

AGENDA

FOR THE
GREATER SHEPPARTON CITY COUNCIL

SPECIAL COUNCIL MEETING

TO BE HELD ON
TUESDAY 24 APRIL, 2018
AT 1.00PM

IN THE COUNCIL BOARDROOM

COUNCILLORS:

Cr Kim O'Keeffe (Mayor)
Cr Seema Abdullah (Deputy Mayor)
Cr Dinny Adem
Cr Bruce Giovanetti
Cr Chris Hazelman
Cr Les Oroszvary
Cr Dennis Patterson
Cr Fern Summer
Cr Shelley Sutton

VISION

*A THRIVING ECONOMY IN THE FOODBOWL OF VICTORIA WITH
EXCELLENT LIFESTYLES, INNOVATIVE AGRICULTURE
A DIVERSE COMMUNITY AND
ABUNDANT OPPORTUNITIES*

**A G E N D A
FOR THE
SPECIAL COUNCIL MEETING
TO BE HELD ON
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**CHAIR
CR KIM O'KEEFFE**

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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 (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Almost Certain (5) Would be expected to occur in most circumstances (daily/weekly)	LOW	MEDIUM	HIGH	EXTREME	EXTREME
Likely (4) Could probably occur in most circumstances (i.e. Monthly)	LOW	MEDIUM	MEDIUM	HIGH	EXTREME
Possible (3) Reasonable probability that it could occur (i.e. over 12 months)	LOW	LOW	MEDIUM	HIGH	HIGH
Unlikely (2) It is not expected to occur (i.e. 2-5 years)	LOW	LOW	LOW	MEDIUM	HIGH
Rare (1) May occur only in exceptional circumstances (i.e. within 10 years)	LOW	LOW	LOW	MEDIUM	HIGH

- Extreme** Intolerable – Immediate action is required to mitigate this risk to an acceptable level. Event/Project/Activity is not to proceed without authorisation
- High** Intolerable – Attention is needed to treat risk.
- Medium** Variable – May be willing to accept the risk in conjunction with monitoring and controls
- Low** Tolerable – Managed by routine procedures

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. PRIVACY NOTICE

This public meeting is being streamed live via our Facebook page and made available for public access on our website along with the official Minutes of this meeting.

All care is taken to maintain your privacy; however as a visitor in the public gallery, it is assumed that your consent is given in the event that your image is broadcast to the public. It is also assumed that your consent is given to the use and disclosure of any information that you share at the meeting (including personal or sensitive information) to any person who accesses those recordings or Minutes

3. APOLOGIES

4. 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.

5. CORPORATE SERVICES DIRECTORATE

5.1 Draft Budget 2018/2019

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: Manager Finance and Rates

Approved by: Director Corporate Services

Executive Summary

This report presents to Council the Draft Budget for the financial year ending 30 June 2019. It is proposed that public notice be given inviting submissions on any proposal contained in the Draft Budget 2018/2019.

The *Local Government Act 1989* requires the Council to give public notice of the preparation of the budget and a person has a right to make a submission on any proposal contained in the budget. Submissions will be received until 5.00pm Friday 25 May 2018.

RECOMMENDATION

That the Council:

1. endorse the Draft Budget 2018/2019 as presented;
2. authorise the Chief Executive Officer to:
 - a) give public notice of the preparation of the Draft Budget 2018/2019 in accordance with section 129 of the *Local Government Act 1989*;
 - b) stipulate in the public notice that persons may make a submission on the Draft Budget 2018/2019 in accordance with Section 223 of the *Local Government Act* and that written submissions must be received by 5.00pm, 25 May 2018;
 - c) to undertake the administrative procedures necessary to enable the Council to carry out its functions under section 223 of the Act in relation to this matter;
3. if submissions are received hold a Special Council Meeting on Tuesday 5 June 2018 at 5.30pm to hear any person wishing to be heard in support of their submission on any proposal contained in the Draft Budget 2018/2019 in accordance with section 223 of the *Local Government Act 1989*.
4. consider all written submissions on any proposal contained within the Draft 2018/2019 Budget.

5. CORPORATE SERVICES DIRECTORATE

5.1 Draft Budget 2018/2019 (continued)

Background

The Draft Budget 2018/2019 has been prepared in accordance with the requirements of the *Local Government Act 1989*.

Council updates its Strategic Resource Plan as part of its corporate planning framework to assist in preparing a budget within a longer term framework. The Draft Budget 2018/2019 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.

2017/2018 Forecast/Actual

The Draft Budget 2018/2019 provides comparisons with the 2017/2018 financial year forecast. The Q3 Adopted Forecast adopted at the 17 April 2018 Ordinary Council Meeting has been used for the Draft 2017/2018 Budget document.

Draft Budget 2018/2019 – Rates and Charges Revenue

The Draft Budget 2018/2019 proposes a 2.25 per cent increase in total rates revenue and 2.0 per cent increase in kerbside collection charges, both excluding supplementary valuations, which will generate \$76.48 million.

Section 4.1.2(l) of the Draft Budget 2018/2019 document confirms Council's compliance with the State Government's Fair Go Rates System (Rate Cap).

A further \$765,000 in supplementary rates and \$180,000 in penalty interest is budgeted for 2018/2019 taking the total rates and charges figure to \$77.43 million. Note these items do not form part of the rate cap.

Proposed Changes to 2018/2019 Rating Differentials

The proposed rating structure for the 2018/2019 year has been informed by the Rating Strategy 2017-2021 and consultation undertaken by Greater Shepparton City Council during February 2018.

Earlier this year Council proposed a change to the number of rating differentials for the 2018/2019 financial year. A number of community information and feedback sessions were held, combined with a mail out and online survey to inform ratepayers and capture feedback.

Importantly, the proposed changes to the rating strategy does not influence the total amount of rates collected by Council, instead it determines only the share of revenue contributed by each property. These changes have been proposed to make Greater Shepparton's rating strategy easier to understand, simpler to administer while maintaining fairness for all ratepayers.

The Draft Budget 2018/2019 is based on the PROPOSED option which reduces the number of rating differentials and the municipal charge. However, the Draft Budget 2018/2019 includes the CURRENT rating strategy to allow readers to compare both options.

5. CORPORATE SERVICES DIRECTORATE

5.1 Draft Budget 2018/2019 (continued)

Section 4.1.2 of the Draft Budget 2018/2019 document provides further information on the proposed changes. These changes are open to public comment as part of the public submission process for the Draft Budget 2018/2019.

Rates and Charges - 2018 General Valuation

The Draft Budget 2018/2019 includes preliminary valuation data for the 2018/2019 with valuations as at 1 January 2018. All rating information contained within the budget, including rates in the dollars, are based on these updated valuations. However, the preliminary valuations are yet to be certified by the Victorian Valuer-General and are subject to change.

Movements in individual property valuations (Capital Improved Value or CIV) will have an impact on individual rate notices and are difficult to communicate through the Draft Budget 2018/2019 document.

Section 4.1.2(f) of the Draft Budget 2018/2019 provides an indication of the valuation movements for each rating differential group, however, individual property valuation movements will not be advised until the 2018/2019 annual rates notices for each property are distributed.

Draft Budget 2018/2019 – Key Points

The Draft Budget 2018/2019 provides for an Operating Surplus of \$15.8 million. Refer to Section 4.1 of the Draft Budget 2018/2019 document.

The Draft Budget 2018/2019 Schedule of Fees and Charges is included as Appendix A. It is budgeted that the adopted fees and charges will raise \$22.26 million during the 2018/2019 financial year.

The Draft Budget 2018/2019 provides for a \$49.69 million capital works program. Incorporated in the capital works program is \$25.35 million for renewal works and \$14.52 million for new works. Refer to Section 4.5 of the Draft Budget 2018/2019 document for further information.

Funding sources for the capital works program include \$37.58 million from Council operations, cash reserves and investments and \$12.11 million from external grants and cash contributions.

Any grants or contributions received by Council prior to 30 June 2018 will be considered as Council Cash for the purposes of the Draft Budget 2018/2019 as Council was in possession of the funds at the commencement of the budget year.

Draft Budget 2018/2019 Financial Performance Indicators

Section 5 of the Draft Budget 2018/2019 document highlights Council's current and projected performance across a range of key financial indicators. These indicators provide a useful analysis of Council's financial position and performance and should be used in the context of the organisation's objectives.

5. CORPORATE SERVICES DIRECTORATE

5.1 Draft Budget 2018/2019 (continued)

External and Internal Budget Influences

In preparing the Draft Budget 2018/2019, a number of internal and external influences have been taken into consideration, as they impact significantly on the services delivered by the Council in the budget period.

For example, in 2016/2017 the Victorian State Government introduced a cap on rating increases. The cap for 2018/2019 has been set at 2.25 per cent which is also the state-wide Consumer Price Index (CPI) forecast increase for the year.

Other external issues placing financial pressure on Council for 2018/2019 and future years include increasing costs for collection and disposal of recyclable materials and increasing electricity costs.

Council Plan/Key Strategic Activity

The Draft Budget 2018/2019 is consistent with the five strategic goals of the Council Plan which include:

1. Leadership and Governance
2. Social
3. Economic
4. Built
5. Environment

The Draft Budget 2018/2019 also includes 13 Service Performance Outcome indicators and 12 Financial Performance indicators (sections 2 and 5) as required by the *Local Government (Planning and Reporting) Regulations 2014 No. 17*. The final outcomes of these indicators will be reported in the 2018/2019 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	Recommendations for council to authorise the provision of public notice for the Draft 2018/2019 Budget
Operating surplus not achieved	Possible	3	Medium	Monthly financial performance and Quarterly Forecast Reviews reported to Council
Capital works budget not delivered within the financial year	Possible	3	Medium	Performance reporting, greater focus on 10 year capital works planning

5. CORPORATE SERVICES DIRECTORATE

5.1 Draft Budget 2018/2019 (continued)

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.

	2017/2018 Forecast/Actual ('000s)	2018/2019 Draft Budget ('000s)	Variance \$ ('000s)	Comments
Revenue	129,949	140,417	(10,468)	Increases in rates and charges revenue and full receipt of Federal Financial Assistance Grant funds in the 2018/2019 financial year
Expense	119,601	124,614	5,013	Increases in employee costs as per EB Agreement and increases in depreciation expense
Net Surplus	10,348	15,803	(5,455)	

Legal/Statutory Implications

The Draft Budget 2018/2019 has been prepared in accordance with the requirements of the *Local Government Act 1989 (the 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 containing the relevant financial statements and a detailed list of capital works expenditure.

Section 129 of the *Local Government Act 1989* requires the Council to give public notice of the preparation of the budget and a person has a right to make a submission on any proposal contained in the budget (as per section 223 of the Act).

Environmental/Sustainability Impacts

Environmental and sustainability impacts have been considered when developing the Draft Budget 2018/2019.

Social Implications

The Draft Budget 2018/2019 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 City Council capital works program is important with \$49.69 million of infrastructure works proposed for the 2018/2019 financial year to encourage economic activity.

5. CORPORATE SERVICES DIRECTORATE

5.1 Draft Budget 2018/2019 (continued)

Consultation

It is proposed that public notice be given in the Shepparton News on Friday 27 April 2018 that Council's Draft Budget 2018/2019 has been prepared and is available for inspection on Council's website, or at Council's offices in Welsford Street and Doyles Road and that written submission are invited in accordance with Section 223 of the *Local Government Act 1989*. Submissions are to be received by 5.00pm Friday 25 May 2018.

The Council Website and advertisements will be utilised to raise awareness of the Draft Budget 2018/2019 and encourage the community to seek further information.

Strategic Links

a) Greater Shepparton 2030 Strategy

The Draft Budget 2018/2019 is linked to the *Greater Shepparton 2030 Strategy* via the Council Plan.

b) Other strategic links

The Draft Budget 2018/2019 is linked to the Council Plan by the funding of the Strategic Objectives contained in the Council Plan.

Conclusion

The Draft 2017/2018 Budget is presented for consideration and, subject to Council resolution, public notice will be given inviting submissions on any proposal contained in the Draft 2017/2018 Budget.

Attachments

Draft Budget 2018/2019

6. URGENT AND OTHER BUSINESS NOT INCLUDED ON THE AGENDA