costs within current budget allocations.

Options

Council may determine to make changes to the Council Plan 2017-2021, the Annual Action Plan 2018-2019 and/or the Strategic Resource Plan. Alternatively, Council may choose to make no changes to the documents and adopt the Annual Action Plan 2018-2019 and Strategic Resource Plan as presented.

Conclusion

Council is required to review its Council Plan at least once each financial year to determine whether an adjustment is required for the remaining period of the Plan. It is proposed that Council makes no changes to the Council Plan 2017-2021, given that the existing objectives, strategies and performance measures remain relevant. However, the Strategic Resource Plan has been updated to reflect changes in resourcing commitments.

A new Annual Action Plan has been developed in consultation with Councillors, senior offices and managers, to identify key actions for the coming financial year. The Annual Action Plan 2018-2019 and Strategic Resource Plan are presented for adoption by Council.

RECOMMENDATION

That Council:

- 1. Determines to make no changes to the vision, mission, values, objectives, strategies or performance measures contained in the Council Plan 2017-2021.**
- 2. Adopts the Annual Action Plan for 2018-2019.**
- 3. Adopts the Strategic Resource Plan 2018-2022.**

Attachments

1. Corangamite Shire Annual Action Plan 2018-2019 - Under Separate Cover
2. Strategic Resource Plan 2018-2022 - Under Separate Cover