

Minutes

Special Meeting of Council

Tallangatta Council Office

Tuesday 15 August 2017

This information is available in alternative formats on request

**MINUTES FOR THE SPECIAL MEETING OF COUNCIL HELD AT TOWONG SHIRE
COUNCIL, TALLANGATTA OFFICE ON TUESDAY 15 AUGUST 2017 COMMENCING AT
3.00 PM.**

TABLE OF CONTENTS

1	Opening Prayer.....	3
2	Councillor and Officer presence at the meeting.....	3
3	Apologies and granting of leave of absence.....	3
4	Organisational improvement.....	5
4.1	Proposed Budget 2017/18 (06/02/0076-DCCS).....	5

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

Present: Crs Wortmann, Scales, Star, Tolsher and Whitehead

In Attendance:	Title:
Ms J Phelps	Chief Executive Officer
Ms J Shannon	Director Community and Corporate Services
Mr J Heritage	Director Technical Services

3 Apologies and granting of leave of absence

Nil

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.

Cr Scales declared a direct financial interest in item 5.1 – Proposed Budget 2017/18, specifically in relation to the setting of Food Premises Registration fees, as his business, the Dartmouth Hotel, is a registered Food Premise.

CR STAR

CR WHITEHEAD

THAT CONSIDERATION OF THE BUDGET SUBMISSION MADE BY MR GLENN WILSON WITH REGARD TO THE PROPOSED FEE INCREASE FOR CLASS 2 FOOD PREMISES BE BROUGHT FORWARD FOR CONSIDERATION AS A SEPARATE ITEM.

CARRIED

Cr Scales left the chamber, the time being 3.05pm.

Council considered the budget submission made by Mr Glenn Wilson with regard to the proposed fee increase for Class 2 food premises.

Under the Food Act 1984, Class 2 Food premises are those who handle unpackaged potentially hazardous foods which need correct temperature control during the food handling process, including cooking and storage to keep them safe. This includes hotels, restaurants, pubs, caterers, cafes and most manufacturers. The proposed fee increase in the 2017/18 Budget is contained in the table below.

Description	2016/17	2017/18	% increase	\$ increase
Food premises – Class 2	\$380.00	\$400.00	5.3%	\$20

CR WHITEHEAD

CR STAR

THAT COUNCIL APPROVE THE \$400 REGISTRATION FEE FOR 2017/18 FOR BUSINESSES REGISTERED AS FOOD PREMISES CLASS 2.

CARRIED

Cr Scales returned to the Chamber the time being 3.11pm.

5 Organisational improvement

5.1 Proposed Budget 2017/18 (06/02/0076-DCCS)

Disclosure of Interests (S.80C):

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

At the time of preparation or presentation 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:

A proposed 2017/18 Budget, including the updated Strategic Resource Plan and Long Term Financial Plan, was adopted 'in-principle' at the Council Meeting held on 4 July 2017. The 2017/18 Budget was prepared with a 5.55% rate increase which was 3.55% above the rate cap of 2% announced by the Minister for Local Government. At the time of the 'in-principle' adoption an application had been submitted to the Essential Services Commission (ESC) for a higher rate cap. The following resolution was passed by Council at the 4 July 2017 meeting:

CR SCALES
CR TOLSHER

THAT:

1. COUNCIL ENDORSE THE PROPOSED BUDGET FOR 2017/18, AS AMENDED, WITH AN INCREASE IN THE AVERAGE RATES PER RATEABLE ASSESSMENT OF 5.55% (SUBJECT TO APPROVAL FROM THE ESSENTIAL SERVICES COMMISSION);
2. THE CHIEF EXECUTIVE OFFICER BE AUTHORISED TO:
 - a. GIVE PUBLIC NOTICE OF THE PREPARATION OF THE PROPOSED BUDGET IN ACCORDANCE WITH SECTION 129(1) OF THE LOCAL GOVERNMENT ACT 1989; AND
 - b. MAKE AVAILABLE FOR PUBLIC INSPECTION THE INFORMATION REQUIRED TO BE MADE AVAILABLE BY THE LOCAL GOVERNMENT (PLANNING AND REPORTING) REGULATIONS 2014;
3. AT THE SPECIAL COUNCIL MEETING TO BE HELD AT TALLANGATTA ON 15 AUGUST 2017 COUNCIL:
 - a. CONSIDER ANY SUBMISSIONS IN RELATION TO THE PROPOSED BUDGET;

- b. HEAR ANY PERSON OR THEIR REPRESENTATIVE IN SUPPORT OF THEIR SUBMISSION; AND*
- c. CONSIDER THE ADOPTION OF THE PROPOSED BUDGET.*

CARRIED

Report:

Public Exhibition

In accordance with the Local Government Act 1989, a public notice was placed in the Border Mail advising that Council had adopted a proposed 2017/18 Budget. In accordance with Section 223 of the Act, submissions could be made on the proposed 2017/18 Budget up until 5pm on Wednesday 2 August 2017. Advertisements were also placed in the Corryong Courier and Tallangatta Herald.

One submission was received by the submission deadline with further details provided under the Community Consultation/Responses section.

Essential Services Commission decision

An application was submitted to the ESC on 31 May 2017 applying for a higher rate cap of 5.55% for each of the next four financial years. This is 3.55% above the announced rate cap of 2% for 2017/18. The rate cap for future years has not yet been determined.

On 31 July 2017 the ESC released its decision on the rate cap application, approving a higher rate cap of 5.55% for each of the next four years. The ESC was "satisfied that the higher caps are appropriate because the application demonstrates a long-term funding need to deliver services at existing levels and maintain financial sustainability". The report and accompanying documents are attached at [Appendix 1](#).

The ESC stated that "Towong's application for a higher cap meets all legislative requirements and it is supported by the following:

- clear reasons and identified impacts on service delivery and financial sustainability
- rigorous long-term financial planning
- demonstrated efforts to reduce cost, increase efficiencies and explore alternate funding options
- community engagement that meets the engagement principles set out in our guidance."

This view was supported by an independent analysis from Deloitte Access Economics that was commissioned by the ESC: Deloitte Access Economics stated that "Towong Shire has demonstrated a strong ongoing commitment to sound long-term asset management and financial planning. It has a good appreciation of the financial challenges it faces and is mindful of the community impact and preferences from the

available options and their implications. It has taken many steps to improve ongoing efficiency but it is likely that it will need to generate rate revenue in excess of the cap in 2017-18 and beyond (or at least in the near future thereafter) in order to maintain current service levels.”

Amendments to Budget for Public exhibition

There was significant support and feedback during the community consultation sessions for reinstatement of some services that had been cut in previous years. Potential budget changes have been explored to accommodate this feedback.

Budget modelling was undertaken and included the following changes:

- Extend the swimming pool season by two weeks
- Provide greater access to increased library resources
- Delay accessing borrowings by two years
- Reduce available budget for Enterprise Agreement increases in 2018
- Cease funding school crossing supervisors from January 2018
- Increase commitment to renewing playgrounds across the Shire
- Reduce road infrastructure renewal by 11% (\$200,000) each year for the next four years
- Complete town entrances project
- Install a community noticeboard in Tallangatta
- Install shade in the outdoor area of the Tallangatta Early Years Learning Centre

The adjustments proposed to the draft Budget that was released for public exhibition are attached at [Appendix 2](#).

Impact on Council Policy:

Council Plan Objectives

Council’s 2017-2021 Council Plan has a strategic objective of embedding organisational excellence into our governance and management processes to deliver the best possible outcomes for our residents and ratepayers. Council encourages appropriate community involvement in its governance processes and will aim to produce accurate, concise and easy to read reports and publications for members of our public.

Strategic Resource Plan (SRP)

The Strategic Resource Plan for 2017/18 to 2020/21 has been updated and included in the proposed Budget 2017/18.

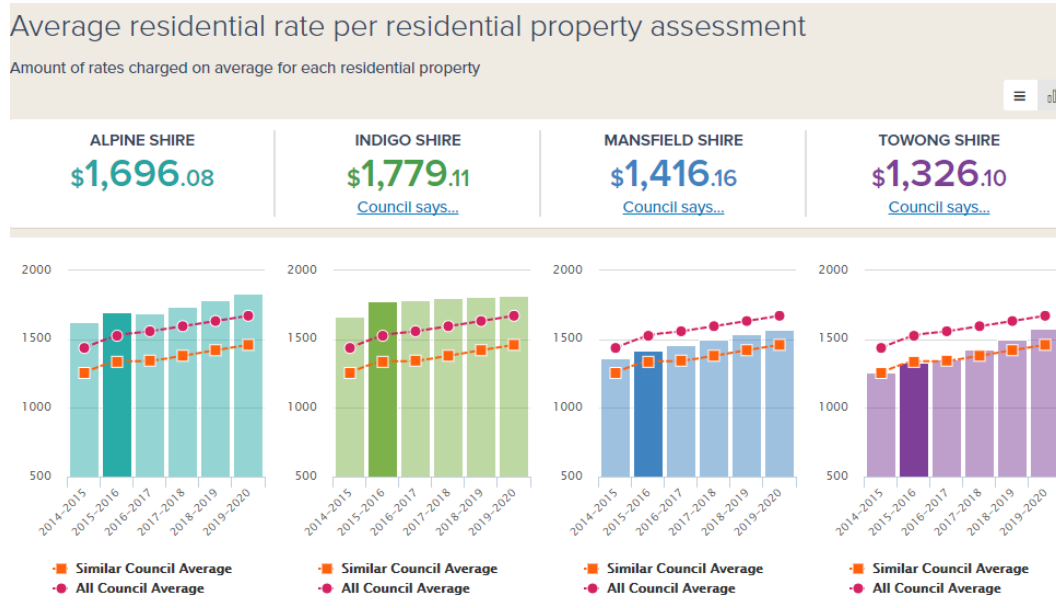
Long Term Financial Plan (LTFP)

The Long Term Financial Plan for 2017/18 to 2026/27 has been updated and included in the proposed Budget 2017/18.

Community Outcomes

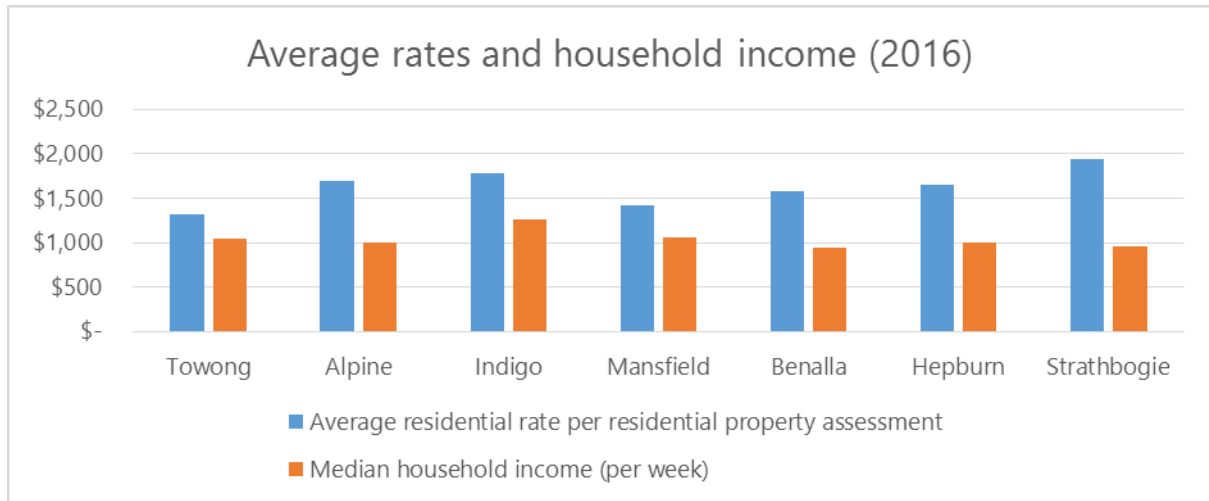
The development of the proposed Budget 2017/18 is a critical component in the financial management of Council's operations to ensure the delivery of appropriate services and programs to residents and ratepayers. It is also important to balance the delivery of services with the community's capacity to pay for the services.

The following extracts from the 'Know Your Council' website on the average rates and charges paid by a residential property is provided for your information.

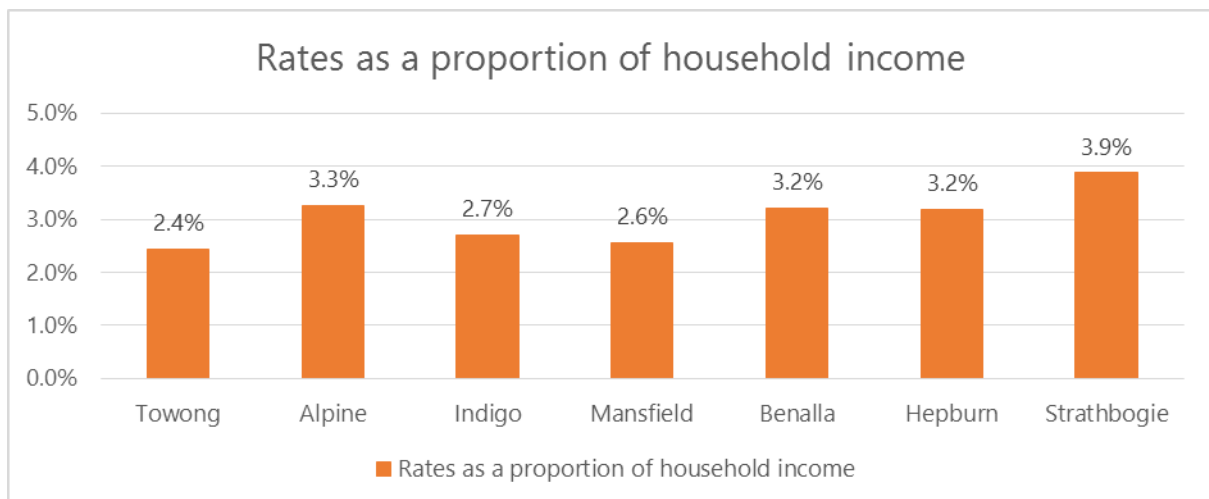


In addition to understanding the average residential rate across the Shire relative to other small Councils, it is appropriate for Council to consider how this relates to household income.

The following graph details both the average residential rates and median household weekly income.



When rates are expressed as a percentage of the median household income (per annum), the average Towong ratepayer is paying 2.4% of their annual income in rates. This compares to other small Councils in the area where average ratepayers are paying 2.6% to 3.9% of their annual income as rates. This comparison is displayed in the following graph.



Environmental Impact

The proposed Budget 2017/18 contains financial provision for Council to achieve significant environmental outcomes for the community.

State Government Legislation:

The proposed Budget 2017/18 has been prepared in accordance with the relevant sections and regulations of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014, which are presented at [Appendix 3](#).

Budget Impact:

The proposed Budget 2017/18 establishes the financial framework of Council including income and expenditure, rating strategy, borrowings and asset management programs necessary for Council operations.

Community Consultation/Responses:

A person has a right to make a submission under section 223 on any proposal contained in the budget. Submissions could be made on the proposed 2017/18 Budget up until 5pm on Wednesday 2 August 2017.

One submission was received and is attached at [Appendix 4](#). The submission was received from Mr Glenn Wilson with regards to the proposed fee increase for Class 2 food premises.

Under the Food Act 1984, Class 2 Food premises are those who handle unpackaged potentially hazardous foods which need correct temperature control during the food handling process, including cooking and storage to keep them safe. This includes hotels, restaurants, pubs, caterers, cafes and most manufacturers. The proposed fee increase in the 2017/18 Budget is contained in the table below.

Description	2016/17	2017/18	% increase	\$ increase
Food premises – Class 2	\$380.00	\$400.00	5.3%	\$20

Risk Assessment:

The proposed 2017/18 Budget, containing the Strategic Resource Plan 2017/18 to 2020/21 and the Long Term Financial Plan 2017/18 to 2026/27, has been prepared to enable Council to manage both short term and long term financial sustainability risk exposures.

The Victorian Auditor-General's Office (VAGO) uses a range of financial sustainability indicators as part of their audits and analysis. These indicators have been included in Council's LTFP and provide Council officers with a good point of reference for the

implications on the range of these sustainability indicators with any changes in financial modelling.

An extract of the indicators from Council's higher rate cap application are provided below. The table following shows the VAGO indicators with a rate increase of 5.55%.

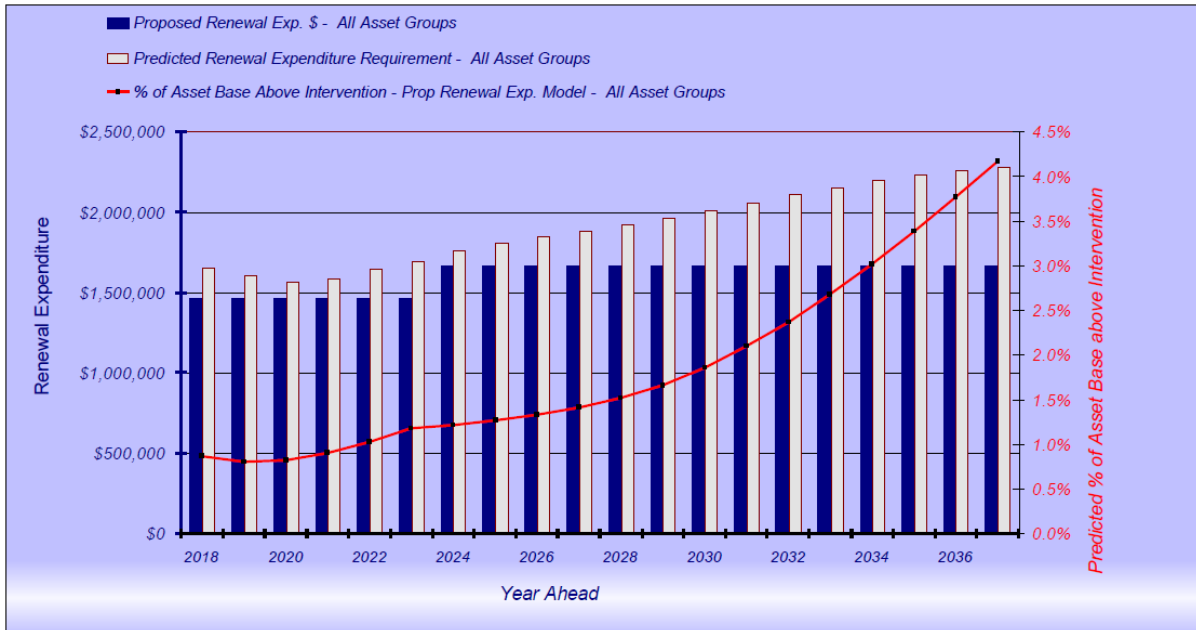
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Underlying result (1yr)	-6%	12%	-16%	-1%	-1%	0%	1%	2%	3%	5%	6%	7%
Underlying result (4yr)	0%	2%	3%	-2%	-1%	-4%	0%	0%	2%	3%	4%	5%
Liquidity	5.61	6.44	5.10	4.70	4.59	4.22	3.96	3.62	3.39	3.08	2.89	2.98
Self financing	44%	56%	34%	37%	30%	28%	27%	29%	28%	30%	29%	31%
Indebtedness	7%	11%	28%	30%	34%	36%	32%	29%	24%	22%	17%	16%
Capital replacement (1yr)	1.86	2.58	1.71	1.46	1.19	1.28	1.07	1.21	1.16	1.30	1.25	1.39
Capital replacement (4yr)	1.68	1.89	1.89	1.89	1.71	1.41	1.25	1.19	1.18	1.19	1.23	1.27
Accounting Renewal gap (1yr)	0.61	1.67	1.43	0.94	0.99	1.03	1.07	1.11	1.15	1.19	1.24	1.29
Accounting Renewal gap (4yr)	1.08	1.13	1.14	1.17	1.25	1.10	1.01	1.05	1.09	1.13	1.17	1.22

The table below shows the VAGO indicators with a rate increase of 2%. By the year 2024 the liquidity indicator shows Council will be very close to running out of cash to meet its financial obligations.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Underlying result (1yr)	-6%	12%	-18%	-4%	-6%	-7%	-7%	-8%	-8%	-9%	-10%	-10%
Underlying result (4yr)	0%	2%	3%	-3%	-3%	-8%	-6%	-7%	-7%	-8%	-9%	-9%
Liquidity	5.61	6.44	4.99	4.41	4.01	3.25	2.48	1.52	0.54	(0.65)	(1.86)	(3.70)
Self financing	44%	56%	33%	35%	27%	24%	22%	22%	20%	20%	18%	18%
Indebtedness	7%	11%	29%	32%	36%	40%	36%	34%	29%	27%	22%	22%
Capital replacement (1yr)	1.86	2.58	1.71	1.46	1.19	1.28	1.07	1.21	1.16	1.30	1.25	1.39
Capital replacement (4yr)	1.68	1.89	1.89	1.89	1.71	1.41	1.25	1.19	1.18	1.19	1.23	1.27
Accounting Renewal gap (1yr)	0.61	1.67	1.43	0.94	0.99	1.03	1.07	1.11	1.15	1.19	1.24	1.29
Accounting Renewal gap (4yr)	1.08	1.13	1.14	1.17	1.25	1.10	1.01	1.05	1.09	1.13	1.17	1.22

With reference to the proposal to reduce asset renewal for roads for the next four years and reallocate this to other projects such as playground renewal, analysis has been undertaken of the expected impact. When asset renewal is delayed the life of existing assets is extended. As assets age and deteriorate further it can become more visible to asset users. For example, there may be more potholes evident on roads. There is a recognised threshold beyond which the condition of assets becomes unacceptable to users. This threshold is where 2% of assets need renewal. This threshold has been determined using 21 years of data collection by Moloney Asset Management Systems who are engaged by Council to provide an independent assessment of Council's road infrastructure network.

Under the original asset modelling less than 2% of Council roads would be above the intervention threshold through until 2032. With the proposed change (reduction of \$200,000 on road asset renewal for each of the four years) the threshold is reached in 2031, one year earlier, as displayed in the following graph.



Council closely monitors the condition of its road assets. Community feedback on assets is monitored. An independent assessment is also undertaken every three to five years, so any significant change in condition will be picked up relatively quickly.

The above modelling does not include any assets that are renewed as part of a broader funded project. Based on these factors reducing road asset renewal for the four years is likely to be manageable from a financial and asset management perspective.

This budget has also been prepared in accordance with Council’s legislative requirements, thereby minimising Council’s compliance risks.

Discussion/Officers view:

Council’s financial sustainability is a key platform of the proposed Budget for 2017/18.

Over the past six years Council has been actively reducing the extent of its underlying deficit by adopting innovative practices in order to be as lean and efficient as possible, whilst providing an appropriate level of services and infrastructure to the community.

Options have been provided for Council to reprioritise its expenditure over coming years, reducing road asset renewal and redirecting funds towards other asset renewal and reinstatement of some services.

With the proposed amendments (contained in Appendix 2), the changes to key financial indicators are detailed in the table below.

	2017/18 Budget adopted 'in- principle'	Proposed 2017/18 Budget (including proposed changes)	Variance
	\$'000	\$'000	\$'000
Total revenue	14,469	14,394	(75)
Total expenditure	(14,777)	(14,520)	257
Operating surplus/ (deficit)	(308)	(126)	182
Underlying surplus/ (deficit)	(2,027)	(1,845)	182
Capital works expenditure	6,735	6,885	(150)

The proposed Budget remains in line with Council's long term financial planning to ensure that:

- The underlying result improves from the current underlying deficit to an underlying surplus within the next ten years (forecast for 2021/22).
- Cash reserves will be adequate to meet Council's commitments in ten years (2027).

One submission has been received in relation to the Food Act charges that are levied on some business operators. Over the last five years registration fees have increased to more fully recover the cost of managing each registered food premises.

	Registration fee	Increase
2012/13	\$ 185	
2013/14	\$ 210	14%
2014/15	\$ 275	31%
2015/16	\$ 350	27%
2016/17	\$ 380	9%

The current registration fees do not fully cover the costs incurred by Council. The current Towong registration fees are also much lower than neighbouring Shires. It is recommended that Council endorse the \$400 registration fee for 2017/18 for businesses registered as Food premises – Class 2 (5.3% increase).

The proposed Budget 2017/18 is now recommended to Council as financially responsible and consistent with Council's long term financial planning objectives.

**CR SCALES
CR TOLSHER**

THAT:

- 1. COUNCIL CONSIDER THE DECISION PAPER 'THE ESSENTIAL SERVICES COMMISSION 2017, TOWONG SHIRE COUNCIL: DECISION ON APPLICATION FOR HIGHER CAPS 2017-18 TO 2020-21, JULY';**
- 2. IT BE NOTED THAT ONE SUBMISSION WAS RECEIVED IN RELATION TO THE PROPOSED 2017/18 BUDGET PRIOR TO THE 2 AUGUST 2017 DEADLINE AND HAS BEEN CONSIDERED;**
- 3. IT BE NOTED THAT THE PROPOSED BUDGET 2017/18 DOES NOT INCLUDE ANY CARRY FORWARD FUNDS FOR CAPITAL PROJECTS. CARRY FORWARD PROJECTS WILL BE REVIEWED AS PART OF THE END OF YEAR AUDIT IN AUGUST 2017 WITH AN UPDATE PROVIDED TO COUNCIL AT THE OCTOBER COUNCIL MEETING FOR THE CAPITAL PROJECTS TO BE CARRIED FORWARD;**
- 4. THE PROPOSED BUDGET 2017/18 AS RELEASED FOR PUBLIC EXHIBITION, WITH AMENDMENTS PROPOSED IN APPENDIX 2, IS ADOPTED AS THE BUDGET 2017/18 FOR THE PURPOSES OF SECTION 127 OF THE LOCAL GOVERNMENT ACT 1989 WITH AN INCREASE TO GENERAL RATE INCOME AND MUNICIPAL CHARGE INCOME OF 5.55%;**
- 5. THE CHIEF EXECUTIVE OFFICER BE AUTHORISED TO GIVE PUBLIC NOTICE OF ADOPTION OF THE 2017/18 BUDGET AND FORWARD A COPY TO THE MINISTER FOR LOCAL GOVERNMENT IN ACCORDANCE WITH SECTION 130 OF THE LOCAL GOVERNMENT ACT 1989;**

6. PURSUANT TO SECTION 158 OF THE LOCAL GOVERNMENT ACT 1989,

6.1. THE AMOUNTS WHICH COUNCIL INTENDS TO RAISE BY GENERAL RATES, MUNICIPAL CHARGES, SERVICE RATES AND SERVICE CHARGES FOR THE 2017/18 FINANCIAL YEAR ARE AS FOLLOWS:

Type of Charge	2017/18 \$
General rates	5,841,000
Municipal charges	1,084,000
Service charges (Waste Management and Garbage Collection)	1,178,000

6.2. GENERAL RATES WILL BE RAISED BY THE APPLICATION OF A DIFFERENTIAL RATING STRATEGY.

7. PURSUANT TO SECTION 159 OF THE LOCAL GOVERNMENT ACT 1989, COUNCIL DECLARES A MUNICIPAL CHARGE AS FOLLOWS:

Type of Charge	Per Rateable Property 2017/18 \$
Municipal	282

8. PURSUANT TO SECTION 162 OF THE LOCAL GOVERNMENT ACT 1989, COUNCIL DECLARES THE FOLLOWING ANNUAL SERVICE CHARGES:

Type of Charge	Per Rateable Property 2017/18 \$
Waste management	101
Garbage Collection:	
Garbage and Recycling - 140/240 Litre Bins (Standard Size)	276
Garbage and Recycling - 240/240 Litre Bins	301
Garbage and Recycling - 80/240 Litre Bins	240
Additional Garbage - 140 Litre Bin (Standard Size)	225
Additional Garbage - 240 Litre Bin	293
Additional Garbage - 80 Litre Bin	192
Additional Recycling – 240 Litre Bin	124
Garbage/Recycle Service Extension – per km	136

9. PURSUANT TO SECTION 161 OF THE LOCAL GOVERNMENT ACT 1989, COUNCIL DECLARES THE FOLLOWING RATE IN THE DOLLAR FOR EACH TYPE OF RATE TO BE LEVIED, WITH THE DEFINITION OF EACH TYPE OR CLASS OF LAND CONTAINED WITHIN THE 2017/18 BUDGET:

Type or class of land	2017/18 \$/CIV
General rate for rateable residential properties (100%)	0.004463
General rate for rateable rural residential properties (100%)	0.004463
General rate for rateable rural properties (90%)	0.004017
General rate for rateable business properties (95%)	0.004240
General rate for rateable undeveloped residential properties (360%)	0.016067

10. REBATES

IN EXERCISE OF THE POWER CONFERRED BY SECTION 169 OF THE LOCAL GOVERNMENT ACT 1989, COUNCIL GRANTS TO EACH OWNER (OR, WHERE APPLICABLE, OCCUPIER) OF RATEABLE LAND A REBATE OF THE MUNICIPAL CHARGE AND A REBATE OF THE WASTE MANAGEMENT CHARGE DECLARED BY COUNCIL IN RESPECT OF THE FINANCIAL YEAR.

10.1 IF:

10.1.1 THE RATEABLE LAND IS FARM LAND WITHIN THE MEANING OF SECTION 2(1) OF THE VALUATION OF LAND ACT 1960 OR WOULD BE FARM LAND IF IT WERE 2 HECTARES OR MORE IN AREA;

10.1.2 THE RATEABLE LAND FORMS PART OF A SINGLE FARM ENTERPRISE;

10.1.3 A REBATE IS NOT GRANTED IN RESPECT OF AT LEAST ONE OTHER RATEABLE PROPERTY WHICH FORMS PART OF THE SINGLE FARM ENTERPRISE; AND

10.1.4 IN THE CASE OF A SINGLE FARM ENTERPRISE, WHICH IS OCCUPIED BY MORE THAN ONE PERSON, A REBATE IS NOT GRANTED IN RESPECT OF MORE THAN ONE PRINCIPAL PLACE OF RESIDENCE.

10.2 COUNCIL RECORDS THAT, IN ITS OPINION, THE REBATES WILL ASSIST THE PROPER DEVELOPMENT OF ITS MUNICIPAL DISTRICT BY ENCOURAGING THE RETENTION OF FARMS AND REDUCING THE RATE AND CHARGE BURDEN ON OWNERS (AND, WHERE APPLICABLE, OCCUPIERS) OF SINGLE FARM ENTERPRISES.

10.3 COUNCIL GRANT A CONCESSION OF 50% ON THE GENERAL RATES LEVIED ON THE FOUR ELDERLY PERSONS UNITS LOCATED AT 24 WILLONG STREET, TALLANGATTA, AS PER EXISTING AGREEMENT DATED 1994 BETWEEN THE MINISTRY OF HOUSING AND COUNCIL.

10.4 COUNCIL GRANT A CONCESSION OF 50% ON THE RATES, MUNICIPAL CHARGE AND WASTE MANAGEMENT CHARGE LEVIED ON THE PROPERTY LOCATED AT 25 WHEELER STREET, CORRYONG, AS PER COUNCIL MINUTES DATED 1 MAY 2000.

11. CONSEQUENTIAL MATTERS

PAYMENT DATES FOR RATES AND CHARGES FOR 2017/18 SHALL BE BY INSTALMENTS PAYABLE ON OR BEFORE 30 SEPTEMBER 2017, 30 NOVEMBER 2017, 28 FEBRUARY 2018 AND 31 MAY 2018.

12. THAT AN AMOUNT OF \$5000 BE ALLOCATED FROM THE ROAD MAINTENANCE BUDGET AS A SEPARATE LINE ITEM FOR FIRE ACCESS TRACK MAINTENANCE

13. COUNCIL RECOGNISES THAT OUR RATEPAYERS CAN NOT CONTINUE TO AFFORD TO PAY RATE INCREASES ABOVE THE MINISTERIAL CAP AND THAT COUNCIL CONTINUE ITS ADVOCACY EFFORTS TO STATE AND FEDERAL GOVERNMENT FOR INCREASED FINANCIAL SUPPORT FOR SMALL RURAL COUNCILS

CARRIED

There being no further business, the meeting was declared closed the time being 3.30pm.