

Agenda

Ordinary Meeting of Council

Corryong Council Office

Tuesday 2 May 2017

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AGENDA FOR THE ORDINARY MEETING OF COUNCIL TO BE HELD AT TOWONG SHIRE COUNCIL, CORRYONG OFFICE ON TUESDAY 2 MAY 2017 COMMENCING AT 10.30 AM.

Commonly used acronyms

ABBREVIATION	TITLE
Staff	
CAE	Civil Asset Engineer
CEO	Chief Executive Officer
DCCS	Director Community and Corporate Services
DTS	Director Technical Services
EA	Executive Assistant
MCS	Manager Community Services
MED	Manager Economic Development
MES	Manager Executive Services
Government/Organisation	
ACSUM	Alliance of Councils and Shires of the Upper Murray
DEDJTR	Department of Economic Development, Jobs, Transport and Resources
DELWP	Department of Environment, Land, Water and Planning
GMW	Goulburn Murray Water
HRGLN	Hume Region Local Government Network
MAV	Municipal Association of Victoria
NECMA	North East Catchment Management Authority
NEW	North East Water
NEWRRG	North East Waste and Resource Recovery Group
RCV	Rural Councils Victoria
RDA	Regional Development Australia
RDV	Regional Development Victoria
THS	Tallangatta Health Service
UMHCS	Upper Murray Health and Community Services

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1 Opening Prayer

"Almighty God, we ask that you be present at this meeting to assist us in our service to the Community through Local Government.

We pray that our decisions will be wise and taken with goodwill and clear conscience.

Amen."

2 Councillor and Officer presence at the meeting

3 Apologies and granting of leave of absence

4 Declaration of pecuniary interest and/or conflict

For the purpose of this section, Councillors must disclose the nature of the conflict of interest in accordance with s79(2) of the Local Government Act.

5 Confirmation of minutes

4 April 2017

RECOMMENDATION:

THAT THE MINUTES OF THE ORDINARY MEETING HELD ON 4 APRIL 2017 AS CIRCULATED BE CONFIRMED.

6 Petitions, joint letters and declarations

7 Assembly of Councillors

A written record of the Assemblies of Councillors from 28 March to 26 April 2017 is included at [Appendix 1](#).

RECOMMENDATION:

THAT THE INFORMATION BE NOTED.

8 Open Forum

9 Organisational improvement

9.1 Finance Report as at 31 March 2017 (DCCS)

Disclosure of Interests (S.80C):

This report was prepared by Mr Blair Phillips, Manager Finance.

At the time of preparation of the report the officer did not have a direct or indirect interest in any matter to which the report or advice relates.

OPERATING RESULT

	Note	Mar-17	Mar-17	YTD	YTD	YTD	YTD	2016/17	2016/17
		(Actual)	(Budget)	(Actual)	(Budget)	(Variance)	(Variance)	(Budget)	(Achieved)
		\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000	%
Income	1	1,817	1,221	14,985	14,431	554	4%	16,975	88%
Expenditure	2	770	862	6,726	7,426	700	9%	14,002	48%
Surplus/ (Deficit)		1,047	359	8,259	7,005	1,254	18%	2,973	278%

Table 1: Operating Result

Note 1:

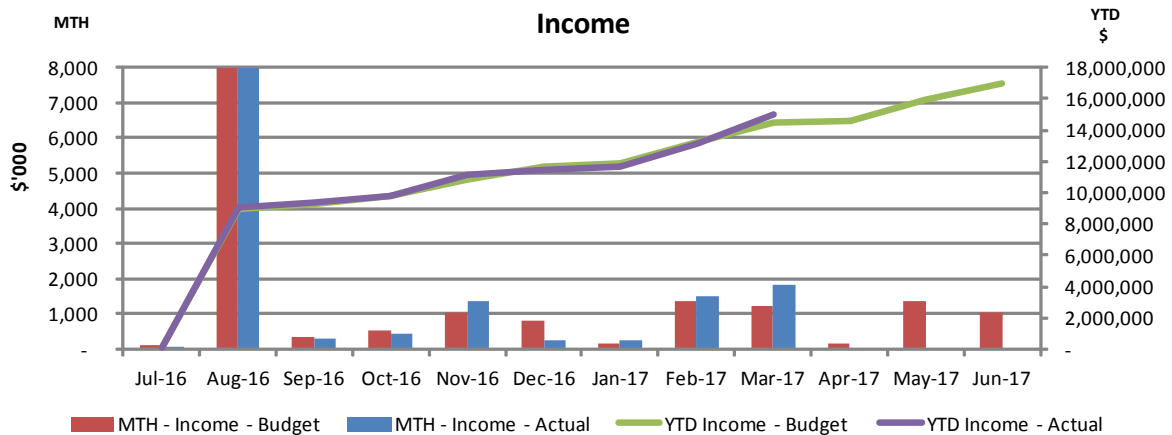
Council's YTD income at 31 March 2017 is \$14.9 million against a budget of \$14.4 million. The major items contributing to the \$554,000 variance include:

- Revenue expected to be received later than anticipated:
 - \$334,000 – for the Roads to Recovery program
 - \$30,000 - for the Municipal Emergency Resourcing Program.
- Revenue received that was not budgeted in 2016/17:
 - \$168,000 – grant funding for kindergartens was budgeted on initial incomplete funding advice from the State Government and was therefore understated. Additional funding has also been received:
 - to support more vulnerable users of the service, including those impacted by the dairy industry challenges
 - to cover backpay under the new enterprise agreement
 - to implement an occasional child care program in our kindergartens
 - \$139,000 – North East Water's contribution to Destination Tallangatta project was invoiced and recognised as revenue in September 2016
 - \$135,000 – for the 'Improving Connections' – Hanson St, Corryong Project (new project)

- \$111,000 – income to offset the expenses for providing the Secretariat service for Rural Councils Victoria (new project)
- \$100,000 – the final instalment for the completion of the Tallangatta Integrated Community Centre (timing difference – was originally budgeted in 2015/16)

Further details are provided in the 'Grant Income' section of this report.

- Revenue received ahead of anticipated timing in the budget:
 - \$38,000 – for the Narrows project
- Revenue budgeted that will not be received:
 - \$70,000 – for the State Revenue Office contribution to the Shire revaluation costs
 - \$32,000 – from the State Government for the local State Emergency Services units. A change in procedure was introduced in September 2016 with the State Government paying their funding direct to the individual units and not through Council.



Note 2:

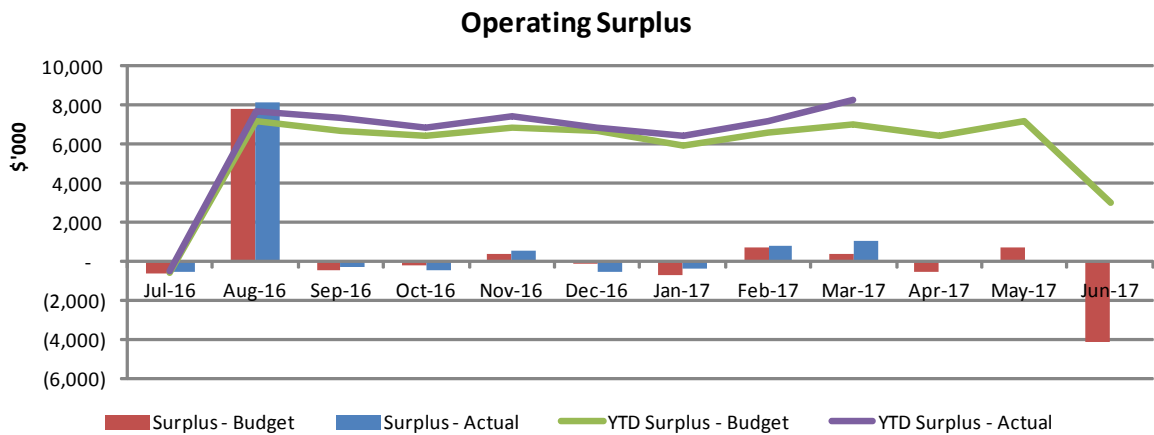
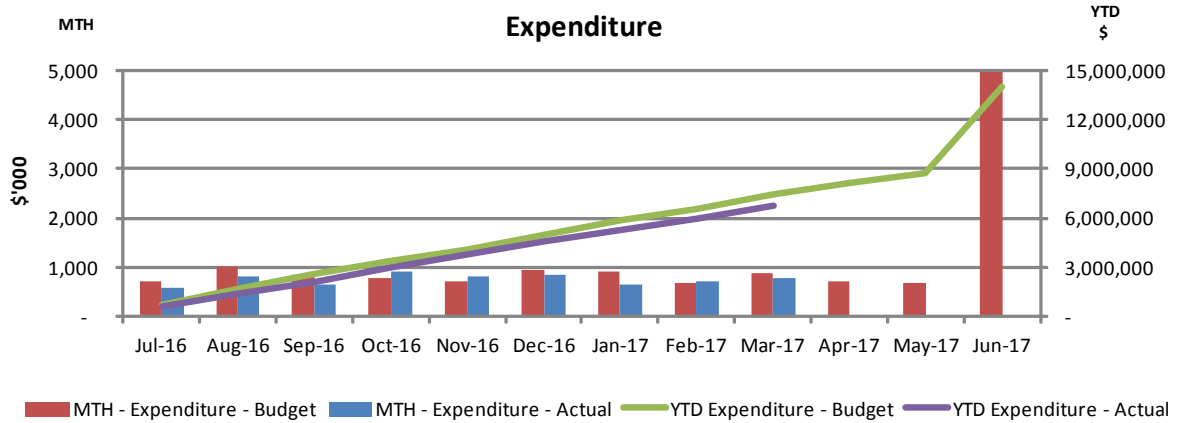
Council's expenditure at 31 March 2017 is \$6.7 million against a budget of \$7.4 million. The major items contributing to the \$700,000 favourable variance include:

- Expenditure that will be incurred later than expected:
 - \$35,000 – for the Narrows project.

- Expenditure savings of:
 - \$250,000 – in staff costs for the Tallangatta Long Day Care, due to not becoming operational until January 2017, though budgeted to be operational from July 2016.
 - \$116,000 – in Executive Services due to a vacancy and variation to employment structure compared to budget
 - \$98,000 – other associated costs of the childcare facility that commenced operation in January 2017 (permanent difference). These costs were budgeted from July 2016
 - \$80,000 – in the Planning department due to two vacancies. Contractors have been engaged to cover these planning vacancies.
 - \$66,000 – operational costs of the Bushfire Camera Network
 - \$48,800 – in election costs due to voting not being required for Councillor election as the number of nominations filled the number of vacancies
 - \$32,000 – contribution to local State Emergency Service units due to new State Government funding model being implemented. The State Government is paying their funding direct to the SES units rather than through Council
 - \$25,000 – there has been a one-off reduction in the fee payable for the 2016/17 Tourism North East membership and program participation levels have also been reduced.

- Expenses that were not budgeted for in 2016/17:
 - \$287,000 – for works to repair infrastructure due to flood damage. This is expected to be reimbursed by the State Government once all works are complete (timing difference)
 - \$148,000 – for the Corryong Tennis Court upgrade
 - \$60,000 – ‘Bushies Hit for Six’ cricket net upgrade at Rowen Park, which is offset by unbudgeted grant income received (new project)
 - \$59,000 – expenses incurred in providing the Secretariat service for Rural Councils Victoria (new project).

- YTD to 31 March 2017 Council is operating at 63.5 EFT staff against a budget of 70.1 EFT.



Grant Income

	Note	Mar-17 (Actual) \$'000	YTD (Actual) \$'000	YTD (Budget) \$'000	YTD (Variance) \$'000	YTD (Variance) %	2016/17 Full Year (Budget) \$'000	2016/17 Full Year (Achieved) %
Recurrent	1	1,365	4,612	4,860	(248)	(5%)	6,488	71%
Non Recurrent	2	323	1,452	724	728	101%	1,146	127%
Total		1,688	6,064	5,584	480	9%	7,634	79%

Table 2: Grant Income

Note 1:

Council's YTD recurrent grant income at 31 March 2017 is \$4,612,000 against a budget of \$4,860,000. The major items contributing to the \$248,000 unfavourable variance include:

- Revenue that will be received later than anticipated:
 - \$334,000 – from the Roads to Recovery program
 - \$30,000 – for the Municipal Emergency Resourcing Program.

- Revenue budgeted that will not be received:
 - \$32,000 – from the State Government for the local State Emergency Services units. A change in procedure was introduced in September 2016 with the State Government paying their funding direct to the individual units and not through Council.

- Revenue received that was not budgeted:
 - \$168,000 – grant funding for kindergartens was budgeted on initial incomplete funding advice from the State Government and was therefore understated (permanent difference). Additional funding has also been received:
 - to support more vulnerable users of the service, including those impacted by the dairy industry challenges
 - to cover backpay under the new enterprise agreement
 - to implement an occasional child care program in our kindergartens.

Note 2:

Council's YTD non-recurrent grant income at 31 March 2017 is \$1,452,000 against a budget of \$724,000. The major items contributing to the \$728,000 favourable variance include:

- Revenue received that was not budgeted in 2016/17:
 - \$135,000 – for the 'Improving Connections' – Hanson St, Corryong Project (new project)
 - \$100,000 – for the final instalment of the Tallangatta Integrated Community Centre (timing variance – was originally budgeted in 2015/16)
 - \$85,000 – for the Mitta North Road Intersection improvement (new project)
 - \$80,000 – for the Omeo Highway Pedestrian Path, Eskdale upgrade (new project)
 - \$80,000 – for the Walwa streetscape (new project)
 - \$56,000 – 'Bushies Hit for Six' – for cricket nets upgrade at Rowen Park Tallangatta (new project)
 - \$45,000 – the final instalment for the completion of the Wyeboo Multi Purpose Facility (timing variance – was originally budgeted in 2015/16)
 - \$28,700 – for the 'Banking on Solar Energy' project (new project)
 - \$18,125 – for the Corryong Memorial Hall (new project).

- Revenue received ahead of anticipated timing in the budget:
 - \$38,000 – for the Narrows project.

Grants received Year-to-Date (YTD) are in the following table:

	\$'000
Recurring	
Victorian Grants Commission - General Purpose Funding	1,707
Roads to Recovery (R2R)	1,266
Victorian Grants Commission - Local Roads Funding	1,055
Maternal and Child Health	114
Library	105
Corryong Pre School	90
Tallangatta Pre School	76
Berringa Pre School	57
Weed Project	31
Municipal Emergency Resourcing Program	30
Community Access	27
Occasional Child Care	23
Pre-School Cluster	21
School Crossing Supervisor	9
Health Admin	1
Total Recurring Grants	4,612
Competitive and Non-Competitive	
Destination Tallangatta - NSRF	532
Aerodrome Corryong	150
Improved Connections Hanson Street project	135
Tallangatta Integrated Community Centre	100
Mitta North Rd Intersection Improvement	85
Omeo Hwy Pedestrian Path Eskdale	80
Walwa Streetscape	80
Tallangatta Multi-sport Precinct	56
L2P Program	48
Wyeboo Multi Purpose Facility	45
The Narrows Project	38
TICC banking on Solar	28
Corryong Memorial Hall	18
Community Health and Wellbeing	17
Tallangatta Pre School Capital Grants	12
Corryong Tennis Courts Grant	10
Beat the Heat - Tree Project	8
Freeza Funding	6
Seniors Week	2
Youth Week	2
Total Competitive and Non-Competitive Grants	1,452
Total Grants Received	6,064

Table 3: Grant Income received

Unexpended Grants and Restricted Funds

Where Council has received grants that are required to be expended in a specified manner, but the funds have not yet been expended, the grant is recognised as an unexpended grant or restricted funds. This identifies cash holdings that are required to be spent on a specified purpose and are not available for other Council priorities.

The following table provides a listing of current unexpended grants:

	\$' 000
Unexpended Grants	
Roads to Recovery (R2R)	572
Corryong Swimming Pool Upgrade Grant	232
Improved Connections Hanson Street project	135
Community Access	109
Country Roads and Bridges	105
Mitta North Rd Intersection Improvement	85
Omeo Hwy Pedestrian Path Eskdale	80
Walwa Streetscape	80
The Narrows Project	55
Maternal and Child Health Enhancement	50
Flood Recovery Officer	42
Local Gov Business Collaboration	32
Tallangatta Neighbourhood House	29
TICC banking on Solar	29
L2P Program	24
Bushfire Management Overlay	13
Kinder Enrolment	12
Children Services Review	10
Improving Liveability of Older People	10
Freeza Funding	9
Beat the Heat - Tree Project	8
Weed Project	7
Fire Access Track Maintenance	1
Total Unexpended Grants	1,729

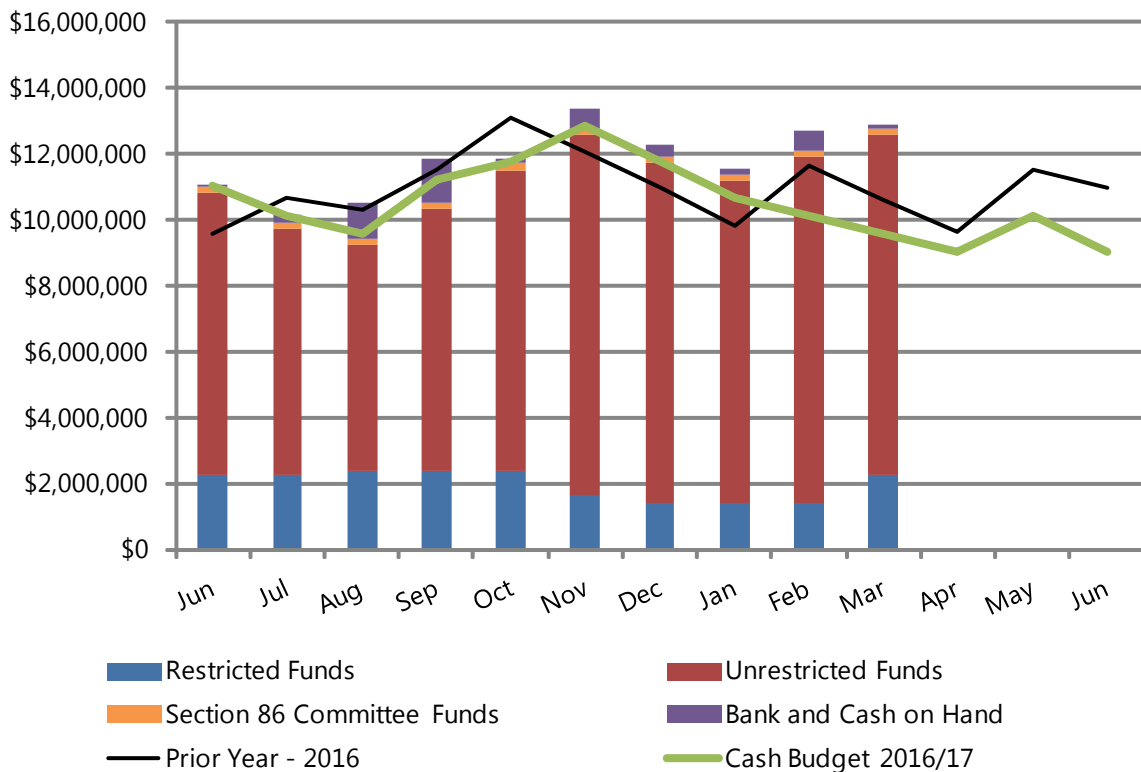
Table 4: Unexpended Grants

CASH POSITION

Cash on Hand

The cash position moved during the month as detailed below:

	Current Month	Prior Month	Variance	
	Mar-17	Feb-17	\$	%
	\$	\$	\$	%
Unexpended Grants	1,728,991	889,890	839,101	94.3%
Other Provisions and Reserves	541,802	541,802	-	0.0%
Restricted Funds	2,270,793	1,431,692	839,101	58.6%
Provision for Employee Entitlements	1,196,145	1,182,409	13,736	1.2%
Other Unrestricted Funds	9,134,880	9,290,853	(155,973)	-1.7%
Total Unrestricted Funds	10,331,025	10,473,262	(142,237)	-1.4%
Section 86 Committee Funds	190,555	190,039	516	0.3%
Total Investments	12,792,373	12,094,993	697,380	5.8%
Bank and Cash on Hand	86,650	630,210	(543,559)	-86.3%
Total Cash	12,879,023	12,725,202	153,821	1.2%
Average Interest Rate	2.64%	2.63%		



Investments

Investments were made up of the following at the month end:

Date	Product	Institution	Principal	Yield	Term	Rating	Maturity
17/11/2016	Term Deposit	AMP	1,500,000	2.70%	215 Days	A1	20/06/2017
17/03/2016	Term Deposit	AMP	1,000,000	2.75%	182 Days	A1+	13/09/2017
14/03/2017	Term Deposit	Bendigo Bank	1,000,000	2.55%	184 Days	A2	14/09/2017
16/11/2016	Term Deposit	ME Bank	1,000,000	2.75%	154 Days	A2	19/04/2017
26/10/2016	Term Deposit	Bank of Queensland	1,500,000	2.75%	189 Days	A2	3/05/2017
8/02/2016	Term Deposit	ME Bank	1,000,000	2.70%	273 Days	A2	8/11/2017
18/11/2016	Term Deposit	Bank of Queensland	1,500,000	2.80%	184 Days	A2	18/05/2017
9/03/2017	Term Deposit	Bendigo Bank	1,000,000	2.65%	214 Days	A2	9/10/2017
31/08/2016	Term Deposit	AMP	1,000,000	2.95%	217 Days	A1	5/04/2017
11/01/2017	Term Deposit	WAW	863,327	2.60%	368 Days		11/02/2018
N/A	Cash Management	Westpac	1,238,491	1.55%	On Call	AA-	N/A
N/A	S86 Committees	Various	190,555	4.68%	N/A		N/A
Total Investments			12,792,373				

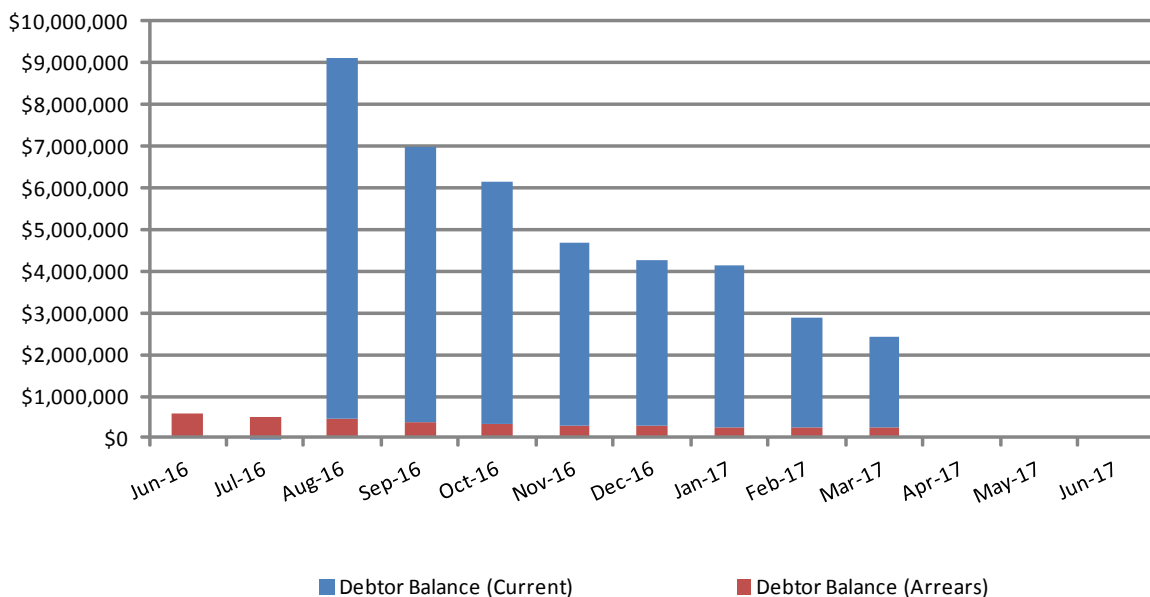
Table 5: Investments at month end

RECEIVABLES

Rates, Municipal Charge, Waste Management Charge and Waste Collection Charge

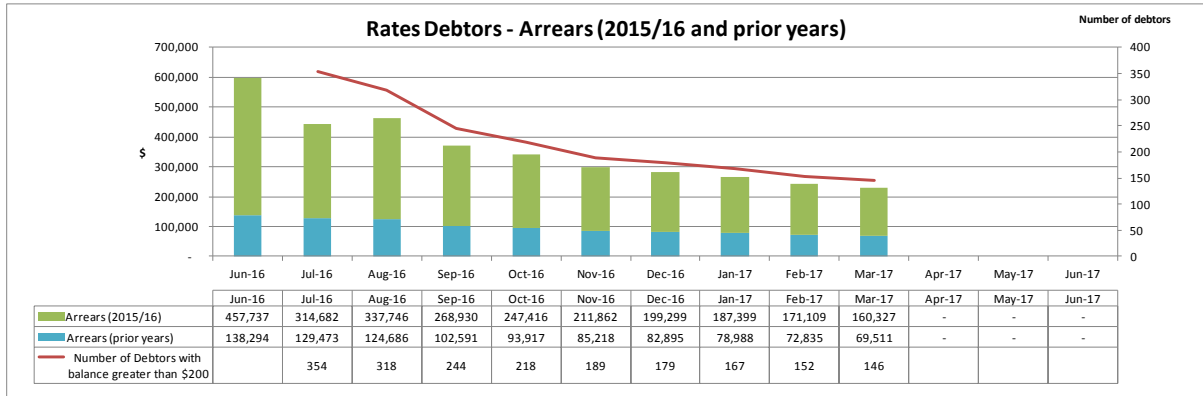
The breakdown of rates received for the current month and year-to-date is shown in the following table and graph:

Rates, charges and FSPL Debtors						
	Amount	Received	% Collected	Received	Collected	Balance
	\$	Mar-17	Mar-17	YTD	YTD	Outstanding
	\$	\$	%	\$	\$	\$
Levied 2016/17	8,771,093	458,355	5.2%	6,585,613	75.1%	2,185,480
Arrears prior to 2016/17	596,030	14,106	2.4%	366,193	61.4%	229,837
Total Charges		472,461		6,951,805		2,415,317



Note – rates were struck in August 2016. Quarterly instalments are due at the end of September, November, February and May.

Debt Collection

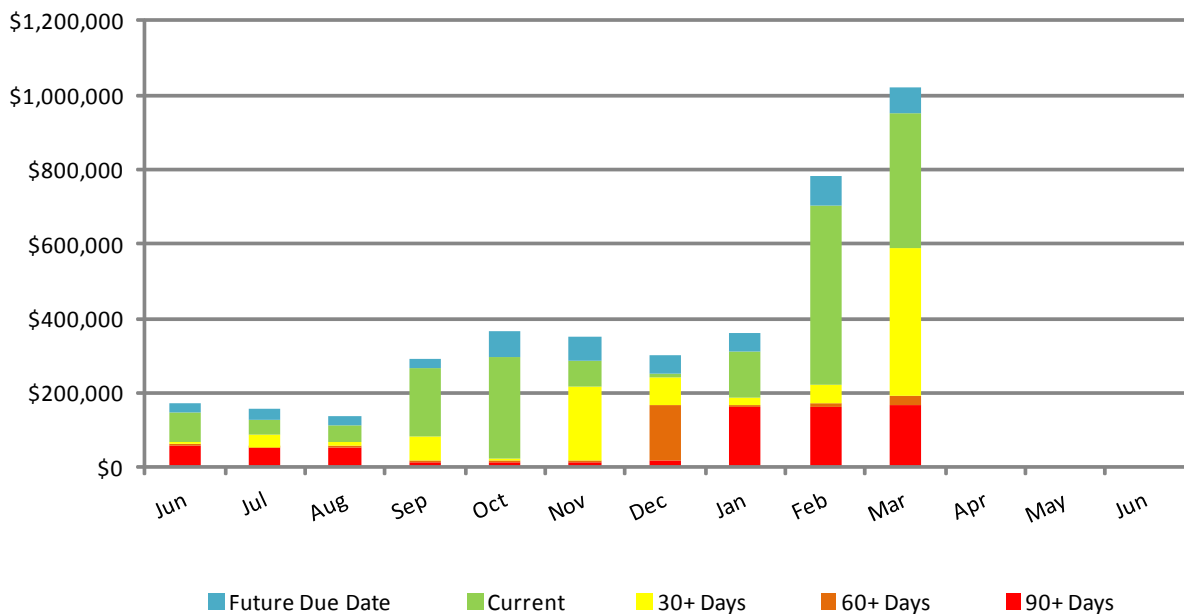


At 31 March 2017 there were 146 rates debtors with an outstanding balance of greater than \$200. This is a reduction of 6 debtors since 28 February 2017.

Sundry Debtors

The Sundry Debtors outstanding at month end and the movement from the prior month is shown below:

Sundry Debtors	Future Due Date	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
March 2017	69,520	359,315	398,369	26,167	165,001	1,018,372
February 2017	79,075	484,905	46,242	8,841	164,855	783,918
Movement	(9,555)	(125,589)	352,128	17,326	146	234,455



Significant debtors (>\$1,000) with ageing of greater than 90 days are as follows:

Debtor	Amount	Description	RO	Notes
Department of Economic Development, Jobs, Transport and Resources	\$150,000	Grant funding	BP	Payment is expected to be received by June 2017 once works are completed to meet milestone 1 of the Corryong Airport upgrade.
Debtor 17007	\$1,540	Cost recovery for slashing	BP	Contact has been made with the debtor and is expected to be recovered.
Debtor 18925	\$3,250	Community contribution	BP	Council considered a proposal at the May 2016 Council meeting. A letter has been issued to the debtor.
Debtor 19755	\$1,548	50% Cost Recovery for weed control	BP	Contact has been made with the debtor and is expected to be recovered.
Debtor 20210	\$1,100	Fees	BP	Contact has been made with the debtor and is expected to be recovered.

Table 6: Significant debtors > 90 days

LOCAL ROADS

The following tables report on progress of Local Roads and Bridges Capital and Maintenance programs.

Local Roads and Bridges Capital Works

Local Roads and Bridges Infrastructure	Note	YTD Actual	YTD Budget	Variance	Annual Budget
		\$		\$	\$
410 Road Construction	1	246,910	470,000	223,090	980,523
416 Sealing	2	73,053	50,000	(23,053)	50,000
417 Resealing	3	400,499	825,000	424,501	1,025,000
420 Drainage Construction		68,944	75,000	6,056	130,000
421 Digouts	4	470,391	621,479	151,088	671,479
422 Resheeting	5	172,917	30,000	(142,917)	230,000
432 Footpaths	6	21,005	310,000	288,995	431,496
433 Kerb and Channel	7	21,084	185,694	164,610	460,737
442 Guardrails		18,100	15,000	(3,100)	30,000
450 Bridge Construction		23,330	20,000	(3,330)	20,000
Total		1,516,233	2,602,173	1,085,940	4,029,235

Table 7: Local Roads & Bridges – Capital Works (YTD)

Note 1:

The construction of Georges Creek Road and intersection works on Towong Street projects are currently sitting at 55% and 30% of YTD budgeted expenditure respectively. Invoices for work completed are yet to be received (timing variance).

Note 2:

A late invoice was received for works completed in 2015/16. This was funded as part of the Roads to Recovery program (permanent variance).

Note 3:

Resealing budgeted as part of the Destination Tallangatta project will not be completed until other works are complete. The YTD budget for this resealing is \$350,000, with the total budget being \$525,000 for this project (timing variance). This work is now expected to be undertaken in 2017/18.

Note 4:

The digout program is complete with the final invoices yet to be received (timing variance).

Note 5:

The resheeting program has progressed earlier than anticipated (timing variance).

Note 6:

Footpath works for the Destination Tallangatta project have not started. The YTD budget is \$300,000, with the total budget being \$411,496 for this part of the project (timing variance). This work is now expected to be undertaken in 2017/18.

Note 7:

The Destination Tallangatta and Walwa streetscape works have not started as anticipated in the budget (timing variance). The Walwa streetscape works will be undertaken in late 2016/17 and the Destination Tallangatta streetscape works will be carried forward to 2017/18.

Local Roads and Bridges Maintenance

The table below shows business as usual maintenance of local roads and bridges. Flood damage works are reported in Table 9 later in this report.

	Note	YTD Actual \$	YTD Budget \$	Variance \$	Annual Budget \$
302 Survey and Design		26,666	38,753	12,087	40,000
304 Pavement Maintenance		134,521	120,000	(14,521)	148,000
306 Grading		357,629	344,997	(12,632)	452,000
308 Shoulder Maintenance	1	24,933	74,997	50,064	98,000
310 Drainage Maintenance		139,861	127,503	(12,358)	167,000
312 Call Outs	2	22,202	15,003	(7,199)	20,000
324 General Roadside Maintenance		60,639	56,250	(4,389)	73,000
328 Tree Maintenance		86,475	74,250	(12,225)	99,000
330 Footpath Maintenance		10,247	6,000	(4,247)	8,000
334 Roadside Treatments		5,231	15,000	9,769	15,000
336 Signs Maintenance		9,060	9,000	(60)	12,000
338 Linemarking		378	5,000	4,622	10,000
340 Guideposts	3	14,651	5,247	(9,404)	7,000
342 Guardrail	4	-	2,500	2,500	5,000
346 Bridge Maintenance		17,855	24,273	6,418	32,366
Total		910,348	918,773	8,425	1,186,366

Table 8: Local Roads & Bridges - Maintenance (YTD)

The Maintenance Program is managed within the total annual budget (\$1.18 million) and not on individual estimated line items.

Note 1:

Shoulder maintenance has been delayed due to the wet weather (timing variance).

Note 2:

A large volume of callouts have occurred due to the excessive wet weather early in the financial year.

Note 3:

More guideposts have required to be replaced than expected.

Note 4:

No guardrail repairs have been required (timing variance).

Flood repairs and maintenance

	Note	YTD Actual \$	YTD Budget \$	Variance \$	Annual Budget \$
313 Storm/Flood Damage		286,900	-	(286,900)	-
Total		286,900	-	(286,900)	-

Table 9: Local Roads and Bridges – Flood damage works

Flood damage works are expected to be reimbursed by the State Government's Natural Disaster Financial Assistance (NDFFA) program.

OTHER FINANCIAL MATTERS

There are no other financial matters to report.

RECOMMENDATION:

THAT THE FINANCE REPORT BE NOTED.

9.2 Essential Services Commission - Application for a higher rate cap (DCCS)

Disclosure of Interests (S.80C):

This report was prepared by Mr Blair Phillips, Manager Finance and Ms Jo Shannon, Director Community and Corporate Services.

At the time of preparation of the report the officers did not have a direct or indirect interest in any matter to which the report or advice relates.

Background/History:

The purpose of this report is for Council to consider if it wishes to apply to the Essential Services Commission (ESC) for a higher rate cap.

The Victorian Government introduced the *Fair Go Rates System* (FGRS) in 2016 to help ease cost of living pressures on Victorians. The system provides a framework that sets the maximum amount council may increase rates in a year, without seeking additional approvals.

Council has long held the view that ratepayers should not be subject to ongoing high annual rate increases. Council fully supports the principle of keeping rate increases to a minimum and the underlying principles of the *Fair Go Rates System*.

The Minister for Local Government has set the average rate cap at 2.0% for the 2017-18 financial year. This is the maximum increase that can be applied to Council's average rates and municipal charge, without applying for a higher rate cap.

Where the average rate cap is insufficient to meet Council's specific needs, Council can apply to the ESC for a higher rate cap for 2017/18 or up to a maximum of four consecutive financial years to 2020/21.

Financial Sustainability challenges

Whilst Council is clear in its view that ratepayers should not be subject to ongoing high annual rate increases our Council is in a very difficult financial position due to the many 'external' factors that bear upon us and are completely outside of Council's control.

Factors such as the large geographic area covered (6,635 sq km), the significant amount of infrastructure that needs to be maintained (1,183 km of roads, 168 major bridges and culverts), a small, declining, dispersed population and low rate base, all mean that meeting community expectations to provide appropriate levels of service and infrastructure is increasingly difficult and brings Council's future sustainability into question.

Council's very low sustainability rating was confirmed in the 2009 'Whelan Report'.

The Federal Government's Financial Assistance Grants indexation freeze, which equates to lost revenue to Council of \$658,000 over a three year period (1 July 2014-30 June 2017), has also had a significant impact on Council's financial sustainability. Council is still waiting to be advised if indexation will be reinstated from 1 July 2017.

The Minister for Local Government also recognised in her 2015 Ministerial Statement on Local Government that 'rural Councils in particular face some real challenges. They need additional support.'

Council's sustainability challenges are clearly set out in Council's 2015/16 Annual Report.

In late November 2016, the Victorian Auditor-General released a report (Victorian Auditor-General's Report 2016-17:11, Local Government: 2015-16 Audit Snapshot, November 2016), raising concerns regarding the financial sustainability risks with the smallest nineteen (19) shire councils, of which Towong is one. To date Council has not received any advice from the State Government on how it proposes to respond to this finding.

The unfortunate reality for our municipality is that if we don't provide appropriate levels of service and infrastructure for our communities, people will prefer to live in other municipalities where the services and infrastructure provided meet their needs.

Long Term Financial Planning

Council's Long Term Financial Plan was originally developed seven years ago. Since this time the model has been fine-tuned and improved to ensure that it is a very robust, detailed plan and a very powerful tool for considering various financial scenarios for Council.

On the basis of previous financial performance and the work of staff in preparing a draft budget for 2017/18, the current Long Term Financial Plan requires an increase to revenue which, when based on rates and municipal charge, is a figure of 5.75% per annum ongoing.

Whilst it is clear that Council does not wish for its ratepayers to have high annual increases to rates and charges, our Long Term Financial Plan recognises that to continue to provide services and infrastructure at their current level such an increase to revenue (be it from rates or from other sources) is required.

The opportunity provided by the introduction of the Fair Go Rates System was for the ESC to independently assess Council's Long Term Financial Plan and determine if the rate and Municipal Charge increase set out in the plan is appropriate.

Council applied to the Essential Services Commission for a higher rate cap of 6.34% in 2016/17. This application was successful with the ESC stating that 'based on our analysis of Towong's application, we consider that Council has demonstrated a need for a higher cap in 2016-17 to maintain financial sustainability in the longer term.'

The outcomes from having this independent assessment carried out by the ESC on the 2016/17 application, is that the ESC was satisfied that the application for a higher cap was consistent with Council's well developed long-term financial plan to deliver sustainable outcomes in services and critical infrastructure in the long-term interests of its community. In the ESC's assessment it also stated that Council will need to increase rates by about 6% per year to remain financially sustainable and continue to deliver services at current levels.

In Towong's case the 5.75% increase to rates and municipal charge is in order to enable Council to continue to provide what could be considered to be day-to-day services and infrastructure maintenance and renewal at the somewhat modest level required by its residents and ratepayers and at the same time ensuring Towong Shire Council is financially sustainability into the foreseeable future.

For a number of years now Towong has been held up as one of the shining lights in the Local Government sector as a result of the many innovative practices it has adopted in order to be as lean and efficient as possible.

Council continues to take its responsibility to spend ratepayer funds wisely very seriously and for many years has been on the front foot implementing cost saving measures to ensure value for money for ratepayers. Council has also been very successful in securing State and Federal funds through non-recurrent grant applications.

In light of the information presented above, attached at [Appendix 2](#) is a proposed application to the Essential Services Commission for a higher rate cap.

Impact on Council Policy:

Council has been on the front foot for the last 6-7 years taking the necessary steps to ensure it operates a lean, efficient organisation while providing the services and infrastructure required by local communities.

Unfortunately, due to the many external factors outside of Council control, Council will not be able to continue to provide services and infrastructure at their current levels if revenue is not increased.

Council's objectives include ensuring that Council's plans and budgets are both responsible and sustainable.

State Government Policy Impacts:

The *Fair Go Rates System* has been explained above.

Budget Impact:

Council firmly believes that Towong ratepayers should not be subjected to annual rate increases that are higher than the cap set by the State.

It is important to note that if the ESC does approve Council's application, Council is not obliged to increase their rates by the approved higher cap. Council may still choose when setting its budget to increase rates by any lesser amount.

At the time of setting the Budget if Council is of the mind to approve a rate and municipal charge increase of less than 5.75% it will be necessary to decide what expenditure and associated services are to be reduced or alternatively if Council wishes to operate with a greater underlying deficit.

Risk Assessment:

The Victorian Auditor General's Office (VAGO) provides a number of 'financial sustainability indicators' for Local Government for Councils to use as part of their financial modeling. The VAGO risk parameters are included in the attached application.

Based on Council's Long Term Financial Plan, if general rates and the municipal charge were to be set at the rate cap of 2.0% ongoing, Council would return a '*high risk*' rating in the liquidity indicator as per the VAGO financial sustainability indicators, that is from 2022/23 Council would have insufficient current assets to cover its liabilities.

It is a very important issue and is one of the reasons why Council should make application to the ESC for a higher cap. Services and infrastructure cannot be continued at their current levels without additional income or alternatively being unsustainable in the short-term.

In order to keep any rate and municipal charge increase to 2.0% or less it will be necessary to reduce services or operate with a higher underlying deficit.

Conversely, reducing services is likely to create dissatisfaction with service users and may be inconsistent with Council's vision for Towong Shire to be the ideal place to live.

Community Consultation/Responses:

Over a number of years Council has conducted community forums throughout the Shire to determine the views of the ratepayers and residents in relation to what services are important to its communities and to assist in prioritising and aligning the expectations of our residents and ratepayers with Council's capacity to deliver.

Council has been particularly focused on increasing the knowledge within the community regarding Council's financial sustainability and capacity challenges. Building on forums conducted in early 2015, a series of workshops were conducted in February and March 2017 to hear community members' views on their priorities for the next four years. Workshops were conducted in Bellbridge, Bethanga, Corryong, Mitta Mitta, Tallangatta and Walwa with a total of 196 participants in attendance.

With respect to reasonable rate increases, feedback from participants at these workshops was mixed:

- 'no rate increase'
- 'keep low as possible'
- 'possibly in-line with CPI'
- 'as required to enable the growth of our area'
- '5% rate increase. With low population we have to pay if we want services'
- 'I could do without pools, children crossing. 2.5% rate increase'
- '4-6%'
- 'No services lost please (prepared to pay a little more)'
- 'More push back on State government and cost shifting'
- 'Anything Dad pays the bills'

Discussion/Officers View:

It is the Officers' view that Towong Shire ratepayers and residents should have access to appropriate levels of service and infrastructure and it is incumbent upon Council to ensure these services and infrastructure are provided to ensure the sustainability of the communities throughout our municipality. Equally, where possible, ratepayers should not have annual rate increases that are higher than the rate cap set by the State.

As is demonstrated in Council's Long Term Financial Plan, the annual increase to revenue required for Council to be sustainable and be able to continue the provision of services and infrastructure at the current level is the equivalent of an annual increase to rates and Municipal Charge of 5.75% per annum.

This increase does not necessarily have to come from increasing rates and municipal charge if Council was able to secure additional funding from the State or Federal governments or from some other external source of income.

In preparing the draft budget and application to the ESC a number of areas have been identified where Council could potentially reduce expenditure.

It is the Officers' recommendation that even if the ESC was to approve Council's multi-year application, that Council take whatever steps it can to keep the rate increase for the average ratepayer to as close to the rate cap as possible.

It must be noted that a reduction in expenditure to address getting as close to the rate cap as possible, is likely to have a direct impact on the provision of services to our communities.

RECOMMENDATION:

THAT:

- 1. COUNCIL APPROVE THE APPLICATION TO THE ESSENTIAL SERVICES COMMISSION FOR A HIGHER RATE CAP AS PRESENTED AT APPENDIX TWO;
AND**
- 2. REGARDLESS OF THE OUTCOME OF THE APPLICATION FOR A HIGHER RATE CAP, COUNCIL MAKE EVERY EFFORT TO KEEP THE 2017/18 RATE AND MUNICIPAL CHARGE INCREASE AS CLOSE AS POSSIBLE TO THE AVERAGE RATE CAP OF 2.0%.**

9.3 Occupational Health and Safety Report (06/04/0212-DCCS)

The Occupational Health and Safety report is presented every second month. The next report is due in June 2017.

The bi-monthly Council Plan Priorities report is included in this agenda at Item 9.4.

9.4 Action Sheet Reports (06/05/0010-EA)

Items requiring action from the 4 April 2017 Council Meeting are attached at [Appendix 3](#).

RECOMMENDATION:

THAT THE REPORT BE NOTED.

9.5 Council Plan Priorities (07/05/0022-DCCS)

The monthly updates on the 2013-2017 Council Plan priorities are attached at [Appendix 4](#) for information.

RECOMMENDATION:

THAT THE REPORT BE NOTED.

9.6 Performance Reporting Graphs (DCCS)

The Performance Reporting Graphs are attached at [Appendix 5](#) for information.

RECOMMENDATION:

THAT THE REPORT BE NOTED.

10 Community wellbeing

The Community Wellbeing report is presented every second month. The next report is due in June 2017.

The bi-monthly Council Plan Priorities report is included in this agenda at Item 9.4.

11 Asset management

The Asset Management report is presented every second month. The next report is due in June 2017.

The bi-monthly Council Plan Priorities report is included in this agenda at Item 9.4.

12 Land-use planning

No Planning reports.

13 Environmental sustainability

The Environmental Sustainability report is presented every second month. The next report is due in June 2017.

The bi-monthly Council Plan Priorities report is included in this agenda at Item 9.4.

14 Economic and tourism development

The Economic and Tourism Development report is presented every second month. The next report is due in June 2017.

The bi-monthly Council Plan Priorities report is included in this agenda at Item 9.4.

15 Councillor reports

15.1 Murray Arts Committee meeting Mitta Mitta (04/01/0003 - Cr Star)

Date of Meeting/Event:	23 March 2017
Key information presented/discussed at meeting:	<p>Consultant David Sharpe ran this workshop Discussion included:</p> <ul style="list-style-type: none"> • The aim of this workshop was to define the role of the Murray Arts Board into the future, focusing on the desire to find a structure based on board member skills, knowledge and capacity rather than the current arrangement of randomly selected Councillors and community representatives. The intention is to become more professional and to become a registered charitable organisation • The responsibility of an Arts Board and the development of a matrix of skills to deliver these responsibilities, particularly the skills base of the executive • The development of a needs matrix in order to match these responsibilities with consideration of payment for services or not, was considered • The formalisation of board operation i.e. Position roles, constitution, recruitment, term of duty, duties, size of board, succession, number and location of meetings etc. <p>It was believed that the ideal number of members for a board was seven. Australia Council for the Arts has a document outlining the governance responsibilities of the Board of an Arts Organisation. This was given out to those present.</p>

Members Comments Thoughts:	<p>Ms Alyce Fisher, the newly appointed Executive Officer of Murray Arts and other staff are to consider the points discussed and are expected to come up with a possible framework for Board selection sometime in the near future. The AGM is in May.</p> <p>If a Board of seven is to be adopted, not all councils will be represented. Where does that possibly leave Towong Shire Council?</p> <p>Is there anyone within our community who might be skilled in this field, be an advocate for this region and suitably qualified to be on the Murray Arts Board? It is likely to be a pro bono position at this stage I would envisage.</p> <p>If we don't have a resident Board Member, then what should the Towong Shire Council expect to obtain for its contribution? Discussion needs to occur.</p>
Action Required:	Nil.
Additional Info Available:	Nil.

15.2 Meeting with Damian Drum MP - (07/05/0007 - Cr Wortmann)

Meeting/Event	Meeting with Damian Drum MP Federal Member for Murray and Mr Sam Birrell Chair of the Regional Jobs and Investment Packages Local Planning Committee (RJIP).
Date of Meeting/Event:	18 April 2017
Location of Meeting/Event:	Shepparton
Key information presented/discussed at meeting:	<p>The CEO Juliana Phelps and I travelled to Shepparton to meet Damien Drum MP and Mr Sam Birrell Chair of the RJIP Committee at his office.</p> <p>Issues for discussion were as follows:</p> <ol style="list-style-type: none"> 1. Regional Jobs and Infrastructure Package (RJIP) Towong Project Opportunities: <ul style="list-style-type: none"> • Upper Murray Events Centre • Dairy - Upper Murray Centre of Excellence • Man from Snowy River Bush Festival • Tallangatta Holiday Park • Tallangatta Narrows 3. Funding for Local Government: <ul style="list-style-type: none"> • Indexation of Financial Assistance Grants Scheme • Allocation methodology - minimum 'as of right' allocation. 4. Mobile Telecommunications (including funding criteria) 5. Building Better Regions application (Corryong) 5. Invitation to visit Towong (Damian Drum and Fiona Nash)

Members Comments / Thoughts:	<p>This meeting was very worthwhile, it is always important to relay the important issues that are affecting local government and especially small rural shires like Towong.</p> <p>The RJIP is allocated to 10 regions across Australia and we are in the Goulburn Valley region. Towong is the smallest municipality (population based) in this region. We emphasised that our projects if successful would provide increased employment and economic activity and a number of the projects have various stakeholders who are committed to financial and in-kind support of the projects.</p> <p>The invitation to visit our Shire is very important, so politicians can see potential projects and talk to local people about issues in their communities. Damian Drum indicated he is keen to schedule a visit to Towong Shire Council.</p>
Possible Actions:	Nil
Additional Info Available:	Nil

15.3 Anzac Day Ceremonies - (07/05/0007 - Cr Scales)

Meeting/Event	Anzac Day - Bethanga and Mitta Valley
Date of Meeting/Event:	25 April 2017
Location of Meeting/Event:	Bethanga / Eskdale
Key information presented/discussed at meeting:	<p>Both Anzac Day ceremonies were well attended especially with regard to the weather. Both were held inside the respective halls.</p> <p>I had the pleasure of officiating the Mitta Valley Ceremony. It is always in honour to lay a wreath on behalf of Council and also to see the input from the community and school children in singing the National Anthem.</p> <p>Well done to all involved in the running of these annual events.</p> <p>Both events were well supported by the Military with a guest speaker and Catafalque party present at both.</p> <p>The Mitta Valley march was shortened to be indoors due to the inclement weather.</p>
Members Thoughts:	Comments
	Nil
Possible Actions:	Nil
Additional Info Available:	Nil

RECOMMENDATION:

THAT THE COUNCILLOR REPORTS BE NOTED.

16 Urgent business

17 Committee minutes

17.1 Upper Murray Business Inc (UMBI) (07/01/0045 - Cr Star)

The unconfirmed minutes of the meeting held on 11 April 2017 are attached at [Appendix 6](#).

RECOMMENDATION:

THAT THE UNCONFIRMED UPPER MURRAY BUSINESS INC MINUTES BE NOTED.

18 Occupational health and safety

18.1 OHS Committee (06/04/0212-DCCS)

The unconfirmed minutes of the meeting held on 16 March 2017 are attached at [Appendix 7](#) for information.

RECOMMENDATION:

THAT THE UNCONFIRMED OCCUPATIONAL HEALTH AND SAFETY COMMITTEE MINUTES BE NOTED.

19 Council policies (10/01/0007-CEO)

The following policies were tabled for review at the 7 March 2017 Council meeting and are presented at [Appendix 8](#) for adoption. Please note that recommended changes are shown in red.

- Debt Collection (Rate Debtors, Sundry Debtors)
- Employee Code of Conduct and Conflict of Interest Policy and Guidelines.

The following policies were also tabled for review. They are currently having further amendments made and will be presented at the June Council meeting:

- Discrimination, Workplace and Sexual Harassment, Equal Employment Opportunity and Diversity
- Workplace Bullying and Harassment (this Policy has been combined with Discrimination, Workplace and Sexual Harassment, Equal Employment Opportunity and Diversity)

RECOMMENDATION:

THAT THE FOLLOWING POLICY AS AMENDED AND PRESENTED BE ADOPTED:

- **DEBT COLLECTION (RATE DEBTORS, SUNDRY DEBTORS)**
- **EMPLOYEE CODE OF CONDUCT AND CONFLICT OF INTEREST POLICY AND GUIDELINES**

The following policies are attached at [Appendix 9](#) for review. Councillors are requested to provide feedback on the policy to the Responsible Officer by 6 June 2017.

- Access to Waste Disposal and Recycling Outlets (outside normal operating hours) (DTS)
- Healthy Eating (DCCS)
- Tree (DTS)
- Young Person Award (EA)

20 Sealing of documents

20.1 Consideration of Land Transfer from Ambulance Victoria to Council (274800-DTS)

Disclosure of Interests (S.80C):

This report was prepared by Mr Jamie Heritage, Director Technical Services.

At the time of preparation of the report the officer did not have a direct or indirect interest in any matter to which the report or advice relates.

Background/History:

This report provides information on the ownership of land at 10 Banool Road, Tallangatta where the North East Catchment Management Authority (NECMA) building is now located. It also seeks to resolve an unresolved land ownership transfer from North Eastern Victorian Ambulance Service (NEVAS) and Council for two of the parcels of land at 10 Banool Road, Tallangatta.

The NECMA building currently sits across three titles of which the ownership is as follows:

- Lot 2 LP046854 Towong Shire Council
- Lot 28 LP052291 North Eastern Victorian Ambulance Service of Wangaratta
- Lot 7K LP579425W North Eastern Victorian Ambulance Service of Wangaratta.

The initial transaction for the two lots (Lot 28 and Lot 7K) was agreed 'in principle' in 1984 however the formalities of this appear not to have been completed. The situation was close to being addressed in 2008 however an investigation revealed that the change is yet to be properly registered on the titles.

The two titles have Caveats placed on them that are vested in the President Councillors and Ratepayers of the Shire of Tallangatta, attached at [Appendix 10](#).

Impact on Council Policy:

Nil.

State Government Policy Impacts:

Nil.

Budget Impact:

Confirmation that there will be no stamp duty payable on the transaction has been received however there will be a Titles Office fee of \$114.00 for registration of the Transfer. The fee can be accommodated in existing budgets.

Risk Assessment:

Nil.

Community Consultation/Responses:

Not applicable.

Discussion/Officers View:

It is the Officer's opinion that proceeding with the land transaction will resolve any ownership issues into the future.

RECOMMENDATION:

THAT THE CHIEF EXECUTIVE OFFICER BE AUTHORISED TO SIGN AND SEAL THE TRANSFER OF LAND.

20.2 Section 173 Agreement – PM Kissane (272850-DTS)

The Stock Grid Policy enables Council to enter into a Maintenance and Repair Agreement with a stock grid owner by a Section 173 Agreement under the Planning and Environment Act 1987.

Section 2.1 of the policy states that Council will enter into an Agreement with owners of existing grids which sets out the conditions under which the grid will be permitted to remain on a Public Access Road.

Conditions include:

- The owner is responsible for ongoing maintenance and upgrade of the grid and associated signage to an acceptable standard as deemed by Council
- The owner is responsible for the supply and installation of any upgrade grid and associated signage to Council requirements. A Permit for Works within Road Reserves must be obtained
- The owner is to provide evidence of a current \$10M Public Liability Insurance Policy which is to be ongoing for the life of the grid
- The owner must hold an annual Stock Grid Grazing Permit and pay the associated fee
- If the grid is not maintained to a satisfactory standard, Council may carry out maintenance at the owner's cost or remove the grid
- The owner is responsible for upgrade of the grid if the road is upgraded or minimum standards are altered.

A Section 173 Agreement has been drafted to indicate that the owners and future owners of the land described as:

- Volume 10617, Folio 974 are responsible for the ongoing maintenance and renewal of the stock grid located at 0.60 km along Swasbrick Road as measured from Mitta North Road.

Compliance with the Section 173 Agreements is required to the satisfaction of the Responsible Authority until such time as these requirements are varied or superseded by a subsequent requirement.

The Agreement is in accordance with the requirements of the Stock Grid Policy and it is the officer's recommendation that the Agreement be signed and sealed.

RECOMMENDATION:

THAT THE CHIEF EXECUTIVE OFFICER BE AUTHORISED TO SIGN AND SEAL THE SECTION 173 AGREEMENT RELATING TO LAND DESCRIBED AS VOLUME 10617 FOLIO 974; THAT HAVE BEEN DRAFTED IN ACCORDANCE WITH THE REQUIREMENTS OF THE STOCK GRID POLICY.

21 Confidential

In accordance with S77 (2) information is 'confidential information' if:

(a) the information was provided to the Council or a special committee in relation to a matter considered by the Council or special committee at a meeting closed to members of the public and the Council or special committee has not passed a resolution that the information is not confidential; or

(b) the information has been designated as confidential information by a resolution of the Council or a special committee which specifies the relevant ground or grounds applying under section 89(2) and the Council or special committee has not passed a resolution that the information is not confidential; or

(c) Subject to sub-section (3), the information has been designated in writing as confidential information by the Chief Executive Officer specifying the relevant ground or grounds applying under section 89(2) and the Council has not passed a resolution that the information is not confidential.

In accordance with Section 89(2) and 89(3) of the Local Government Act 1989,

(2) A Council or special committee may resolve that the meeting be closed to members of the public if the meeting is discussing any of the following—

- (a) Personnel matters;
- (b) The personal hardship of any resident or ratepayer;
- (c) Industrial matters;
- (d) Contractual matters;
- (e) Proposed developments;
- (f) Legal advice;
- (g) Matters affecting the security of Council property;
- (h) Any other matter which the Council or special committee considers would prejudice the Council or any person;
- (i) A resolution to close the meeting to members of the public.

(3) If a Council or special committee resolves to close a meeting to members of the public the reason must be recorded in the minutes of the meeting.

RECOMMENDATION:

THAT THE MEETING BE CLOSED TO THE PUBLIC TO CONSIDER INFORMATION CONSIDERED UNDER SECTION 89(2)(h) OF THE LOCAL GOVERNMENT ACT TO BE CONFIDENTIAL.