



MINUTES
of the
SPECIAL MEETING OF COUNCIL
held on
WEDNESDAY 21 JUNE 2017
in the
ALEXANDRA COUNCIL CHAMBER
commencing at
6.00 pm

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1. PLEDGE AND RECONCILIATION STATEMENT

The meeting was opened with all Councillors declaring the following Pledge:

“We as Councillors democratically elected to represent our community as the Murrindindi Shire Council, are committed to working together in the best interests of the people who live in our municipality, who conduct business here and those who visit.”

2. APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE

REF: SF/306

That Council accept the apologies of Cr J Ashe.

RESOLUTION:

Cr M Rae / Cr E Lording

That Council accept the apologies of Cr J Ashe.

CARRIED

Present:

Crs C Bisset (Chair), S McAulay, R Bowles, L Dunscombe, E Lording, M Rae

In attendance:

Chief Executive Officer: Margaret Abbey

General Manager Corporate and Community Services: Michael Chesworth

General Manager Infrastructure and Development Services: Stuart McConnell

Manager Business Services: Andrew Bond

Manager Communications Library & Customer Services: Jacqui Rabel

3. DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST

REF: SF/783

Nil

4. OFFICER REPORTS

4.1 THE COUNCIL PLAN 2017-2021

REF: 17/43395

Attachments: The Council Plan 2017-2021 (refer *Attachment 4.1* - TRIM 17/44584)

Purpose:

The purpose of this report is to complete the statutory process for the adoption of the Council Plan 2017-2021 and Strategic Resource Plan (SRP).

Officer Recommendation:

That having considered submissions in accordance with section 223 of the *Local Government Act 1989 (Act)* the Council resolves:

1. To adopt the Council Plan 2017-2021 and the accompanying Strategic Resource Plan as contained in *Attachment 4.1*;
2. That the statutory processes under sections 125 and 126 of the *Act* in relation to the preparation of the Council Plan be completed; and
3. That responses to issues contained within the six (6) submissions received concerning the draft Council Plan 2017-2021 be issued by the General Manager Corporate and Community Services.

Background:

In accordance with section 125 of the *Local Government Act 1989 (Act)*, Council must prepare and approve a Council Plan covering a four year period within the period of six months after each general election or prior to 20 June, whichever is the later.

Council's preparation of the Council Plan 2017-2021 has been informed by the Murrindindi 2030 Vision, an extensive 'Have Your Say' community engagement initiative during March and April 2017 involving approximately 1,600 responses from the community, and a number of officer and Council workshops to develop the strategic directions and priorities over the next four years.

Council is also required to prepare, as part of the Council Plan, a four year Strategic Resource Plan which sets out the financial resourcing requirements and assumptions to support the delivery of the directions contained within the Council Plan.

At the 26 April 2017 Ordinary Meeting, Council endorsed the draft Council Plan 2017-2021 incorporating the Strategic Resource Plan for the purposes of public exhibition in accordance with the *Local Government Act 1989*.

Submissions were sought from the public concerning the draft Council Plan 2017-2021 incorporating the Strategic Resource Plan and submitters had the opportunity to be heard at a Special Meeting of Council on 7 June 2017.

Council Plan/Strategies:

The Council Plan is the key planning document which translates Council's obligations under the *Local Government Act 1989* into objective and strategies. Specifically the plan:

- Guides Council's strategic direction
- Identifies Council priorities and strategic indicators
- Contributes to the development of the annual budget for the next four years

The Council Plan is a key document for local community groups, residents, investors, and other levels of government who play a vital role in helping the Council to deliver on its commitments. It sets out what Council expects to achieve over a four year period and guides the allocation of finances through the Strategic Resource Plan and Annual Budget.

Legal/Policy Issues:

The requirement for the Council Plan inclusive of Strategic Resource Plan is detailed under Sections 125 and 126 of *the Local Government Act 1989*.

Subject to Council's endorsement of the Council Plan 2017-2021, under sections 125 and 126 of the *Local Government Act 1989*, Council must:

- Submit a copy of the Council Plan 2017-2021 and Strategic Resource Plan to the Minister
- Make the Council Plan 2017-2021 and Strategic Resource Plan available for inspection by the public at Council Offices and website

- Consider at least once per financial year whether any adjustment to the Council Plan is necessary

Financial/Resources/Risk:

The draft Council Plan 2017-2021 and Strategic Resource Plan has been prepared to ensure the implications of Council's longer term financial and strategic risks are minimised as far as possible.

Discussion:

The Council Plan 2017-2021 has been developed in collaboration with the communities of the Murrindindi Shire. It sets out the Council's overall strategic direction for the next four years of its term and the resources required to achieve this direction.

Following the extensive 'Have Your Say' community consultation the Council Plan was developed with recognition of the community's desire for Council to focus on increased economic activity, business development and tourism visitation, encouraging stronger community connections, retaining the unique and diverse character and liveability of the Shire's towns and localities and protecting the scenic beauty and health of the natural environment.

Linked to these themes is a desire by the community for responsible stewardship of the Council's financial resources and community facilities, improved communication and engagement with the community and a focus on quality service delivery.

As a consequence the Council has set its direction around four key strategic objectives as follows:

Our People

Together we will encourage and celebrate diverse, caring and connected communities

Our Place

We will maintain and enhance places to be attractive and liveable, in balance with our natural environment

Our Prosperity

In partnership with the community we will promote an environment in which business and community can thrive

Our Promise

We will all work in collaboration with our communities to deliver the best possible outcomes in all that we do

The draft Council Plan 2017-2021 details a range of strategies under each of these objectives for implementation over the next four years and a series of strategic indicators to measure the outcomes of the Council's work. Each year Council will prepare an implementation plan and an annual budget that ensures the correct focus and resources are being applied to implement the strategies in the Council Plan.

The draft Strategic Resource Plan 2017-2021 includes financial projections for the next 10 years. It has been developed to meet the overall resourcing requirements flowing from the directions in the draft Council Plan, whilst maintaining a focus on maximising the Council's longer term financial sustainability.

Key financial assumptions that underpin the longer term financial plan are as follows:

1. Operating within a rate cap of 2% annual rate increases, which is forecast to remain constant over the life of the SRP. The Minister for Local Government sets the rate cap annually and the SRP will be modified based on annual determinations.
2. Fees & Charges revenue to increase by 2.5% per annum.

3. Borrowings to remain at current levels of \$500,000 per annum.
4. Cost of goods and services to increase by 2.5% per annum.
5. Interest on investments to remain at 2.5% per annum, with interest on borrowings at 4.5% per annum.
6. Revenue received from grants (for either capital or operating purposes) only included where the source of funds is certain, or reasonably assumed to continue over the life of the plan (eg. Roads to Recovery).
7. Council's permanent staffing establishment is forecast to remain relatively stable over the life of the SRP.
8. A strong focus maintained on balancing Council's asset renewal gap over the life of the SRP.

It is noted that on current assumptions, renewal expenditure will not fully meet renewal requirements over the next ten years, which will see the infrastructure renewal gap increase. Council is continuing to invest in improved strategic asset management systems and planning, and this combined with enhanced strategic procurement is expected to slow growth in the renewal gap over the ten year life of the plan.

The Council reviews the SRP on an annual basis and therefore improvements to the management of Council's asset renewal requirements will involve a continual review of the current assumptions. This annual review also enables Council to consider other priorities and initiatives in the context of Council's financial position.

Council received six (6) submissions regarding the draft Council Plan 2017-2021. Submitters were given the opportunity to present their submissions to Council at its Special Meeting on 7 June 2017. Many of the submissions either sought greater clarity in wording and content, or provided valuable suggestions on how the strategies contained in the draft Council Plan could be implemented. Council has considered all submissions and some minor wording changes have subsequently been made to improve clarity throughout the document. Overall strategic directions within the Council Plan remain unchanged.

Summary of Submissions:

Submitter 1

This submission suggested that the budget and Council Plan documents do not adequately address issues raised at the Alexandra "Have Your Say" workshop, namely concerning the following topics: the unexpectedly strong financial state of the Council, need for TV advertising to better promote the Shire, need for a Chamber of Commerce in Alexandra and the need for a major tourism attraction.

Officer Comment

In response to this submission, the Strategic Resource Plan, which forms part of the Council Plan, does outline that whilst Council has some future challenges in terms of meeting its longer term asset renewal requirements, its current cash position is strong in order to meet these challenges. Further, as outlined, a range of current initiatives are underway to reduce as far as possible any future decline in Council's financial position. With respect to the suggestion of a Chamber of Commerce for Alexandra, the sentiment expressed in the submission has been considered in the formation of Council's strategy to "support and encourage local businesses to work together, thrive and grow, through networking, start-up assistance, mentoring and access to skills".

The development of a major tourism attraction is also considered to be consistent with Council's strategy in the Council Plan under Our Prosperity to "work with our businesses, regional partners

and communities to support a diverse visitor experience that promotes our natural assets and a vibrant range of events”.

Submitter 2

This submission sought greater clarity of meaning in the wording used in the document, particularly concerning the wording of strategies and indicators proposed in the Council Plan. The submission sought improved correlation between the strategies and indicators and requested greater clarity around what the indicators will measure.

Officer Comment

The submission contains very valuable advice in relation to the further development of the strategic indicators used in the document. It is proposed that the measures used under each indicator will be further developed as part of the Council Plan Implementation Plan. It is also noted that the strategic indicators are designed to measure the extent to which Council is meeting its strategic objectives, and they are not intended to measure each individual strategy per se.

Submitter 3

This submission focused on the “Our Prosperity” strategic objective of the Council Plan. The submission outlined some key challenges and opportunities in relation to the future prosperity of the Shire and requested that these be considered in the final drafting of the Council Plan, including the inclusion of an additional strategy. The submission also proposed areas to focus on when implementing each of the strategies under the Our Prosperity section and offered advice on the further development of each of the strategic indicators. The submission proposed an additional strategy relating to the development of an effective identity and brand for Murrindindi Shire.

Officer Comment

Again this submission contains very useful suggestions in relation to the implementation of the Council Plan strategies under the Strategic Objective Our Prosperity. This will assist in the development of the Implementation Plan. With reference to the additional strategy proposed in the submission, it is noted that one of the aims of the Council (under Our Commitment on Page 12) is to foster and highlight a Murrindindi identity from a local community belonging and connectedness perspective, and in terms of the external promotion of the Shire. It is therefore not considered necessary to create a new strategy specifically under Our Prosperity, although Council notes the reasoning and intent of the submitter.

Submitter 4

This submission suggested that Council continue to be open and transparent. For Council to include the community in the decision making process, accept criticism, admit when mistakes are made, be diligent in their responsibilities and accountable for their actions.

Officer Comment

It is considered that the intent and sentiment of this submission is already captured on page 14 of the Council Plan which details the values and commitments Council is making with respect to its conduct in office.

Submitter 5

This submission has an environment focus, in particular the protection of the natural environment in future planning. The submission outlined some concerns regarding Council’s focus on events support, specifically regarding the impact that events have on the natural environment. It outlines concerns that open spaces are seen as opportunities for recreation and events rather than respected for the environmental significance and opportunity for quiet reflection and appreciation.

Further environmental considerations raised were roadside slashing, awareness of indigenous planting, protection of the natural landscapes and the streetscapes, including heritage aspects.

Officer Comments

Consideration of the need to protect the natural environment is captured under the Our Place Strategic Objective to ensure the use of our places and spaces is in balance with the needs of the natural environment. Specifically the issue is represented in the proposed strategy to “strengthen the environmental sustainability of our communities, protect our natural environment and reduce resource consumption”. The need to consider the environmental impacts of events is noted and will be further incorporated in the assessment of applications to stage events.

The reference to heritage can be found in another proposed strategy under Our Place to “recognise and embrace the history, culture and identity of our towns and communities” on page 19 of the Plan.

Submitter 6

This submission raised some suggestions for enhancement of the Council Plan. Firstly, recognition of the Taungurung people’s rights over Crown Land and acknowledgement of their intrinsic connection to the land and water resources is important to be included.

Inclusion of the theme of engagement with partners, acknowledging that it is imperative that they work together to develop and deliver joint initiatives and leverage funding to achieve mutual goals.

The theme of resilience could be strengthened by expanding to include strategies to build community resilience in identifying and responding to environmental challenges such as climate change, natural events and land use changes.

Concerns were raised regarding the lack of a strategic indicator which is specific to protection and enhancement of the natural environment. A further suggestion to include sustainable land use planning as a strategy and relevant strategic indicator was supplied in this submission.

Officer Comment

This submission was from a natural resource management authority and its suggestions reflect the authority’s preference that the Council Plan contains linkages to the authority’s own strategic directions. It is considered by officers that many of the issues raised are consistent with the current wording of the Council Plan, although not to the same level of specificity as suggested by the submission. For example Page 14 of the Council Plan highlights Council’s commitment to recognise and acknowledge the traditional custodians of the land. Council’s proposed strategy to “strengthen the environmental sustainability of our communities, protect our natural environment and reduce resource consumption” is in direct response to environmental challenges such as those posed by climate change. The Strategic Objective for Our Place is also intended to recognise the importance of strategic land use planning in supporting the sustainable development of the Shire.

Consultation:

The ‘Have Your Say’ community engagement, which informed the Council Plan’s development, involved a short survey about what people value and would like to see improved about the Murrindindi Shire and what Council should focus on into the future.

Surveys were located at 37 distribution points across the Shire (in addition to Council Offices and Libraries) during March 2017. It was also distributed online, via Facebook and through local print media. Councillors and officers also attended a number of events to maximize the reach of the engagement process, including through 13 ‘pop-up’ stalls at markets and other community gatherings across the Shire. Council also conducted 12 school visits to ensure participation in this engagement by children and youth.

Approximately 1,600 responses to the survey were received, including those of 400 primary and secondary school students.

Using the outcomes of the survey a series of four community workshops were held across the Shire and were attended by approximately 120 people to help identify and prioritise the themes from the community survey feedback.

A summary of the Have Your Say engagement has been published on Council's website.

In accordance with the requirement of the *Act*, Council gave public notice of its intention to adopt the Budget and Council Plan. Both documents were made available for inspection for a period of at least 28 days, and submissions were invited.

Newspaper / Other	Publishing Date(s)
<u>Newspaper:</u> Alexandra Standard Marysville Triangle The Local Paper Yea Chronicle	3 May 2017 5 May 2017 2 May 2017 3 May 2017
<u>Website</u>	1 May 2017 to 1 June 2017
<u>Copies at Council Offices:</u> Alexandra, Kinglake, and Yea <u>Copies at External Centres:</u> Eildon Community Resource Centre and Marysville Rebuilding Advisory Centre (Visitor Information Centre)	1 May 2017 to 1 June 2017

Conclusion:

The Council Plan 2017-2021 outlines the Council's strategic direction over the next four years. It reflects the consultative process involving the community, Councillors, Executive Management Team and staff. Subject to its endorsement at this meeting, Council will have satisfied all statutory requirements to date in relation to the development of the Council Plan.

RESOLUTION:

Cr R Bowles / Cr E Lording

That having considered submissions in accordance with section 223 of the *Local Government Act 1989 (Act)* the Council resolves:

- 1. To adopt the Council Plan 2017-2021 and the accompanying Strategic Resource Plan as contained in *Attachment 4.1*;**
- 2. That the statutory processes under sections 125 and 126 of the *Act* in relation to the preparation of the Council Plan be completed; and**
- 3. That responses to issues contained within the six (6) submissions received concerning the draft Council Plan 2017-2021 be issued by the General Manager Corporate and Community Services.**

CARRIED

4.2 ADOPTION OF ANNUAL BUDGET 2017-2018

Attachments: Murrindindi Shire Council – Annual Budget 2017-18 – Adoption Copy (refer *Attachment 4.2 - TRIM 17/44613*)

Purpose:

This report presents the draft 2017-2018 Council Budget for adoption by Council.

Officer Recommendation:

That having given notice under section 129 of the *Local Government Act 1989* and invited and considered submissions under Section 223 of the *Local Government Act 1989*, the Council resolves:

1. That the 2017-2018 Budget be adopted as generally exhibited and as attached as *Attachment 4.2*.
2. That responses to issues contained within the two (2) submissions received, in respect of the draft 2017-2018 Budget, be issued by the Manager Business Services.
3. That the Chief Executive Officer be authorised to give public notice of this decision to adopt the 2017-2018 Budget, in accordance with Section 130(2) of the *Local Government Act 1989*.
4. To confirm the differential rates as detailed in the Budget document per *Attachment 4.2*.
5. That the rates officers of Council be authorised to levy and recover the differential rates so declared in accordance with the *Local Government Act 1989*.
6. That Council note the due dates for rate instalments will be as follows:
 - 30 September 2017
 - 30 November 2017
 - 28 February 2018
 - 31 May 2018

Background:

Council endorsed the Draft Annual Budget 2017-2018 for public exhibition at its Ordinary Meeting on 26 April 2017. In accordance with Sections 129 and 223 of the *Local Government Act 1989* the Budget document was placed on public exhibition at all Council offices, on Council's website and was advertised in the local newspapers in accordance for a minimum 28 day period.

Submissions were sought from the public and all submitters had the opportunity to be heard at a Special Meeting of Council on 7 June 2017.

Council Plan/Strategies:

The preparation of the Annual Budget is consistent with the Council Plan 2013-2017 strategic objective to use sound financial management practices.

Legal/Policy Issues:

The adoption of the Annual Budget is a statutory requirement of the *Local Government Act 1989* and sets the financial framework in which Council will operate for the 2017-18 financial year.

Financial/Resources/Risk:

Adoption of the Annual Budget 2016-2017 is an essential part of effective corporate governance and has been prepared to ensure any long term financial risks to Council are minimised.

Discussion:

The Annual Budget 2017-2018 ultimately details the resource requirements and project priorities that are in accordance with the key strategic objectives that have been set in the Council Plan 2017-2021.

The Council Plan 2017-2021 identifies four key strategic objectives of Council, covering the themes:

- Our People
- Our Place
- Our Prosperity
- Our Promise

The Annual Budget 2017-2018 is based upon the following key financial assumptions:

- A one-off rate freeze will apply to all commercial and industrial properties for 2017-2018, as an indication of Council's renewed focus to support business growth and new business development;
- All other properties will see an increase in the average rate at 2.0% in accordance with the rate cap announced by the State Government in December 2016;
- An additional 1% growth of the rate base is factored in for the year;
- The organisational establishment is anticipated to grow slightly in 2017-2018, to further support, and improve our engagement, communication and service delivery for our community;
- Capital works will occur in accordance with the Ten Year Capital Improvement Program, and will represent a \$7.43 million investment in public infrastructure for 2017-2018.

For 2017-2018, the Annual Budget has identified total operating expenditure of \$33.01 million against forecast revenue of \$32.47 million, which will generate a small operating deficit of \$536,000. Council's cash flows will remain very strong with a projected cash increase of \$1.6 million over the year.

Rate revenue is forecast to increase, incorporating the rate rise for 2017-2018, as well as an assumed growth in the rate base of 1%.

For the 2017-2018 year, service levels have been maintained in most areas, though additional resources are proposed to be added to the areas of customer service, communications and waste management to increase service levels to the community. Council is also continually reviewing its costs and affordability of managing the renewal of more than \$300 million of public assets for which it is responsible.

Highlights of the \$7.43 million capital works program that are included in this year's Annual Budget include:

- Widespread road upgrades, reseals and resheeting across the Shire;
- Expansion of pedestrian pathways in Buxton Waters Estate and at the intersection of Extons Road and Whittlesea-Kinglake Road to improve community safety;
- Renewal of public buildings, visitor information centres, playgrounds and halls in Yea, Eildon, Kinglake and Alexandra;
- Upgrade works at the Marysville Caravan Park;
- Renewal and upgrade of the Thornton Recreation Reserve pavilion;
- Court resurfacing at the Alexandra Tennis Club;
- Substantial renewal and upgrade of a number of bridges and culverts across the Shire, including work on Old Yarck Road, Dairy Creek Bridge, Draytons Bridge, Yarck Road Bridge and the Cheviot Tunnel;
- Continued renewal and upgrade works at the Alexandra Landfill as well as upgrade works spread across the five resource recovery centres in the Shire; and

- Upgrade and renewal of drainage works across the Shire.

The Draft Budget was also tabled at the 11 May 2017 meeting of Council's Audit Advisory Committee where the Committee noted the development of the budget, and reviewed both the contents of the budget and the process that was undertaken in the preparation of the document.

Following the publication of the exhibition copy of the draft Budget for 2017-2018, Council has also requested the inclusion of a further \$300,000 in the capital works program, to facilitate the establishment of truck parking facilities on the land immediately opposite the Yea Saleyards on Flat Lead Lane in Yea, to ensure the most efficient operations of the facility and to mitigate occupational and public safety risks associated with combination of trucks, livestock and community members in the facility.

A small number of minor changes have also been made to the document to improve its formatting and structure, following advice received from the Audit Advisory Committee, and in response to some comments received from the public during the exhibition process. One key change is the inclusion of information highlighting fees and charges that are determined by the State Government, not by Council. This is included in the budget to ensure that the community is aware of any charges associated with the delivery of Council services.

The decision of the Essential Services Committee (ESC) in 2016 to grant Council a variation to the rate cap for 2016-2017 allowed additional funds to be raised for the future renewal of Council's assets. With ongoing improvements to Council's asset management and procurement practices, this component of the rate revenue provides the capacity to not only contribute to asset renewal, but also undertake new initiatives that respond to Council's priorities informed by the 'Have Your Say' community engagement. These new initiatives will help Council further support business growth, and improve its engagement, communication and service delivery for the community.

Council is also committing to review each quarter any additional funds that may be made available through continued efficiency improvements or additional revenue, to fund other community priorities or to allocate to ways that will further assist in managing Council's renewal gap.

Public Submissions

Two submissions were received in relation to the draft 2017-2018 Budget. All submissions were provided in full to Council and considered at the Special Meeting of Council on 7 June 2017.

The general tenor of the budget submissions received can be summarised as follows and comments are provided to inform Council's consideration of the budget's content.

Submitter 1

This submission raises many questions, those specifically related to the budget which include:

- This document is much the same as the previous year's Budget/document and it is based on the same format. I still believe that the majority of ratepayers/residents do not understand it and therefore do not comment on it
- In the comprehensive income statement it is shown budgeted employees cost of \$14,147,000.00. Does this cost include the cost of the purchase and maintenance of vehicles that some employees use for their private use, and how much is the cost for this to the Council
- Legal expenses are budgeted for \$265,000.00 for 2017/2018 and for year 2016/2017 are also shown as \$265,000.00. Checking the draft Budget 2016/2017 it shows that the budgeted figure was \$248,000.00. However, heading above that column in the draft Annual Budget 2017/2018 says forecast/actual, and my guess is that the Council spent

more than it budgeted for in 2016/2017. Please show details where \$265,000.00 was spent

- To fund new works, the intention is to borrow \$500,000.00. Why borrow money and pay interest on that, guessing over 5%, when Council has about \$22 million in reserve and it earns about 2.5%. It would be a better way to use that money and then continue to save/invest the money that would be used to repay the loan
- Here I see the Council has intentions to borrow \$500,000.00 every year for next five years and statement below says "the table below shows information on borrowings specifically required by the Regulations". Can you please show me where are those regulations written in *Local Government Act*?

Officer Comment

Council's budget documentation has been prepared in accordance with Australian Accounting Standards and with reference to the Chartered Accountants ANZ "Victorian City Council Model Budget 2017/2018", the model that is developed and required by legislation to be complied with by all Local Governments in Victoria.

The budgeted employee costs of \$14.147 million is inclusive of all operating costs associated with Council's employees, inclusive of leave provisions, fringe benefits tax payments and provision of vehicles where they are included in employment contracts.

Council budgets for legal expenses to account for a number of areas in which Council is assumed to require legal advice. These include in the areas of contentious planning matters, contract negotiations, employment law, and primarily in the area of recovery of unpaid rates debts to Council. All legal expenses associated with the recovery of rates debts to Council are fully recoverable against the property in question. The forecast expenditure of \$265,000 for 2016/17 was the estimate made as at 31 December 2016 on Council's expected annual expenditure for legal services as at 30 June 2017. The final expenditure will be noted and detailed in Council's audited financial accounts which will be submitted to the September 2017 Ordinary Meeting of Council.

Council makes an allowance for debt in its budget each year, but it does not necessarily take advantage of the allowance made. By including an allowance for debt, it provides Council with the flexibility to choose to undertake the provision of debt for up to \$500,000, but as per the last three financial years, this has not occurred – precisely due to the reasons explained by the submitter. By making an allowance in the budget for a small amount of debt, it keeps this option available to Council, as for Council to take up any borrowings that had not been previously budgeted, would require a revised budget to be submitted and re-advertised to the public, which would be a time-consuming and costly exercise. Sections 144-150 of the *Local Government Act* provide the legislative framework in which Council must consider for undertaking borrowings.

Submitter 2

This submission encourages Council to carefully consider all information available and to undertake their own research prior to adopting the budget.

The submitter raises particular concerns with:

- The levels of cash held by Council by way of comparison with the 2008/09 budget;
- The corresponding level of rates considering Council's cash levels by way of comparison with the 2008/09 budget; and
- Questions as to how Council can propose a deficit budget which results in cash levels increasing.

Officer Comment

Council's draft Annual Budget 2017-2018 projects an operating deficit of \$526,000 for 2017-2018, whilst incorporating a total cash increase for the year. The primary reason for this is that the operating statement includes the accounting treatment of depreciation, a non-cash item (\$8.97 million in 2017-2018), which represents the accounting calculation of the degradation of all Council assets during the next financial year, but is not represented as an actual cash expense.

The corresponding amount within Council's financial statements is the investment of \$7.44 million in the Capital Works Program, i.e. the amount of money that Council is investing in the renewal and upgrade of public infrastructure, to ensure that the assets continue to provide the appropriate level of service to the community.

As detailed in Council's Budget and Strategic Resource Plan, Council's cash levels are not all freely available for expenditure on any item. A number of statutory reserves are held for specified statutory purposes in accordance with various legislative requirements. Council also holds a number of discretionary reserves to fund other commitments of Council. Although these reserves are not restricted by a statutory purpose, they are to be used for the purpose that Council has previously resolved. Examples of the allocations of these funds include the waste reserve, future asset renewal requirements, and to ensure that Council's long-service and annual leave requirements are able to be met.

After these requirements are met, Council then requires funds to be held to ensure sufficient operational cash flow. Council cannot enter into a new financial year with limited funds available for operational cashflow. As the majority of Council funds are received via rates (60%), and the receipt of these funds are staggered throughout the year, Council needs to ensure that sufficient unallocated cash is available to fund services and capital works.

Consultation:

The 2017-2018 Budget was advertised for public consultation and submissions in the following publications (refer to next page):

Newspaper / Other	Publishing Date(s)
<u>Newspaper:</u> Alexandra Standard Marysville Triangle The Local Paper Yea Chronicle	3 May 2017 5 May 2017 2 May 2017 3 May 2017
<u>Website</u>	1 May 2017 to 1 June 2017
<u>Copies at Council Offices:</u> Alexandra, Kinglake and Yea <u>Copies at External Centres:</u> Eildon Community Resource Centre and Marysville Rebuilding Advisory Centre (Visitor Information Centre)	1 May 2017 to 1 June 2017

The budget was on public display for 28 days in accordance with statutory obligations, prior to the Special Meeting of 7 June 2017 to consider and hear public submissions.

Conclusion:

Having considered all public submissions it is now appropriate that Council adopt the Annual Budget 2017-2018.

RESOLUTION:**Cr M Rae / Cr L Dunscombe**

That having given notice under section 129 of the *Local Government Act 1989* and invited and considered submissions under Section 223 of the *Local Government Act 1989*, the Council resolves:

1. That the 2017-2018 Budget be adopted as generally exhibited, incorporating minor editorial amendments, and as attached as *Attachment 4.2*.
2. That responses to issues contained within the two (2) submissions received, in respect of the draft 2017-2018 Budget, be issued by the Manager Business Services.
3. That the Chief Executive Officer be authorised to give public notice of this decision to adopt the 2017-2018 Budget, in accordance with Section 130(2) of the *Local Government Act 1989*.
4. To confirm the differential rates as detailed in the Budget document per *Attachment 4.2*.
5. That the rates officers of Council be authorised to levy and recover the differential rates so declared in accordance with the *Local Government Act 1989*.
6. That Council note the due dates for rate instalments will be as follows:
 - 30 September 2017
 - 30 November 2017
 - 28 February 2018
 - 31 May 2018

CARRIED

There being no further items of Business, the Chairperson declared the meeting closed at 6.07 pm.

CONFIRMED THIS

28 June 2017

CHAIRPERSON

Chesse