



**Colac Otway  
SHIRE**

**AGENDA**

**SPECIAL COUNCIL MEETING  
OF THE  
COLAC-OTWAY SHIRE  
COUNCIL**

**8 JULY 2009**

**at 1.00 pm**

**COPACC Meeting Room  
Rae Street, Colac**

An audio recording of this meeting is being made for the purpose of verifying the accuracy of the minutes of the meeting. In some circumstances the recording may be disclosed, such as where Council is compelled to do so by court order, warrant, subpoena or by any other law, such as the Freedom of Information Act 1982.'

**COLAC-OTWAY SHIRE COUNCIL MEETING**

**8 JULY 2009**

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NOTICE is hereby given that the next **SPECIAL COUNCIL MEETING OF THE COLAC-OTWAY SHIRE COUNCIL** will be held in the COPACC Meeting Room, Rae Street, Colac on 8 July 2009 at 1.00pm.

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## **AGENDA**

### **1. PRAYER**

*Almighty God, we seek your blessing and guidance in our deliberations on behalf of the people of the Colac Otway Shire. Enable this Council's decisions to be those that contribute to the true welfare and betterment of our community.*

**AMEN**

### **2. PRESENT**

### **3. APOLOGIES**

### **4. MAYORAL STATEMENT**

Colac Otway Shire acknowledges the original custodians and law makers of this land, their elders past and present and welcomes any descendents here today.

I ask that we all show respect to each other and respect for the office of an elected representative.

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As the sole purpose of the Special Meeting is to hear submissions on the Budget there is no time set aside for questions.

### **5. DECLARATION OF INTEREST**

### **6. VERBAL SUBMISSIONS**

## **OFFICERS' REPORTS**

### **Corporate and Community Services**

SC081507-1      CONSIDERATION OF SUBMISSIONS TO THE DRAFT 2009/10 BUDGET

**Rob Small**  
**Chief Executive Officer**

**SC081507-1 CONSIDERATION OF SUBMISSIONS TO THE DRAFT 2009/10 BUDGET**

AUTHOR:	Brett Exelby	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate and Community Services	FILE REF:	GEN00392

**Introduction**

On Wednesday 3 June, Council resolved to give notice of preparation of the proposed 2009/10 budget, including proposed rates and charges for the year, and invited submissions on the budget in accordance with Section 129 of the *Local Government Act 1989*.

The notice advertising the proposed budget was subsequently advertised in the Colac Herald, the Extra and the Apollo Bay Newsheet.

The draft Budget was also placed on public display at the Rae Street Office and the Apollo Bay Customer Service Centre from Friday 5 June to Friday 3 July (4 week period). The draft Budget was also available on Council's website.

The advertisement stated that any person wishing to make a written submission on a proposal contained in the Budget must do so before 5 pm on Friday, July 3 2009. Any person who wishes to be heard in support of their written submission must request this in their submission.

Council is to hear those who wish to be heard in support of their submission at the Special Council Meeting held on Wednesday 8 July.

**Submissions Received**

At the Special Council Meeting held on 3 June 2009 it was resolved:

**3. That Council:**

- (i) ***calls for written submissions in accordance with section 223 of the Local Government Act 1989 on the proposals contained in the 2009/10 budget. Written public submissions will be accepted until 5.00 pm Friday 3rd July, 2009; and***
- (ii) ***hears any person who wishes to be heard (either personally or by a person acting on their behalf) in support of a submission received in relation to the proposed budget at a Special Council Meeting on Wednesday July 8<sup>th</sup> 2009 at 1.00 pm.***

As part of the statutory process to adopt the 2009/10 Budget, the Council is required to consider submissions received on the Budget.

At the close off time for submissions being 5.00 pm on Friday 3rd July 2009, three (3) submissions had been received relating to the 2009/10 Draft Budget.

Two of the submitters have requested to be heard in support of their written submission. The sole purpose of the Council Meeting is to hear the submission.

Of the three (3) submissions received the following issues and queries were raised and an Officer Comment is included for each of the issues.

#### Submission - 1

**1. Council should live within its means and stop imposing high real rate increases. Council should limit rate increases to 4% per annum which is at or marginally above the official CPI. Council should then determine its expenditure within the available revenue.**

#### Officer Comment:

The Budget document provides information on the reasons for the increase in rates. On page 11 of the budget document it notes External and Internal Influences that have impacted on the preparation of the budget.

"In preparing the 2009/10 budget, a number of external influences have been taken into consideration, because they are likely to impact significantly on the services delivered by Council in the budget period. These include:

- Grants Commission funding of \$5.11m an increase of \$0.12 million (+2.4%) on 2008/2009 forecast;
- Recognition of the growth in costs both in current and future years of many of the Shire's contractual obligations through the impact of rising inflation and fuel costs;
- Government grants providing less than the full cost increases in services provided by Council under agreement with those governments. The formula used by government to index grants falls short of the actual cost increases for services such as library services, school crossing supervisors, home and community care and like services;
- Prevailing economic conditions which are expected to remain difficult during the budget period impacting on investment and growth; and
- Increasing legislative obligations imposed by State Government.

#### Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2009/10 Budget. These matters and their financial impact are set out below:

- Enterprise Bargaining Agreement (EBA) increase of 4.1%;
- Increased contribution to the Corangamite Regional Library Corporation;
- Increasing demand on Services;
- Increasing requirement to fund Council's environmental obligations
- Increasing requirements for waste water management compliance;
- The resourcing of both Bluewater Fitness Centre and COPACC at realistic levels; and
- Increase in Workcover premiums.

The Budget also increases funding for infrastructure renewal in line with infrastructure renewal plan requirements.

It is Council's responsibility to provide funding at a level which can accommodate maintenance of existing assets, provision of infrastructure and services which adequately

meet the needs of our existing community and to plan and provide for our future community. Selecting an arbitrary figure and limiting Council's planning and service provision to that figure, without appropriately recognising Council's responsibilities as outlined above, will lead to a failure of local infrastructure and service provision capability in the future and is not a responsible approach.

**2. The proposed borrowings are excessive. Council should limit borrowings and repay any debt as quickly as possible.**

Officer Comment:

Section 10 of the Budget Document provides details on the Borrowing Strategy.

Borrowings are identified as an important funding source for capital works programmes. In the past, Council has borrowed strongly to finance large infrastructure projects and intends to do so again in the 2009/2010 financial year.

The Strategic Resource Plan which has been prepared for the period 2009/10 to 2012/13 includes funding options for a number of significant projects. These include for example:

- Apollo Bay Waste Transfer Station;
- Joint Use Library (Colac Library); and
- Apollo Bay Community Library and Facility Development (subject to further review).

The use of loan funds has been identified as an integral part in the delivery of intergenerational infrastructure for the community.

The repayment of debt is assessed as part of the budgetary process including the type of project and the interest rates at the time of seeking the funds.

It is considered appropriate to undertake intergenerational projects utilising borrowings to ensure that the burden of providing for our future communities/residents is not unduly met by our current ratepayers but is shared by both our current and future community.

With the increased borrowings Council will continue to meet the prudential ratios that are set by the State Government to assess future borrowing capacity of municipalities.

**3. Council should not be spending any more money on the Beechy Precinct beyond what is already committed.**

Officer comment:

Council has been briefed on the Beechy Precinct and reports have been prepared for consideration.

Any future commitments will be subject to a report to Council for further consideration.

**4. Council should concentrate on maintaining existing infrastructure rather than their attention being dominated by the latest new multimillion dollar project.**

Officer Comment:

Section 11 of the Budget document provides information on the Asset Management Strategy.

It has been a key focus of Council over the past 4 years to increase the amount of funds allocated to Infrastructure Renewal. The 2009 – 10 Budget further increases the amount of funds allocated to Renewal.

While maintenance of existing infrastructure is essential, it is equally important for Council to ensure that the needs of our future community are also appropriately catered for. This will require Council to consider changing societal expectations and ensuring that different types of infrastructure are also considered advocated for and where necessary/appropriate, funded to ensure that this community, both now and in the future, is appropriately equipped for the future. This is Council's clear responsibility.

**5. Some years ago, following a State Government report in March 2000 from the Public Accounts and Estimates Committee titled "Commercial in Confidence Material and the Public Interest" the Council formulated a detailed commitment to disclose various contractual details, including costs, once a contract had been awarded. The Council has failed to implement this policy and the only way to pursue such detail is to lodge Freedom of Information Act (FOI) requests for each separate contract or to ask a series of questions about a contract at successive Council meetings.**

**Council should disclose contract details, report details and contract costs so that interested people can better understand Council's costs and commitments.**

Officer Comment:

This is not a matter directly related to the draft 2009/10 budget which is the subject of this submission consideration.

Where possible the awarding of contracts is considered in Open Council Meetings. This is where the contract is for a Lump Sum and there are no breaches of confidentiality.

Where contracts are based on schedule of rates or information has been identified as "Commercial in Confidence" the reports are considered by Council In Committee. It should be noted that each quarterly report to Council provides information on Contract activities for the quarter.

Includes Contracts Awarded: - Contract Number;

- o Description;
- o Successful Contractor
- o Value - \$ or Schedule of Rates

and Tenders Advertised.

**6. It is the view that the municipal charge is too high, as it disproportionately burdens owners of lower value properties.**

Officers Comment:

The Municipal Charge is designed to recoup some of the administrative costs of Council and the maximum charge cannot exceed 20% of revenue from total general rates and municipal charge. The 2009/10 Budget proposes to keep the Municipal Charge at the same level of \$150.

The Municipal Charge is an identical charge on all properties where applicable and ensures that all ratepayers contribute fairly to the operations of Council. The main purpose of the charge is to address issues of equity, to recoup the minimum cost of servicing properties and to soften the effect of rate increases due to revaluation on properties. The maximum allowable that Colac Otway could raise under the Local Government Act 1989 is far higher than \$150.

Three quarters of rural Victorian Councils raise a municipal charge and Colac Otway Shire's municipal charge is below average when compared to other Shires in our benchmark group that have a municipal charge.



Of the Large Shire Grouping of which Colac Otway is included, 10 of the 16 Councils in the group have a Municipal Charge. The average of the 10 Councils is \$176.

***7. It is the view that the Council contributes excessive amounts of money to tourism promotion. The funding of Otways Tourism and Geelong Otways Tourism is an unnecessary duplication. The Council should not be funding both.***

***We regard the accountability of tourism promotion expenditure as an ongoing matter of concern.***

Officers Comment:

Colac Otway Shire is party to a Service Agreement with Otways Tourism that expires on 30 June 2010. Under the Agreement, Otways Tourism is responsible in Colac Otway Shire for industry development, business development, tourism product development, internal marketing and regional partnership marketing with Geelong Otways Tourism.

The Council's financial support of Otways Tourism is reviewed annually and the 2009/10 draft Council Budget recommends an allocation of \$155,000.

Colac Otway Shire is party to a Memorandum of Understanding (MoU) with Geelong Otway Tourism which expires on 6 September 2010. Under the MoU, Geelong Otway Tourism is responsible for regional marketing and development of tourism in partnership with its 5 municipal signatories to the MoU.

Council is committed to an annual fee assessed on a pro rata basis with the 5 municipal partners and adjusted annually according to movements in the CPI. The 2009/10 draft Council Plan recommends an allocation to Geelong Otway Tourism of \$70,000.

These two separate bodies perform separate but interrelated functions, one focusing on the Colac Otway Shire and one focusing on the Geelong Otway Region.

One of the fundamental principles of tourism marketing is that Tourism Australia markets to the world to get people to think about Australia as a destination. Tourism Victoria markets to those who are thinking about Australia as a destination to consider Victoria. Geelong Otway Tourism markets to those that choose Victoria to come to this region. Otway Tourism works with local industry to ensure maximum return is achieved from those visitors that visit our part of the region.

It should be noted that Tourism is an increasingly important part of the Colac Otway economy and is the emerging industry which will continue to provide jobs and support other industry sectors in our community e.g. the construction and retail sectors.

Submission – 2

***Comment from Submission***

***“I note that the draft budget has been released for public comment without the support of all Councillors, this despite Councillors and Officers having spent many hours preparing the draft. This raises serious questions about the capacity of Councillors to present for public comment a viable draft document which can attract responsible community input.”***

***1. The document does not provide program costing for:***

- ***Economic Development or the proposed programs within the area.***

- **Councillor support, travelling, allowances, conferences.**
- **Council's membership to other organisations.**

***In the absence of this information it is not possible to make responsible comment on the value, or the cost benefit to the community of these expenditures.***

Officer Comments

The budget document does not go into detail of specific expenditure items and programs. As detailed in the document, the proposed Budget sets out the expected income and expenditure both operational and capital for the coming year.

The budget also provides detailed information with regard to the major impacts for 2009/10. It also provides details with regard to Council's financial management principles to ensure a financially sustainable future.

It is intended to review the content of the budget document over the next 12 months in conjunction with the introduction of a new computer system and Budget Document Guidelines.

***2. Two items in appendix C that require further detail.***

***Under Upgrade.***

- ***Building works on old Colac Library - \$450,000***
- ***Purchase of Land \$1.3 million***

Officer Comments

Building Works on old Colac Library - \$450,000

With the construction of a new Joint Use Library the current library will become vacant in 2010. Funds are budgeted to carry out works on the building.

The final works will be further considered following the finalisation of the "*Enhanced Delivery of Library Services in Colac*" project.

The works are dependent on other revenue streams.

Purchase of Land \$1.3 million

An amount of \$1.3 million has been included in the budget for a possible purchase of land.

***3. It is noted that the rate increase of 5.95% proposed within the draft budget is in conflict with the resolution passed by Council on the 16<sup>th</sup> of December 2008.***

Officer Comments

The resolution at the 16<sup>th</sup> December meeting was:

*"that Council aims to keep rate increases to a minimum, to limit the financial burden it imposes upon ratepayers.*

*Council asks the Chief Executive Officer to try to ensure that when budgets are formulated, the average rates bill (dollar figure per assessment), including the general rate and all charges on the rates notice, will increase by no more than three percent for each of the next four years.*

*During the process of drafting each year's budget, the Chief Executive Officer is to provide Councillors with a proposal as to how this objective will be achieved."*

As part of the detailed budget discussions between Councillors and Officers it was agreed that to continue to meet the service requirements, increase the amount allocated to

Infrastructure Renewal and address outstanding liabilities the average rates and charges needed to increase by more than 3%.

The recent adopted Strategic Resource Plan includes the key financial challenges facing Council:

- *Ageing infrastructure and a backlog of asset renewal*
- *Extensive local roads system*
- *Funding of capital expenditure investment*
- *Environmental obligations including climate change*
- *Maintaining operating surpluses*
- *Maintenance of existing liquidity levels*
- *Managing financial risks prudently in regard to debts, assets and liabilities*
- *Development of rating policies that provide reasonable stability and equity in the level of the rate distribution*
- *Financial capacity to fund major infrastructure projects*

and the targets to be achieved to address the challenges

- *Ensure asset renewal gap capital commitments are met in real terms for each year of the Strategic Resource Plan*
- *Achieve consistent operating surpluses*
- *Achieve strong working capital and liquidity positions*
- *Ensure cash balances are equal or above statutory and reserve levels*
- *Ensure funding is available to meet the Shire's current and future environmental obligations*
- *Ensure funding is available to meet the Shire's current and future accommodation obligations*
- *Review user fees and charges on a annual basis for equity and fairness*

The targets could not be met with an increase of 3%.

### Submission 3

***Submission would include, but not be limited to, the level and funding of the debt, infrastructure gap funding, cost of waste management and level of working capital.***

### Officer's Comment

The submission does not provide specific issues relating to the various items to enable a response to be included in this report.

With respect to debt and infrastructure gap funding officer comments are made under submission 1.

### **Conclusion**

The submissions received in relation to the 2009 - 10 budget have been on many varied topics. Officers comments have been provided where possible on each of the topics raised.

### **Attachments**

Nil

### **Recommendation(s)**

***That Council having considered the written submissions and having heard those in support of their written submission refer all submissions for further consideration to the Ordinary meeting of Council to be held on Wednesday 22 July 2009, as part of Council's deliberations in adopting the 2009/10 annual budget.***