

# MINUTES

FOR THE  
GREATER SHEPPARTON CITY COUNCIL

## SPECIAL COUNCIL MEETING

HELD ON  
WEDNESDAY 6 AUGUST, 2014  
AT 5.30PM

IN THE COUNCIL BOARD ROOM

**COUNCILLORS:**

Cr Jenny Houlihan (Mayor)  
Cr Dennis Patterson (Deputy Mayor)  
Cr Dinny Adem  
Cr Les Oroszvary  
Cr Michael Polan  
Cr Kevin Ryan  
Cr Fern Summer

***VISION***

***GREATER SHEPPARTON***  
AS THE FOOD BOWL OF AUSTRALIA,  
A SUSTAINABLE, INNOVATIVE  
AND DIVERSE COMMUNITY  
***GREATER FUTURE***



**M I N U T E S  
FOR THE  
SPECIAL COUNCIL MEETING  
HELD ON  
WEDNESDAY 6 AUGUST, 2014 AT 5.30PM**

**CHAIR  
CR JENNY HOULIHAN**

**INDEX**

<b>1.</b>	<b>ACKNOWLEDGEMENT .....</b>	<b>1</b>
<b>2.</b>	<b>APOLOGIES .....</b>	<b>1</b>
<b>3.</b>	<b>DECLARATIONS OF CONFLICT OF INTEREST .....</b>	<b>1</b>
<b>4.</b>	<b>MANAGEMENT REPORTS FROM THE BUSINESS DIRECTORATE.....</b>	<b>2</b>
<b>4.1</b>	<b>2014/2015 Budget.....</b>	<b>2</b>

## RISK LEVEL MATRIX LEGEND

**Note: A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.**

Likelihood	Consequences				
	Negligible (5)	Minor (4)	Moderate (3)	Major (2)	Catastrophic (1)
<b>Almost Certain (A)</b> Event expected to occur several times per year (i.e. Weekly)	Low	Moderate	High	Extreme	Extreme
<b>Likely (B)</b> Will probably occur at some stage based on evidence of previous incidents (i.e. Monthly)	Low	Moderate	Moderate	High	Extreme
<b>Possible (C)</b> Not generally expected to occur but may under specific circumstances (i.e. Yearly)	Low	Low	Moderate	High	High
<b>Unlikely (D)</b> Conceivable but not likely to occur under normal operations (i.e. 5-10 year period)	Insignificant	Low	Moderate	Moderate	High
<b>Rare (E)</b> Only ever occurs under exceptional circumstances (i.e. +10 years)	Insignificant	Insignificant	Low	Moderate	High

**Extreme** CEO’s attention immediately required. Possibly avoid undertaking the activity OR implement new controls

**High** Director’s attention required. Consider suspending or ending activity OR implement additional controls

**Moderate** Manager’s attention required. Ensure that controls are in place and operating and management responsibility is agreed

**Low** Operational, manage through usual procedures and accountabilities

**Insignificant** Operational, add treatments where appropriate

**PRESENT: Councillors Jenny Houlihan, Dennis Patterson, Dinny Adem,  
Michael Polan and Fern Summer.**

**OFFICERS: Gavin Cator – Chief Executive Officer  
Rosanne Kava – Acting Director Business  
Kaye Thomson – Director Community  
Rebecca Bertone – Official Minute Taker  
Sharlene Still – Deputy Minute Taker**

### **1. ACKNOWLEDGEMENT**

“We the Greater Shepparton City Council, begin today’s meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors.”

### **2. APOLOGIES**

**Moved by Cr Polan  
Seconded by Cr Patterson**

That the apologies from Crs Oroszvary and Ryan be noted and a leave of absence be granted.

**CARRIED**

### **3. DECLARATIONS OF CONFLICT OF INTEREST**

In accordance with sections 77A, 77B, 78 and 79 of the *Local Government Act 1989* Councillors are required to disclose a “conflict of interest” in a decision if they would receive, or could reasonably be perceived as receiving a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

**Disclosure must occur immediately before the matter is considered or discussed.**

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget

#### **Disclosures of conflicts of interest in relation to advice provided in this report**

Under section 80C of the *Local Government Act 1989* officers and persons engaged under a contract providing advice to Council must disclose any conflicts of interests, including the type and nature of interest.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### **Council Officers involved in producing this report**

**Author: Manager Finance and Rates**

**Proof reader(s): Acting Director Business**

**Approved by: Acting Director Business**

#### **Executive Summary**

The report presents the 2014/2015 Budget for Adoption.

The Draft 2014/2015 Budget was endorsed by Council on 17 June 2014. Public notice was given on 20 June 2014 and submissions invited. Community information sessions were held to explain key elements of the Draft 2014/2015 Budget and to outline the submission process. The submission period ended on 18 July 2014 and six submissions were received. One of the written submitters elected to be heard at a Special Council Meeting on 22 July 2014.

As provided for within the Strategic Resource Plan, the 2014/2015 Budget proposes a 4.95 per cent increase in rates and charges, excluding supplementary valuations. The proposed rating structure for 2014/2015 has been informed by the Rating Strategy 2013-2017 which takes into account the recommendations of the Rating Strategy Reference Group and community input. This includes the implementation of the second phase of changes to the differential rates used and is aimed at achieving a more equitable distribution of the rates burden between categories of ratepayers.

#### **Moved by Cr Polan**

#### **Seconded by Cr Adem**

That the Council having publicly advertised the preparation of the 2014/2015 Budget and considered the submissions:

1. Adopt the 2014/2015 Budget as presented including;

- a) in accordance with section 158 and section 223 of the *Local Government Act 1989* declares the following rates and charges for the 2014/2015 financial year:

#### **1. Amount intended to be raised**

An amount of \$63,438,304, excluding GST, (or such other amount as is lawfully raised as a consequence of this resolution) be declared as the amount which the Council intends to raise by general rates, the municipal charge, annual service charges and the cultural and recreational rate later described in this resolution, which amount is calculated as follows:

General Rates	48,572,163
Municipal Charges	6,881,605
Annual Services Charges	7,941,490
Cultural and Recreational Rate	43,045

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

#### 2. General rates

- 2.1 A general rate be declared in respect of the 2014/2015 rating year, being the period 1 July 2014 to 30 June 2015.
- 2.2 In accordance with section 161 of the *Local Government Act 1989*, declare that the general rate be raised by the application of differential rates.
- 2.3 A differential rate be respectively declared for rateable land having the respective characteristics specified in the Appendix C of the budget document.
- 2.4 It be confirmed that no amount is fixed as the minimum amount payable by way of general rate in respect of each rateable land within the municipal district.
- 2.5 Each differential rate will be determined by multiplying the Capital Improved Value of each rateable land (categorised by the characteristics described in Appendix C of the budget document) by the relevant rate in dollar indicated as follows:

<u>Category</u>	<u>Rate in the \$</u>
Residential Unimproved Land	0.00471460
Residential Improved Land	0.00471460
Farm Land	0.00424314
Rural Residential Land	0.00471460
Commercial Unimproved Land	0.00942920
Commercial Improved 1 Land	0.01023069
Commercial Improved 2 Land	0.00942920
Commercial Improved 3 Land	0.00942920
Industrial Unimproved Land	0.00942920
Industrial Improved 1 Land	0.00961779
Industrial Improved 2 Land	0.00942920
Industrial Improved 3 Land	0.00942920

#### 3. Cultural and recreational rates

- 3.1 In accordance with section 4(4) of the *Cultural and Recreational Lands Act 1963*, the amount in lieu of rates payable in respect of each rateable land to which that Act applied be determined by multiplying the Capital Improved Value of that rateable land by 0.00344166 where the rateable land has the following characteristics:

Rateable outdoor recreational lands developed primarily for regional use as evidenced by paid administrative support and/or commercial business dealings in the operation or management of same.

Such rateable land as described below:

#### Property Location

71 Gowrie Street TATURA  
 160-200 Ross Street TATURA  
 7580 Goulburn Valley Highway KIALLA

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

2 Fairway Drive MOORoopNA  
15 Golf Drive SHEPPARTON  
55 Rudd Road SHEPPARTON  
7582 Goulburn Valley Highway KIALLA

#### **4. Municipal Charge**

4.1 In accordance with section 159 of the *Local Government Act 1989*, declare a municipal charge for 2014/2015 for the purposes of covering some of the administrative costs of Council.

4.1.1 The municipal charge be \$238.00 for each rateable land (or part) within the municipal district in respect of which a municipal charge may be levied.

#### **5. Annual Service Charge**

5.1 In accordance with section 162 of the *Local Government Act 1989*, declare an annual service charge for 2014/2015 for the dual service of kerbside collection and disposal of refuse along with kerbside collection of recyclables.

5.1.1 The service charge be the sum of, and based on the criteria specified as follows:

5.1.1.1 Collection and disposal of contents of 80 litre refuse bin and either a 120 litre or 240 litre recyclable bin - \$166.00\*\* per service.

5.1.1.2 Collection and disposal of contents of 120 litre refuse bin and either a 120 litre or 240 litre recyclable bin - \$222.00\*\* per service.

5.1.1.3 Collection and disposal of contents of 240 litre refuse bin and either a 120 litre or 240 litre recyclable bin - \$368.00\*\* per service.

for each land (or part), other than land on which no building is erected, in respect of which an annual service charge may be levied.

5.2 In accordance with section 162 of the *Local Government Act 1989*, declare an annual service charge for 2014/2015 for the kerbside collection of recyclables only.

5.2.1 The service charge be the sum of, and based on the criteria specified as follows:

5.2.1.1 Collection and disposal of contents of either a 120 litre or 240 litre recyclable only bin - \$77.00\*\* per service

for each land (or part), other than land on which no building is erected, in respect of which an annual recyclable only service is requested and provided.



## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

5.3 In accordance with section 162 of the *Local Government Act 1989*, declare an annual service charge for 2014/2015 for the kerbside collection of green organic waste.

5.3.1 The service charge be the sum of, and based on the criteria specified as follows:

5.3.1.1 Collection and disposal of contents of either a 120 litre or 240 litre green organics bin - \$77.00\*\* per service

for each land (or part), other than land on which no building is erected, in respect of which an annual green organic service is requested and provided.

[\*\*Note: These charges do not include GST which applies to all service charges that are levied against non-residential and non-rural properties.]

#### **6. Setting of interest rate on unpaid rates and charges**

That in accordance with section 172 of the *Local Government Act 1989*, the Council charge interest for rates and charges which have not been paid by the lump sum payment date or instalment dates, as specified under section 167 of the *Local Government Act 1989*.

#### **7. Payment of rates and charges**

That in accordance with section 167 of the *Local Government Act 1989*, the Council declare that a person can pay a rate or charge (other than a special rate or charge) by:

7.1 Four (4) instalments which are due and payable on the dates fixed by the Minister by notice published in the Government Gazette; or

7.2 A lump sum payment due and payable on the date fixed by the Minister by notice published in the Government Gazette; or

7.3 Ten (10) instalments which are due and payable in the ten month period that commences September and ends in June.

#### **8. Consequential**

8.1 The Chief Executive Officer be authorised to give public notice of the declaration of differential rates.

8.2 Notwithstanding anything said in any earlier resolution of the Council, the Shepparton News be chosen as the newspaper in which public notice will appear.

8.3 The Manager Finance and Rates and Team Leader Rates be authorised to levy and recover the general rates, municipal charge and service charges in accordance with the *Local Government Act 1989*.

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

- b) Authorise borrowings of \$2.0 million during the 2014/2015 financial year.
2. Authorise the Chief Executive Officer to give notice of the adoption of the Budget in accordance with section 130 of the *Local Government Act 1989*.
3. Amend the adopted 2014/2015 Fees and Charges to include the following:
  - a) Fees and Charges. Sports Fields, Deakin Reserve – GVFL Prelim and Grand Final fee of \$5,320 inc GST;
  - b) Fees and Charges. Sports Fields, Deakin Reserve – Extra Event fee of \$665 inc GST;
  - c) Fees and Charges. Sports Fields (Regular Use), Howley Oval II, Kialla Recreation Reserve Oval II, John Gray Oval to be classified as “2 star” and to be charged an hourly rate of \$19.50 inc GST; and
  - d) Fees and Charges. New fee of \$100 inc GST for Weddings in Council Parks.
4. Further examine the Cultural and Recreational Land differential and provide a report for Council’s consideration.

**CARRIED.**

Cr Houlihan sought an extension of time for Cr Patterson to speak to the motion.

**GRANTED**

### **Background**

The 2014/2015 Budget has been prepared in accordance with the requirements of the *Local Government Act 1989*.

Council has updated its Strategic Resource Plan for the ten years from 2014 to 2024 as part of its corporate planning framework to assist in preparing a budget within a longer term framework. The 2014/2015 Budget reflects year one of the updated Strategic Resource Plan and takes into account the activities and initiatives which contribute to achieving the strategic objectives specified in the Council Plan. The Strategic Resource Plan highlights the significance of rates and charges as a source of revenue and guides Council on the amount required to be raised to maintain services, renew existing assets and invest in new and upgraded assets.

As provided for within the Strategic Resource Plan the 2014/2015 Budget proposes a 4.95 per cent increase in rates and charges, excluding supplementary valuations, which will generate \$63.44 million. The proposed rating structure for the 2014/2015 year has been informed by the Rating Strategy 2013-2017 which took into account the recommendations of the Rating Strategy Reference Group and subsequent public comment received regarding what is an equitable distribution of the rates burden between categories of ratepayers.

Due to proposed changes to the rating structure the rates paid by some property types will increase while the rates paid by other properties will decrease as detailed in the table below which shows the impacts of changes on median valued properties from the 2013/2014 annualised figures:

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

RATES AND CHARGES	Median CIV	Total Declared 2014/2015	Change from 2013/2014 Annualised		Per week
RESIDENTIAL UNIMPROVED LAND	\$116,000	\$785	\$64	9%	\$1.23
RESIDENTIAL IMPROVED LAND	\$230,000	\$1,565	\$125	9%	\$2.40
FARM LAND	\$374,000	\$1,825	\$86	5%	\$1.65
RURAL RESIDENTIAL LAND	\$343,000	\$2,098	\$177	9%	\$3.40
COMMERCIAL UNIMPROVED LAND	\$369,000	\$3,717	\$789	27%	\$15.17
COMMERCIAL IMPROVED 1 LAND	\$310,000	\$3,410	(\$208)	(6%)	(\$4.00)
COMMERCIAL IMPROVED 2 LAND	\$880,000	\$8,536	(\$1,016)	(11%)	(\$19.54)
COMMERCIAL IMPROVED 3 LAND	\$145,500	\$1,610	\$39	2%	\$0.75
INDUSTRIAL UNIMPROVED LAND	\$231,500	\$2,421	\$371	18%	\$7.13
INDUSTRIAL IMPROVED 1 LAND	\$336,000	\$3,470	(\$103)	(3%)	(\$1.98)
INDUSTRIAL IMPROVED 2 LAND	\$1,430,000	\$13,722	(\$2,450)	(15%)	(\$47.12)
INDUSTRIAL IMPROVED 3 LAND	\$206,500	\$2,185	\$104	5%	\$2.00
RECREATIONAL LAND	\$1,380,000	\$4,987	\$473	10%	\$9.10

The 2014/2015 Budget provides for an Operating Surplus of \$9.24 million.

The 2014/2015 Schedule of Fees and Charges was adopted by Council at its Ordinary Meeting on 20 May 2014. It is budgeted that the adopted fees and charges will raise \$20.68 million during the 2014/2015 financial year. A list of amendments to the adopted Schedule of Fees and Charges is included in the 2014/2015 Budget as Appendix F.

To improve the understanding of the range and cost of the functions performed by Council the 2014/2015 Budget incorporates a Program Budget which details purpose, influences, challenges, Council Plan links and service reduction/growth areas for each Council function. This is included in the 2014/2015 Budget as Appendix D.

The Draft 2014/2015 Budget was endorsed by Council on 17 June 2014. Public notice was given on 20 June 2014 and submissions invited. Community information sessions were held to explain key elements of the Draft 2014/2015 Budget and to outline the submission process. The submission period ended on 18 July 2014 and six submissions were received. One of the written submitters elected to be heard at a Special Council Meeting on 22 July 2014.

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

The submissions ranged in content however generally contained the following themes:

	Submission themes	Management Comment
1	Request for an appropriate security fence for the Shepparton Heritage Centre	<ul style="list-style-type: none"> <li>• A budget bid had been put forward in consideration for the 2015/2016 capital works program</li> </ul>
2	Concern about the high percentage of every dollar consumed by Governance and Admin costs (as displayed in Shepparton News advertisement 27/6/14)	<ul style="list-style-type: none"> <li>• Due to an administrative error the incorrect graph was published which wrongly included over \$20 million in depreciation as a Governance and Administration cost whereas in previous years where it had been allocated across all service areas</li> <li>• The 'how \$100 is spent' graph has been revised and correctly shows Governance and Administration at \$15.93 (\$15.45 for 2013/2014) and shows Depreciation separately at \$13.35</li> </ul>
3	Displeasure in the quantum rate increase over the last 5 years. Belief that current residential rate increases are unsustainable.	<ul style="list-style-type: none"> <li>• The average increase in total rates and charges over the past 5 years has been 5.76%</li> <li>• Changes in Capital Improved Values (revalued every two years) and movements in the rating differentials will also impact the level of rate increases for each individual ratepayer</li> </ul>
4	Concern over the Cultural and Recreational Land differential being too high in comparison with other Victorian Municipalities.	<ul style="list-style-type: none"> <li>• Council has benchmarked the Cultural and Recreational Land differential across various regional municipalities.</li> <li>• Greater Shepparton is 73% of the general rate and while not the highest (96% Swan Hill, 85% Warrnambool, 76% Benalla) it is above the average of the sample size of 60%.</li> </ul>
5	Concern that five priority projects put forward by the Tatura Community Plan Committee appear to have been dismissed and replaced with three projects the Committee had no consultation. Request to reconsider projects to include one or two of the priority projects put forward by the Committee.	<ul style="list-style-type: none"> <li>• The Draft 2014/2015 Capital Budget includes Ferguson Road reconstruction works (allowed for in the Sealed Roads program) which covers one of the high priority projects put forward by the Committee</li> <li>• Consideration of other priority projects submitted by the Committee will be undertaken at the Mid Year Budget Review</li> </ul>

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

	Submission themes	Management Comment
6	Does not support the proposed rate increase as raising rates is not sustainable. Believes Greater Shepparton is high when compared to other regional city councils. The default position of Council should not be to raise rates.	<ul style="list-style-type: none"> <li>• Council has a number of internal and external influences which impacts the level of income required to cover all expenses</li> <li>• Such pressures include declining funding from other levels of Government, including the freeze on indexation for Federal Assistance Grants, growth in demand for services and the demand for infrastructure renewal</li> <li>• Comparing the relativity of rating levels between Councils can be a difficult exercise as the needs and wants for each community is different which influences the rates set by each Council</li> </ul>
7	Support for Council's plan to undertake Service Planning.	<ul style="list-style-type: none"> <li>• Service Planning will be undertaken as part of the Goulburn Valley Collaborative Regional Alliance which includes Greater Shepparton and Strathbogie councils</li> <li>• The Alliance has tendered for a Service Planning program which will enable both Councils to comprehensively assess and plan for future services delivery</li> </ul>
8	Request for more of the proposed budget to go towards maintaining and improving current infrastructure and facilities. Hopes future budgets will plan and reduce renewal backlog before funding new projects or new services.	<ul style="list-style-type: none"> <li>• The Draft 2014/2015 Capital Works budget proposes \$18.8 million on asset renewal which represents 75% of the estimated required renewal funding</li> <li>• The adopted Strategic Resource Plan has the strategic direction to "Adopt a program to achieve the annual allocation of funds to meet the community's infrastructure renewal needs before it elects to construct new assets".</li> </ul>
9	More needs to be allocated to reduce the costs of utilities.	<ul style="list-style-type: none"> <li>• Council is undertaking a number of projects that will assist in easing pressure of rising utility costs including the "Watts Working Better" Street Lighting retrofit program and the Aquamoves Co-Generation project</li> <li>• Existing activities include the Cosgrove methane flare which generates electricity back into the grid to supply around 800 households</li> <li>• Council is also looking to develop and implement an Energy Management Plan as well as a Climate Change Adaptation Plan. More detail is provided in Council's Draft Environmental Sustainability Strategy</li> </ul>

#### 4. BUSINESS DIRECTORATE

##### 4.1 2014/2015 Budget (continued)

	<b>Submission themes</b>	<b>Management Comment</b>
10	Request for a reduction in the amount spent on advertising/promotion activities	<ul style="list-style-type: none"> <li>• The Greater Shepparton community has the right to be fully informed regarding Council priorities, projects and processes and the benefits these provide to individuals and the broader community</li> <li>• Council also needs to understand what the community and customers value, now and into the future, and use this to drive organisational design, strategy and services</li> <li>• The advertising/promotion activities help to ensure members of the community are fully aware, informed and engaged in Council activities</li> </ul>
11	Requests the re-introduction of the lump sum early payment discount	<ul style="list-style-type: none"> <li>• The introduction of the State Government Fire Services Levy restricted Council's ability to apply an incentive for early payment</li> <li>• The State Government legislation does not allow for any incentive for early payment of the Fire Services Levy</li> <li>• To provide a discount on Council rates and not the Government's levy would be administratively cumbersome, potentially costly and therefore provide no benefit to Council</li> </ul>
12	Concern over excessive rates and charges and that the Draft 2014/2015 budget figures are 'misleading'.	<ul style="list-style-type: none"> <li>• Throughout the year Council receives additional revenue from supplementary valuations such as new builds or capital improvements</li> <li>• Total rates and charges on existing properties is equal to 4.95% and is calculated on an annualised basis (i.e. based on income that would have been received if supplementary properties were for a full twelve month period).</li> <li>• While they are difficult to predict, the final number of supplementary properties will impact the total figure of rates and charges revenue collected</li> <li>• In consideration of this an allowance has been made above the 4.95% and is in line with the assumptions of the adopted strategic resource plan</li> </ul>

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

	Submission themes	Management Comment
13	Concern over the forecast actual performance of 2013/2014 against the original 2013/2014 budget	<ul style="list-style-type: none"> <li>• Performance against budget is reported monthly to Council, as well as quarterly budget reviews, and provides explanation for all significant variances</li> <li>• Variances to budget in 2013/2014 have come from a number of sources including transfers of income and expenditure from the capital budget to the operating budget as well as the receipt of grants not in the original budget</li> <li>• It is important to remember a Budget is a forecast, in some cases estimating amounts 18 months in advance</li> </ul>
14	Request that Council look to reduce the need for borrowings and rate increases by instead identifying operational efficiency savings	<ul style="list-style-type: none"> <li>• The adopted Strategic Resource Plan has the strategic objective to “Examine the use of loan funding within limits to fund new or significantly upgraded major assets that provide broad community benefit and intergenerational equity”. The proposed borrowings are to be used for the Greater Shepparton Regional Sports Precinct Project which meets this criteria</li> <li>• Service Planning will be undertaken as part of the Goulburn Valley Collaborative Regional Alliance which will determine the range and demand for services now and into the future and how they can be delivered in a manner that is financially sustainable</li> </ul>
15	Request that Council reviews past performance on Capital Works budgets against the proposed program for 2014/2015	<p>Council agrees that in the past there have been problems in the timely delivery of the capital works program. To address this issue, we have reconfigured our Engineering Services Team and created a Project Management Office, implemented a new Project Governance and Management methodology including new systems and resources to support project managers and included project planning and delivery key performance indicators into our accountability framework.</p> <p>In 2013/14, this has resulted in significant improvement in the planning, estimation and delivery of capital works and continued focus in 2014/15 will result in further improvements in this important area of council performance.</p>

All written submissions received were distributed to Councillors.

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

#### **2014/2015 Capital Budget**

The 2014/2015 Budget provides for a \$37.42 million capital works program. Funding sources include \$23.53 million from Council operations, cash reserves and investments and \$5.89 million from external grants and cash contributions.

An additional \$2 million in borrowings is proposed in the 2014/2015 Budget to fund Council's contribution to the Greater Shepparton Regional Sports Precinct project.

The proposed capital works program includes:

#### Roads and Drains

- Verney Road – Ford Road to Balaclava Road \$2.11 million
- Roads to Recovery Program \$1.45 million
- Urban and Rural Drainage renewal program \$0.80 million
- Kerb and Channel Renewal works \$0.58 million
- Aquamoves Car Park Redevelopment \$0.40 million
- Nixon Street and Welsford Street intersection works \$0.37 million

#### Open space & Recreation

- Shepparton Sporting Precinct redevelopment \$5.31 million
- Katandra West Community Centre \$1.3 million
- Mooroopna Recreation Reserve Power Upgrade \$0.32 million
- Mooroopna Community Storage Shed \$0.30 million

#### Buildings

- Building renewal works \$2.30 million
- Tatura Park Outdoor Arena Roof Structure \$0.63 million
- Philippine House Restoration \$0.30 million

#### Other

- Plant Purchases \$3.31 million
- Information Technology equipment renewals \$1.07 million
- Saleyards upgrades and renewals \$0.54 million
- Pine Lodge Cemetery Expansion \$0.50 million
- Ferrari Park, Mooroopna and Toolamba Public Toilets \$0.47 million

Incorporated in the capital works program is \$18.79 million for renewal works. As part of the further development of its asset management system, Council is continuing to move from allocating renewal funding based on accounting depreciation expense to the prioritisation of renewal works based on assessed condition.

#### **External Influences**

In preparing the 2014/2015 Budget, a number of external influences have been taken into consideration, as they impact significantly on the services delivered by the Council in the budget period. These include:

- Consumer Price Index (CPI) of 3.0 per cent per annum (as at June 2014)
- MAV Local Government cost index of 3.4 per cent per annum for 2013/2014
- Average growth within Greater Shepparton of one per cent per annum which impacts the demand on Council services, infrastructure and Council costs associated with residential developments.



## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

- State and Federal grants decreasing in real terms as the current trend of grants being indexed to CPI or less continues and in some cases indexation is even being frozen. This means that each year government grants are not keeping pace with the cost to Council of delivering services.
- Increase of 10 per cent (or \$2.70 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs. The municipal levy has increased from \$7 per tonne in 2008/2009 to \$29.30 per tonne in 2014/2015 (318 per cent increase in 6 years). The industrial levy has increased from \$13 per tonne in 2008/2009 to \$51.30 per tonne in 2014/2015 (295 per cent increase in 6 years).
- Fuel and associated products pricing expected to remain high based on worldwide demand
- Prevailing economic conditions faced across the community
- Potential additional employer contributions to the defined benefit superannuation scheme. An amount of \$350,000 will be set aside each year to offset any future calls should they arise.
- From 1 July 2014 the Superannuation Guarantee will increase from 9.25 per cent to 9.5 per cent progressively rising to 12 per cent by 2023.
- From 1 July 2013, the Victorian Government introduced the Fire Services Property Levy to be collected by Council and immediately passed on to the Victorian Government. The levy is payable by all rateable and non-rateable property owners.
- Council also collects other fees of behalf of the State including Building Permit Levy's and some Aged Services.

#### **Internal Influences**

As well as external influences, there are a number of internal influences which have a significant impact on the preparation of the 2014/2015 Budget. These matters have arisen from events occurring in the 2013/2014 year resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2014/2015 year. These matters and their financial impact are set out below:

- The Council's Strategic Resource Plan provides strategic direction on financial sustainability and guides the development of the 2014/2015 Budget. This will assist Council to maintain a low risk financial sustainability rating as assessed by the Victorian Auditor General.
- 4.95 per cent rates and charges increase on the existing capital improved value of properties to fund services and infrastructure.
- As included in the Council's Strategic Resource Plan, discretionary user fees and charges collected are projected to increase by 3.5 per cent annually, which includes inflation of 2.5 per cent and growth of 1 per cent.
- Negotiations are currently being held for a new Enterprise Bargaining agreement to replace the existing agreement which increases 30 June 2014. In lieu of this agreement, the budget is based on Strategic Resource Plan projections of 3.25% for an Enterprise Bargaining increase from 1 July 2014. The budget also takes into account banding level increments and additional staff resources to meet growth and demand.
- The estimated average annual infrastructure renewal required is over \$23 million per year, which is \$4 million greater than the budgeted 2014/2015 renewal funding of \$18.8 million.

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

#### Amendments

The following table summarises proposed amendments to the 2014/2015 Budget for Council's consideration, which can also be found in Appendix G of the 2014/2015 Budget.

Item	Amendment
Appendix F - Schedule of Fees and Charges	<ul style="list-style-type: none"> <li>• Sports Fields, Deakin Reserve – GVFL Prelim and Grand Final fee - \$5,320 inc GST (2013/2014 \$4,840);</li> <li>• Sports Fields, Deakin Reserve – Extra Event fee - \$665 inc GST (2013/2014 \$605);</li> <li>• Sports Fields (Regular Use), Howley Oval II, Kialla Recreation Reserve Oval II, John Gray Oval to be classified as “2 star” and to be charged an hourly rate of \$19.50 inc GST (2013/2014 \$19.11); and</li> <li>• \$100 inc GST for Weddings in Council Parks (New fee).</li> </ul>
Other Amendments	<ul style="list-style-type: none"> <li>• Page 29 – External Influences - Consumer Price Index (CPI) of 3 per cent per annum as at June 2014 (previously reported March 2014 figure of 2.9 per cent)</li> <li>• Page 51 – Budgeted Balance Sheet – fixed incorrect current liability balances for Trust Funds and Interest Bearing Liabilities.</li> <li>• Page 58 – Financial Performance Indicators – revised calculations for the following indicators:               <ol style="list-style-type: none"> <li>a) Unrestricted cash compared to current liabilities (calculations assigned to wrong financial year);</li> <li>b) Loans and borrowings compared to rates (principal payments were excluded from original calculations); and</li> <li>c) Rates compared to adjusted underlying revenue (calculations were overstated).</li> </ol> </li> <li>• Page 95 – Appendix C Statutory Disclosures – Section 2.10 – estimated total amount to be raised by rates and charges updated to match figures reported in Section 4.2.1 Rates and Charges, Section 9 Rating Information and Appendix A – Budgeted Standard Statements.</li> <li>• Other minor amendments have been made such as summation and grammatical errors which do not alter the substance of the 2014/2015 Budget.</li> </ul>

#### Council Plan/Service Performance Outcome and Financial Performance Indicators

The 2014/2015 Budget is consistent with the five strategic goals of the Council Plan which include:

1. Active & Engaged Community (Social)
2. Enhancing the Environment (Natural)
3. Economic Prosperity (Economic)
4. Quality Infrastructure (Built)
5. High Performing Organisation (Leadership & Governance)

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

The 2014/2015 Budget also includes 13 Service Performance Outcome indicators and 12 Financial Performance indicators as required by the *Local Government (Planning and Reporting) Regulations 2014 No. 17*. The final outcomes of these indicators will be reported in the 2014/2015 audited annual report.

#### Risk Management

A well planned budget will reduce the risk that Council will not be able to provide the services expected and required by the community.

Risks	Likelihood	Consequence	Rating	Mitigation Action
Failure to comply with the Local Government Act 1989	Unlikely	1	High	Recommendation for Council to authorise the provision of public notice for the 2014/2015 Budget
Operating surplus not achieved	Possible	3	Medium	Monthly and Quarterly Budget Reviews reported to Council
Capital works budget not delivered within the financial year	Possible	3	Medium	Project bids and cost estimates have been reviewed

#### Policy Considerations

There are no conflicts with Council policy. The annual budget resources the Council Plan to enable the outcomes in the Council Plan to be achieved, including Council policies.

#### Financial Implications

The full financial implications are outlined in the background section of this report and within the attachments.

	2013/2014 Forecast	2014/2015 Budget	Variance \$	Comments
Revenue	115,300,000	119,973,000	4,673,000	4.1 per cent increase
Expense	111,109,000	110,729,000	380,000	0.3 per cent decrease
Net Result	4,191,000	9,244,000	5,053,000	121 per cent increase

#### Legal/Statutory Implications

The 2014/2015 Budget has been prepared in accordance with the requirements of the *Local Government Act 1989 (Act)* and the *Local Government (Planning and Reporting) Regulations 2014 No. 17*.

In accordance with section 127 of the Act, Council must prepare a Budget for each financial year. The Council must ensure that the budget contains:

- the standard statements in the form and containing the matters required by the regulations;
- a description of the activities and initiatives to be funded in the budget;
- a statement as to how the activities and initiatives will contribute to achieving the strategic objectives specified in the Council Plan;

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

- d) separately identified Key Strategic Activities to be undertaken during the financial year and performance targets and measures in relation to each Key Strategic Activity;
- e) any other details required by the regulations.

Sections 9 and 10 of the *Local Government (Planning and Reporting) Regulations 2014 No. 17* further stipulates:

#### 9 The financial statements

For the purposes of section 127(2)(a) of the Act, the financial statements included in a budget or revised budget must—

- (a) contain a statement of capital works for the financial years to which the financial statements relate; and
- (b) be in the form set out in the Local Government Model Financial Report.

#### 10 Other information to be included

(1) For the purposes of sections 127(2)(e) and 128(3) of the Act, a budget or revised budget must contain the following information in relation to the financial year to which the budget or revised budget relates—

- (a) a detailed list of capital works expenditure—
  - (i) in relation to non-current assets classified in accordance with the model statement of capital works in the Local Government Model Financial Report; and
  - (ii) set out according to asset expenditure type;
- (b) a summary of funding sources in relation to the capital works expenditure referred to in paragraph a), classified separately as—
  - (i) grants; and
  - (ii) contributions; and
  - (iii) Council cash; and
  - (iv) borrowings;
- (c) a statement of human resources;
- (d) a summary of expenditure in relation to the human resources referred to in the statement of human resources, categorised according to the organisational structure of the Council and classified separately as—
  - (i) permanent full time; or
  - (ii) permanent part time;
- (e) a summary of the number of full time equivalent Council staff referred to in the statement of human resources, categorised according to the organisational structure of the Council and classified separately as—
  - (i) permanent full time; and
  - (ii) permanent part time;
- (f) a list of grants by type and source, classified as—
  - (i) recurrent grants to be used to fund operating expenditure; or
  - (ii) recurrent grants to be used to fund capital expenditure; or
  - (iii) non-recurrent grants to be used to fund operating expenditure; or
  - (iv) non-recurrent grants to be used to fund capital expenditure;

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

- (g) the total amount borrowed as at 30 June of the financial year compared with the previous financial year;
- (h) the following information in relation to borrowings (other than borrowings to refinance existing loans)—
  - (i) in a budget that has not been revised, the total amount to be borrowed during the financial year compared with the previous financial year; or
  - (ii) in a revised budget, any additional amount to be borrowed compared with the budget or the most recent revised budget (as applicable);
- (i) the total amount projected to be redeemed during the financial year compared with the previous financial year.

In accordance with Section 158 of the Act Council must ensure that the budget also contains the amount which the Council intends to raise by general rates, municipal charges, service rates and service charges. In accordance with section 161(2) of the Act, if Council declares a differential rate for any land, the Council must:

- (a) specify the objectives of the differential rate which must include the following:
  - (i) a definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate in relation to those types or classes of land;
  - (ii) an identification of the types or classes of land which are subject to the rate in respect of the uses, geographic location (other than location on the basis of whether or not the land is within a specific ward in the Council's municipal district) and planning scheme zoning of the land and the types of buildings situated on it and any other criteria relevant to the rate;
  - (iii) if there has been a change in the valuation system, any provision for relief from a rate for certain land to ease the transition for that land; and
- (b) specify the characteristics of the land which are the criteria for declaring the differential rate.
  - (2A) A Council must have regard to any Ministerial guidelines made under subsection (2B) before declaring a differential rate for any land.
  - (2B) The Minister may, by notice published in the Government Gazette, make guidelines for or with respect to-
    - (a) the objectives of differential rating;
    - (b) suitable uses of differential rating powers;
    - (c) the types or classes of land that are appropriate for differential rating.
- (3) A Council which declares a differential rate must ensure that copies of the following information are available on its Internet website and for public inspection at the Council office:
  - (a) the definition of the types or classes of land which are subject to the rate;
  - (b) the objectives of the differential rate;
  - (c) the rate and amount of rates payable in relation to each type or class of land and what proportion of the total rates and charges this represents;
  - (d) any other information which the Council considers it necessary to make available.

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

- (4) On the recommendation of the Minister, the Governor in Council may by Order in Council prohibit any Council from making a declaration of a differential rate in respect of a type or class of land, if the Minister considers that the declaration would be inconsistent with any guidelines made under subsection (2B).
- (5) The highest differential rate in a municipal district must be no more than 4 times the lowest differential rate in the municipal district.

Section 10 of the *Local Government (Planning and Reporting) Regulations 2014 No. 17* further stipulates:

- (2) For the purposes of sections 127(2)(e) and 128(3) of the Act, a budget or revised budget must contain the following information in relation to the financial year to which the budget or revised budget relates—
  - (a) if Council declares general rates under section 158 of the Act, the rate in the dollar to be levied for each type or class of land;
  - (b) the percentage change in the rate in the dollar to be levied for each type or class of land compared with the previous financial year;
  - (b) the estimated amount to be raised by general rates in relation to each type or class of land compared with the previous financial year;
  - (d) the estimated amount to be raised by general rates compared with the previous financial year;
  - (e) the number of assessments in relation to each type or class of land compared with the previous financial year;
  - (f) the number of assessments compared with the previous financial year;
  - (g) the basis of valuation to be used under section 157 of the Act;
  - (h) the estimated value of each type or class of land compared with the previous financial year;
  - (i) the estimated total value of land rated under section 158 of the Act compared with the previous financial year;
  - (j) the municipal charge under section 159 of the Act compared with the previous financial year;
  - (k) the percentage change in the municipal charge compared with the previous financial year;
  - (l) the estimated amount to be raised by municipal charges compared with the previous financial year;
  - (m) the rate or unit amount to be levied for each type of service rate or charge under section 162 of the Act compared with the previous financial year;
  - (n) the percentage change for each type of service rate or charge compared with the previous financial year;
  - (o) the estimated amount to be raised by each type of service rate or charge compared with the previous financial year;

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

- (p) the estimated total amount to be raised by service rates and charges compared with the previous financial year;
- (q) the estimated total amount to be raised by all rates and charges compared with the previous financial year;
- (r) any significant changes that may affect the estimated amounts referred to in this subregulation to be raised.

Section 130 of the *Local Government Act 1989* stipulates:

- (1) A Council may adopt a budget or revised budget if it has complied with all of the relevant requirements of this Act relating to Budgets and revised budgets.
- (2) The Council must give public notice of its decision under subsection (1).
- (3) The Council must adopt the budget by 31 August each year.
- (4) The Council must submit a copy of the budget to the Minister by 31 August each year.
- (5) The Minister may extend the period within which a Council must comply with subsection (4).
- (6) If a Council fails to submit a copy of the budget to the Minister within the time allowed, the Secretary must ensure that the details of the failure are published in the annual report of the Department.
- (7) A Council must give the Minister any details concerning its budget or revised budget that the Minister requests.
- (8) A council must comply with subsection (7)-
  - (a) within 14 days of receiving a request in writing for the details from the Minister;
  - or
  - (b) within any longer period specified by the Minister in the request.
- (9) A copy of the budget or revised budget must be available for inspection by the public at-
  - (a) the Council office and any district offices; and
  - (b) any other place required by the regulations.

#### **Environmental/Sustainability Impacts**

Environmental and sustainability impacts have been considered when developing the 2014/2015 Budget.

#### **Social Implications**

The 2014/2015 Budget provides resources for the implementation of various strategies, plans, works and the delivery of services required to achieve the objectives of the Council plan including an active and engaged community.

#### **Economic Impacts**

The boost from the Greater Shepparton Regional Sports Precinct Project is important with \$5.31 million of infrastructure works proposed for the 2014/2015 financial year to encourage economic activity.

#### **Consultation**

The 2014/2015 Budget has taken into account the goals and strategies of the Council Plan 2013-2017 and the strategic directions of the Strategic Resource Plan.

Public notice was given in the Shepparton News on Friday 20 June 2014 that Council's Draft 2014/2015 Budget had been prepared and was available for inspection on Council's website, or at Council's offices in Welsford Street and Doyles Road and that

## 4. BUSINESS DIRECTORATE

### 4.1 2014/2015 Budget (continued)

written submission were invited in accordance with Section 223 of the *Local Government Act 1989*.

Six submissions were received by 5.00pm Friday 18 July 2014. One verbal submission was heard at a Special Council Meeting on Tuesday 22 July 2014.

In addition to the statutory notice a number of budget community forums were held in:

- Tatura Ballantyne Centre, Monday 30 June, 6pm to 8pm
- Shepparton Eastbank Centre, Wednesday 2 July, 6pm to 8pm
- Mooroopna Community Hub, Monday 7 July, 6pm to 8pm
- Dookie Recreational Reserve, Wednesday 9 July, 6pm to 8pm

It should also be noted that the 2014/2015 Budget provides funding for nominated projects and where appropriate further community consultation will occur throughout the year specific to each project.

Level of public participation	Promises to the public/stakeholders	Examples of techniques to use
Inform	Keep informed	<ul style="list-style-type: none"> <li>• Media Releases</li> <li>• Social Media</li> <li>• Radio</li> <li>• Council Website</li> </ul>
Consult	Inform, Listen, Acknowledge	<ul style="list-style-type: none"> <li>• Information forums</li> <li>• Public submissions</li> <li>• Hearing of submissions</li> </ul>

### **Strategic Links**

#### a) Greater Shepparton 2030 Strategy

The 2014/2015 Budget is linked to the *Greater Shepparton 2030 Strategy* via the Council Plan 2013-2017.

#### b) Other strategic links

The 2014/2015 Budget is linked to the Council Plan by the funding of the Strategic Objectives contained in the Council Plan.

### **Options for Consideration**

1. That the Council adopt the 2014/2015 Budget. Recommended.

Adoption will enable the 2014/2015 Budget to be submitted to the Minister by 31 August 2014 in accordance with section 130 of the *Local Government Act 1989*.

2. That the Council defer the adoption of the 2014/2015 Budget. Not recommended.

The Minister may extend the period within which a Council must submit a budget to the Minister after 31 August, however, if a Council fails to submit a copy of the budget to the Minister by 31 August it is to be reported in the annual report of the Department. Any deferral would also have implications for the first instalment due date for rates notices which is currently 30 September 2014.



## **4. BUSINESS DIRECTORATE**

### **4.1 2014/2015 Budget (continued)**

#### **Conclusion**

The 2014/2015 Budget is presented for adoption.

#### **Attachments**

2014/2015 Budget Page 25

**MEETING CLOSED AT 5.42PM**