

# AGENDA

FOR THE  
GREATER SHEPPARTON CITY COUNCIL

## SPECIAL COUNCIL MEETING

TO BE HELD ON  
TUESDAY 23 JUNE, 2015  
AT 5.30PM

IN THE COUNCIL BOARDROOM

**COUNCILLORS:**

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

***VISION***

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



**A G E N D A  
FOR THE  
SPECIAL COUNCIL MEETING  
TO BE HELD ON  
TUESDAY 23 JUNE, 2015 AT 5.30PM**

**CHAIR  
CR DENNIS PATTERSON**

**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>
4.1	2015/2016 Budget.....	2
4.2	2015/16 to 2018/19 Strategic Resource Plan and Long Term Financial Plan .....	13
<b>5.</b>	<b>URGENT AND OTHER BUSINESS NOT INCLUDED ON THE AGENDA .....</b>	<b>17</b>
<b>6.</b>	<b>CONFIDENTIAL MANAGEMENT REPORTS .....</b>	<b>17</b>
6.1	Designation of Confidentiality of Information .....	17
6.2	Contract No 1588 - Kerbside Waste, Recyclables and Organics Collection 2015.....	17
6.3	Contract No. 1589 - Recyclables Acceptance and Sorting 2015 .....	17
6.4	Contract No. 1590 - Kerbside and other Organics Acceptance and Processing 2015 .....	17
6.5	Reopening of the Council Meeting to Members of the Public .....	17

## 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:**

**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**

**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 2015/2016 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): Director Business**

**Approved by: Director Business**

#### **Executive Summary**

The report presents the 2015/2016 Budget for Adoption.

The Draft 2015/2016 Budget was endorsed by Council on 28 April 2015. Public notice was given on 1 May 2015 and submissions invited. The submission period ended on 29 May 2015 and eighteen submissions were received. Four of the written submitters elected to be heard at a Special Council Meeting on 9 June 2015.

As provided for within the Strategic Resource Plan, the 2015/2016 Budget proposes a 4.95 per cent increase in rates and charges, excluding supplementary valuations. The proposed rating structure for 2015/2016 has been informed by the Rating Strategy 2013-2017 which takes into account the recommendations of the Rating Strategy Reference Group and community input.

### **RECOMMENDATION**

That the Council having publicly advertised the preparation of the 2015/2016 Budget and considered the submissions adopt the 2015/2016 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 2015/2016 financial year:

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

An amount of \$67,067,305 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                  | \$51,629,768 |
| • Municipal Charges              | \$7,263,000  |
| • Annual Services Charges        | \$8,126,552  |
| • Cultural and Recreational Rate | \$47,985     |

#### **2. General rates**

- 2.1. A general rate be declared in respect of the 2015/2016 rating year, being the period 1 July 2015 to 30 June 2016.

## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

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 B 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 B of the budget document) by the relevant rate in dollar indicated as follows:

<u>Category</u>	<u>Rate in the \$</u>
Residential Unimproved Land	0.00497712
Residential Improved Land	0.00497712
Farm Land	0.00447940
Rural Residential Land	0.00497712
Commercial Unimproved Land	0.00995423
Commercial Improved 1 Land	0.01080034
Commercial Improved 2 Land	0.00995423
Commercial Improved 3 Land	0.00995423
Industrial Unimproved Land	0.00995423
Industrial Improved 1 Land	0.01015332
Industrial Improved 2 Land	0.00995423
Industrial Improved 3 Land	0.00995423

### **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 0.00363295 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  
 2 Fairway Drive MOOROPNA  
 15 Golf Drive SHEPPARTON  
 55 Rudd Road SHEPPARTON  
 7582 Goulburn Valley Highway KIALLA

## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

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

4.1. In accordance with section 159 of the *Local Government Act 1989*, declare a municipal charge for 2015/2016 for the purposes of covering some of the administrative costs of Council.

4.1.1. The municipal charge be \$250.00 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 2015/2016 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 - \$168.00\*\* 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 - \$224.00\*\* 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 - \$372.00\*\* 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 2015/2016 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 - \$78.00\*\* 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.

5.3. In accordance with section 162 of the *Local Government Act 1989*, declare an annual service charge for 2015/2016 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 - \$78.00\*\* per service



## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

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 That 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*.

8.2 Authorise borrowings of \$4.436 million during the 2015/2016 financial year for the Greater Shepparton Regional Sports Precinct; and

b) 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.

### **Background**

The 2015/2016 Budget has been prepared in accordance with the requirements of the *Local Government Act 1989*.

Council has updated its Strategic Resource Plan 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.

## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

#### 2015/2016 Budget Forecast

As provided for within the Strategic Resource Plan the 2015/2016 Budget proposes a 4.95 per cent increase in rates and charges, excluding supplementary valuations, which will generate \$67.07 million. The proposed rating structure for the 2015/2016 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.

The 2015/2016 Budget provides for an Accounting Surplus of \$9.11 million with budgeted total income of \$125.70 million and total expenses of \$116.58 million.

Excluding non-recurrent capital grants, capital contributions and non-monetary asset contributions, the budgeted Adjusted Underlying Deficit is \$2.36 million.

#### Public Submissions

The Draft 2015/2016 Budget was endorsed by Council on 28 April 2015. Public notice was given on 1 May 2015 and submissions invited. The submission period ended on 29 May 2015 and eighteen submissions were received. Four of the written submitters elected to be heard at a Special Council Meeting on 9 June 2015.

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

	Submission themes	Times raised	Management comment
1	Request for an appropriate security fence for the Shepparton Heritage Centre	1	<ul style="list-style-type: none"> <li>Propose to include \$25,000 in the capital works program for design and installation of security fence in 2015/16.</li> </ul>
2	Excessive rates and charges, excessive cost increases compared to budget, excessive staff increases.	2	<ul style="list-style-type: none"> <li>Since 2013/14 increases in the total rates and charges, excluding supplementaries, have been set at a consistent 4.95%. This is as per the adopted Strategic Resource Plan which aims to position Council as low risk in a number of Victorian Auditor General financial indicators.</li> <li>Council adopts quarterly budget reviews (revised forecasts) which explains deviations from the adopted budget. These reports are published as part of the Council meeting agendas and minutes and are available to the public.</li> </ul> <p>The March Quarter Budget Review (21 April 2015 Ordinary Council Meeting) forecast an accounting deficit of \$1.23 million compared to the adopted budget accounting surplus of \$9.24 million.</p>

## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

			<p>This \$10.48 million variance is not due to excessive cost increases but rather \$2.84 million in rebates for the Building Better Regional Cities Project being brought forward from future years, \$1.84 million in expenditure for the Watts Working Better street lighting project relating to funds received in prior years as well as increases in non-cash items such as \$6.59 million in the written down value of removed assets and \$1.53 million in the depreciation expense.</p> <p>The 2015/2016 budget document has been updated with the adopted March Quarter forecasts.</p> <ul style="list-style-type: none"> <li>• Council's Strategic Resource Plan projects an annual growth in staff numbers of 0.5%. The 2015/2016 clearly states the 2014/2015 forecast/actual excludes positions that are vacant as at the time of budget development and that the 2015/2016 budget assumes all approved positions are filled. This should not be mistaken for an excessive increase in staff numbers.</li> </ul>
3	Request for lighting of western side of Victoria Park Lake. Highlights health and safety concerns and community well-being benefits. Proposed replacement of feature lighting of Telstra tower.	13	<ul style="list-style-type: none"> <li>• Propose to include \$50,000 for design and investigation of lights on western side of Victoria Park Lake in the 2015/2016 capital works program with installation in future years.</li> </ul>
4	Disappointed to see increase in parking fees. Believes Shepparton Show Me (SSM) should focus more on attracting patrons to CBD. Would like to see SSM fees diverted into free parking.	1	<ul style="list-style-type: none"> <li>• The proposed fee increase for 2015/2016 of 10 cents per hour follows a zero increase in 2014/2015.</li> </ul>

All written submissions received were distributed to Councillors.

## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

#### 2015/2016 Capital Budget

The 2015/2016 Budget provides for a \$40.1 million capital works program. Funding sources include \$27.72 million from Council operations, cash reserves and investments and \$7.95 million from external grants and cash contributions.

An additional \$4.436 million in borrowings is proposed in the 2015/2016 Budget to fund Council's contribution to the Greater Shepparton Regional Sports Precinct project.

The proposed capital works program includes:

- Greater Shepparton Regional Sports Precinct (\$9.24 million)
- Cosgrove 3 landfill site design and construction (\$6.18 million)
- Verney Road Stage 2 – Hawkins Street to Graham Street (\$3.32 million)
- Renewal works at Aquamoves centre changerooms and car park (\$2.49 million)
- Upgrade works to drainage in Shepparton East (\$1.01 million)
- Expanding the Regional Saleyards salepens and walkways (\$0.82 million)
- Finance systems replacement (\$0.82 million)

#### Amendments

The following table summarises proposed amendments to the 2015/2016 Budget for Council's consideration, which can also be found in Appendix F of the 2015/2016 Budget.

Item	Amendment
Appendix D - Schedule of Fees and Charges	<ul style="list-style-type: none"> <li>• Shepparton Showgrounds – Open Space Arena Commercial Use Half Day fee of \$600 inclusive of GST (Existing charge - \$400, 2014/2015)</li> <li>• Shepparton Showgrounds – Chair Hire (each) fee of \$3 inclusive of GST (Existing charge - \$4, 2014/2015)</li> <li>• Shepparton Showgrounds – Hardstand (non driving) fee of \$275 inclusive of GST (Existing charge - \$260, 2014/2015)</li> </ul>

## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

<p>Other Amendments</p>	<ul style="list-style-type: none"> <li>• The 2015/2016 Budget provides comparisons with the 2014/2015 financial year forecast.</li> </ul> <p>Due to timings the Mid Year Budget Review forecast adopted 17 February 2015 was used for the 2015/2016 Budget document that was submitted to the Council on 28 April 2015 and made available during the public submission.</p> <p>Post submissions closing 29 May 2015, all 2014/2015 financial year forecasts have been updated with March Quarter Review forecasts in the final budget document submitted for adoption.</p> <p>Comparative notes, balance sheet and statements of cash flows have also been updated accordingly for 2015/2016 and forecast for the subsequent periods.</p> <ul style="list-style-type: none"> <li>• Page 72, 269 &amp; 279 Additional sponsorship expenditure of \$40,000 was recognised in the 2015/2016 budget for local community groups and organisations.</li> <li>• Page 73 &amp; 166 – Parking Meters/Ticket Machine Fees, Due to a classification change, fee income of \$1,150,000 is reported under “User Charges/Fees” and \$100,000 is reported under "Other Income" (Previously reported under “Statutory Fees”)</li> <li>• Page 73 &amp; 269 - Grants Income (Operating) and Other Income was reduced by \$50,000 each and operating expenses were reduced by \$153,000 as the Council missed out on holding the BMX National Championship event.</li> <li>• Page 73 - Grants Income (Operating) was increased by \$2,000 to match with the Victoria Grants Commission indicative financial assistance grant allocations for 2015/2016.</li> <li>• Page 72 – The Strategic Resource Plan (SRP) projections were updated to include the proposed Shepparton Art Museum (SAM) as per the Council resolution at the Ordinary Council Meeting on 19 May 2015. Accordingly, proposed capital expenditure of \$34,500,000, Grant Income of \$20,000,000, contribution income of \$4,500,000 and borrowings of \$10,000,000 were recorded in 2018/2019 SRP projections.</li> <li>• Page 77 &amp; Appendix C - The Capital Budget was increased to included two new capital budget items, Victoria Park Lake Lighting Design \$50,000 and Shepparton Heritage Centre Fence \$25,000.</li> <li>• Page 77 &amp; Appendix C – Capital Budget - Welsford Street Upgrade (Nixon Street to Knight Street) \$712,870 and re-budget capital expenditure for Nixon St Welsford St Intersection \$270,000 were removed from the 2015/2016 budget with the projects to be included in a future budget. As a</li> </ul>
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## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

Other Amendments	<p>result total capital expenditure was reduced by \$982,870.</p> <ul style="list-style-type: none"> <li>Page 2, 56 &amp; 70 - Future years rate increases were adjusted to 4.95% in line with the updated Strategic Resource Plan. This will be reviewed once the rate capping framework is finalised by the Victorian State Government in October 2015.</li> <li>Other minor amendments have been made such as summation and grammatical errors which do not alter the substance of the 2015/2016 Budget.</li> </ul>
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### Council Plan/Service Performance Outcome and Financial Performance Indicators

The 2015/2016 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)

The 2015/2016 Budget also includes a number of Service Performance Outcome indicators and 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 2015/2016 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 2015/2016 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.

## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

	2014/2015 March Quarter Forecast	2015/2016 Budget	Variance \$	Comments
Revenue	116,497,000	125,155,000	8,658,000	7.4 per cent increase
Expense	117,732,000	116,041,000	1,691,000	1.4 per cent decrease
Net Result	(1,235,000)	9,114,000	10,349,000	

#### Legal/Statutory Implications

The 2015/2016 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*.

Section 127 of the Act provides for the preparation of the budget along with Sections 158 and 161 which covers the requirements for declaring the rates and charges.

The budget was made available for public submission as per Section 129 and 223 of the Act.

Upon adoption of the budget Council will give public notice of its decision as per Section 130 of the Act.

#### Environmental/Sustainability Impacts

Environmental and sustainability impacts have been considered when developing the 2015/2016 Budget.

#### Social Implications

The 2015/2016 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 \$9.24 million of infrastructure works proposed for the 2015/2016 financial year. A number of initiatives are also proposed in the Investment Attraction program area (refer Program Budget Appendix E) designed to encourage economic activity within the Greater Shepparton municipality.

#### Consultation

The 2015/2016 Budget has taken into account the goals and strategies of the Council Plan.

Public notice was given in the Shepparton News on Friday 1 May 2015 that Council's 2015/2016 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 written submissions were invited in accordance with Section 223 of the *Local Government Act 1989*.

Submissions were to be received by 5.00pm Friday 29 May 2015. Eighteen submissions were received. Four submissions requested to be heard at a Special Council Meeting on 9 June 2015.

## 4. BUSINESS DIRECTORATE

### 4.1 2015/2016 Budget (continued)

The Council Website and radio and newspaper advertisements were utilised to raise awareness of the 2015/2016 Budget and encourage the community to seek further information.

#### **Strategic Links**

##### a) Greater Shepparton 2030 Strategy

The 2015/2016 Budget is linked to the *Greater Shepparton 2030 Strategy* via the Council Plan 2013-2017.

##### b) Other strategic links

The 2015/2016 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 2015/2016 Budget. **Recommended.**  
This will enable Council to meet the requirements of the *Local Government Act 1989* to have the budget adopted by 30 June.
2. That the Council defer the adoption of the 2015/2016 Budget. **Not recommended.**

#### **Conclusion**

The 2015/2016 Budget is presented for adoption.

#### **Attachments**

Annual Budget 2015/2016



## 4. BUSINESS DIRECTORATE

### 4.2 2015/16 to 2018/19 Strategic Resource Plan and Long Term Financial Plan

#### **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): Director Business**

**Approved by: Director Business**

#### **Executive Summary**

This report presents to Council the Strategic Resource Plan 2015/16 to 2018/19. This provides an update to the Strategic Resource Plan 2014/15 to 2017/18 adopted by Council 24 June 2014.

The *Local Government Act 1989* requires the Council to adopt the Strategic Resource Plan not later than 30 June each year.

The 2014/2015 March Quarter forecasts have been used as the base or year 0 of the strategic resource plan.

The 2015/2016 budget is reflected as year 1 of the strategic resource plan.

### **RECOMMENDATION**

That the Council adopt the updated Strategic Resource Plan 2015/16 to 2017/18.

#### **Background**

On 24 June 2014 the Council adopted the Strategic Resource Plan (the SRP) 2014/15 to 2017/18. The SRP was prepared in accordance with section 126 of the *Local Government Act 1989*.

The purpose of the SRP is to:

- Establish a framework to manage the resources required to achieve the strategic objectives as expressed in the Council Plan;
- Provide an assessment of the resources required to achieve the strategic objectives of the Council Plan;
- Plan for the long-term financial sustainability of the Council;
- Establish a basis to measure Council's adherence to the principles of the Strategic Resource Plan; and
- Assist the Council to comply with sound financial management principles in accordance with the Act.

The SRP covers a number of key strategic areas and each chapter identifies strategic directions to be applied in the preparation of each annual Budget. It is a rolling plan that summarises the medium-term financial projections of Council. Medium-term planning is important for ensuring that Council remains financially sustainable into the future.

## 4. BUSINESS DIRECTORATE

### **4.2 2015/16 to 2018/19 Strategic Resource Plan and Long Term Financial Plan (continued)**

The SRP shows how the annual budget for the forthcoming year fits within the medium-term planning framework and demonstrates the linkage with the Council Plan strategic objectives and desired outcomes.

#### **2015/16 to 2017/18**

Included within the update to the SRP are planned borrowings of \$5.5 million over 2 years to fund Council's contribution to the multi-year Greater Shepparton Regional Sports Precinct project.

The first year of the proposed borrowings has been included in the 2015/2016 Budget which was made available for public submission from 1 May 2015 to 29 May 2015.

As resolved at the 19 May 2015 Ordinary Council Meeting, the SRP includes the proposed new Shepparton Art Museum (SAM) project. While further work is required to progress the project the estimated \$10 million borrowings, \$25 million in grants and contributions and the \$35 million in capital expenditure has been included in the 2018/19 financial year.

The chosen financial year allows the financial impact of the proposal to be visible but should not be taken as a commitment that pre-empts Council's resolution to prepare all documentation necessary to progress the new SAM project.

Financial assumptions for key revenue and expenditure types have remained largely unchanged with the exception of Employee costs which have been adjusted to reflect changes to the Superannuation Guarantee increases as well as Council's Enterprise Bargaining Agreement which was finalised in 2014/2015.

The assumption for Utilities has been decreased from 6% to 3.5% based on historical trends and is now in line with materials and contracts.

Revenue from Rates and Charges has remained at 4.95% excluding supplementaries however Council will review this assumption once the proposed rate capping framework is finalised in October 2015.

Greater Shepparton City Council faces the ongoing challenge of funding its annual infrastructure renewal demand. The SRP details the planned annual renewal demand against available capital renewal funds. The shortfall results in an infrastructure renewal gap to which strategic directions have been developed to work on reducing this gap.

Financial statements have also been included which covers the 2015/2016 to 2018/2019 period as well as a long term model for the period 2015/2016 to 2024/2015 (refer p114 of the attachment) with key indicators to show the forecast financial performance of Council over the medium to long term.

#### **Council Plan/Key Strategic Activity**

This report details the update of the Strategic Resource Plan in accordance with the *Local Government Act 1989*.

## 4. BUSINESS DIRECTORATE

### 4.2 2015/16 to 2018/19 Strategic Resource Plan and Long Term Financial Plan (continued)

#### Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Failure to comply with the Local Government Act and the new Local Government (Planning and Reporting) Regulations 2014	E	1	High	Undertake full requirements of the Act.  Undertake annual review of SRP.

#### Policy Considerations

There are no policy considerations associated with this report. The adoption of the updated Strategic Resource Plan 2015/15 to 2018/19 does not conflict with any Council policy.

#### Financial Implications

The Strategic Resources Plan addresses the financial implications. Specific financial allocations against the achievement of identified objectives will be determined in the annual budgets developed by the Council during the life of the plan.

#### Legal/Statutory Implications

Section 126 of the *Local Government Act 1989* contains the requirements for Council on the Strategic Resource Plan.

Part 2 of the *Local Government (Planning and Reporting) Regulations 2014 No. 17* and Section 7 of the *Local Government Amendment (Performance Reporting and Accountability) Act 2014* provide further requirements.

#### Environmental/Sustainability Impacts

Environmental and sustainability impacts have been considered when developing the Council Plan 2013 – 2017 strategic objectives. The Strategic Resource Plan is a plan of the resources required to achieve the strategic objectives.

#### Social Implications

The Strategic Resource Plan guides the development of the annual budget to provide 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 Council Plan 2013 – 2017 consider the Economic Impacts. The Strategic Resource Plan details the planned resources required to deliver the relevant strategic objectives.

#### Consultation

The Council undertook a wide ranging community engagement program to encourage community input into the development of the Council Plan 2013 – 2017 incorporating the Strategic Resource Plan 2013/14 – 2022/23. Community members were also given the opportunity for further input through a formal submission process in 2013 prior to the final adoption of the plan.

## 4. BUSINESS DIRECTORATE

### **4.2 2015/16 to 2018/19 Strategic Resource Plan and Long Term Financial Plan (continued)**

This report updates the adopted plan, to reflect the impact of estimated outcomes for 2014/2015 and to include proposed borrowings as described in the 2015/2016 Budget.

#### **Strategic Links**

##### **a) Greater Shepparton 2030 Strategy**

The Strategic Resource Plan 2015/16 – 2018/19 is linked to the *Greater Shepparton 2030 Strategy* via the Council Plan 2013-2017.

##### **b) Other strategic links**

The Strategic Resource Plan 2015/16 – 2018/19 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 updated Strategic Resource Plan 2015/16 to 2018/19.

**Recommended.**

This option allows Council to meet the legislative requirement of updating the Strategic Resource Plan prior to 30 June each year.

2. That the Council not adopt the updated Strategic Resource Plan 2015/16 to 2018/19.

**Not Recommended.**

#### **Attachments**

Strategic Resource Plan 2015/16 to 2018/19

**5. URGENT AND OTHER BUSINESS NOT INCLUDED ON THE AGENDA**

**6. CONFIDENTIAL MANAGEMENT REPORTS**

**6.1 Designation of Confidentiality of Information**

**RECOMMENDATION**

That the Council:

1. pursuant to sections 89(2)(h) of the *Local Government Act 1989* close the meeting to members of the public and declare the following matters as confidential:
  - a. Contract No.1588 - Kerbside Waste, Recyclables and Organics Collection 2015
  - b. Contract No.1589 - Recyclables Acceptance and Sorting 2015
  - c. Contract No.1590 - Kerbside and other Organics Acceptance and Processing 2015
2. Upon the meeting being re-opened to the public, the chairperson may announce any motion carried as a consequence of that confidential discussion.

**6.2 Contract No 1588 - Kerbside Waste, Recyclables and Organics Collection 2015**

**6.3 Contract No. 1589 - Recyclables Acceptance and Sorting 2015**

**6.4 Contract No. 1590 - Kerbside and other Organics Acceptance and Processing 2015**

**6.5 Reopening of the Council Meeting to Members of the Public**