



**Colac Otway
SHIRE**

AGENDA

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

11 JUNE 2014

at 10.30am

COPACC Meeting Rooms

All Council and Committee meetings are audio recorded, with the exception of matters identified as confidential items in the Agenda. This includes the public participation sections of the meetings. Audio recordings of meetings are taken to facilitate the preparation of the minutes of open Council and Committee meetings and to ensure their accuracy. In some circumstances a recording will be disclosed to a third party. Those circumstances include, but are not limited to, circumstances, such as where Council is compelled to disclose an audio recording because it is required by law, such as the Freedom of Information Act 1982, or by court order, warrant, or subpoena or to assist in an investigation undertaken by the Ombudsman or the Independent Broad-based Anti-corruption Commission. Council will not use or disclose the recordings for any other purpose. It is an offence to make an unauthorised recording of the meeting.

COLAC-OTWAY SHIRE SPECIAL COUNCIL MEETING

11 JUNE 2014

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NOTICE is hereby given that the next **MEETING OF SPECIAL COUNCIL MEETING OF THE COLAC-OTWAY SHIRE COUNCIL** will be held in COPACC Meeting Rooms on 11 June 2014 at 10.30am.

AGENDA

1. OPENING 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.

Colac Otway Shire encourages community input and participation in Council decisions. Council meetings provide an opportunity for the community to ask Council questions, either verbally at the meeting or in writing. As this is a Special Council Meeting, all questions asked must relate to the agenda.

Please note that Council may not be able to answer some questions at the meeting. These will be answered later.

Council meetings enable Councillors to debate matters prior to decisions being made. I ask that we all behave in a courteous manner.

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Thank you. Now 30 minutes is allowed for question time. Please remember, you must ask a question. If you do not ask a question you will be asked to sit down and the next person will be invited to ask a question. This is not a forum for public debate or statements.

1. Questions received in writing prior to the meeting (subject to attendance and time),
2. Questions from the floor.

5. QUESTION TIME

6. HEARING OF SUBMISSIONS

7. DECLARATION OF INTEREST

OFFICERS' REPORTS

Corporate and Community Services

SC141106-1 CONSIDERATION OF SUBMISSIONS TO THE DRAFT 2014-2015
BUDGET

Rob Small
Chief Executive Officer

SC141106-1 CONSIDERATION OF SUBMISSIONS TO THE DRAFT 2014-2015 BUDGET

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DEPARTMENT:	Corporate & Community Services	FILE REF:	F13/9159

Purpose

The purpose of this report is to consider submissions received under section 223 of the *Local Government Act 1989* in relation to on any proposal contained in the budget proposed for 2014-2015.

Declaration of Interests

No officer declared an interest under the *Local Government Act 1989* in the preparation of this report.

Background

On Wednesday 16 April 2014, Council resolved to give notice of preparation of the proposed 2014-2015 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*.

At the Special Council Meeting held on 16 April 2014 it was resolved:

“That Council:

- 3. *Calls for written submissions in accordance with section 223 of the Local Government Act 1989 on the proposals contained in the 2014-2015 budget. Written submissions will be accepted for a 5 week period until 5:00pm Friday 30 May 2014.***
- 4. *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 the Council Meeting on Wednesday 11 June 2014 at COPACC (time to be confirmed).”***

As part of the statutory process to adopt the 2014-2015 Budget, the Council is required to consider submissions received on the Budget.

The close off time for submissions was 5.00 pm on Friday 30 May 2014. Submissions received on Monday 2 June, 2014 have also been taken into account. Ninety Six (96) submissions had been received relating to the Draft 2014-2015 Budget.

Under section 223(1)(d) of the *Local Government Act 1989*:

- (d) the Council or special committee responsible for making the decision must—*
 - (i) consider all the submissions made under this section and any report made under paragraph (c);*

All submissions received were provided to Councillors for their information. All have been included for discussion by Council. Further, there were 16 requests received to provide a person with the opportunity to be heard in support of any submission. These parties were advised by mail of the time and date in which they may be heard by Council.

Council Plan / Other Strategies / Policy

Good Governance

Means we care about and are responsive to the community, encourage democratic participation and involve people in decisions that affect them. We strive for excellence in financial management and council services, and always look for better ways to do things.

Our Goal:

Ensure transparency of governance practices, the capability of our organisation and effective resource management.

The 2014-2015 Budget has been prepared in line with the Council Plan and is guided by priorities outlined in key strategic documents - the Council Plan and Strategic Resource Plan.

The 2014-2015 Budget reflects Council's commitment to achieving progress against Council's Key Themes (Pillars):

- Good Governance
- A Planned Future
- A Place to Live and Grow
- A Healthy Community and Environment

The 2014-2015 Draft Budget was prepared in accordance with the requirements of the *Local Government Act 1989*.

The Budget is a critical planning and resource tool of Council and is vital to the ongoing operational and financial viability of Council. It sets out the expected income and expenditure both operational and capital for the coming year and also incorporates Council's rating strategy.

Issues / Options

Submissions

Proposed Rate Increase 2014/2015 – Change in Category

The majority of the submissions are with respect to the Proposed Rate Increase for 2014/2015 particularly for those properties that have changed from Residential Balance of Shire to Residential, Colac etc.

The main themes are:

- The extent of the increase
- The services provided
- Planning restrictions
- Council expenditure and 'wastage' – e.g. staff levels, Civic Hardware, BWFC

Whilst the majority of these were overwhelmingly negative, there was a small number which proposed 'phasing' in of the change over a number of years.

Below are details that were included in the facts sheet and information that was forwarded to the property owners affected by the change in classification.

Elliminyt / Colac East & West Rates Issue - Fact Sheet

Question	Answer
<i>What change is being made?</i>	About 360 properties located in the Elliminyt, Colac East and West localities that were formerly rated at the rate in the \$ that applied to “Residential – Balance of Shire (BOS)” properties will be included in the “Residential – Colac” rating category.
<i>What is the effect of this change?</i>	<p>The rate in the dollar applicable to the “Residential – Balance of Shire” rating category is 15% LOWER than the rate in the dollar applicable to the “Colac - Residential” rating category.</p> <p>Thus, even if the property valuation and other charges remained static, affected properties would pay 15% more in rates for 2014-15 compared to 2013-14.</p> <p>The amount of rates and charge levied for 2014-15 will also be affected by a new valuation of the property and by minor proposed changes to the amount of the Municipal Charge and Waste Management Charge.</p>
<i>What types of properties will be affected by this change?</i>	<p>These properties are “lifestyle” residential properties located in the Elliminyt/Colac East and West localities.</p> <p>Typically they will be a house on small acreage (ie; greater than 0.4ha) where the primary use of the property is or is intended to be residential.</p>
<i>Why is this being changed?</i>	<p>In its 2008 Rating Strategy, Council abolished the “Rural Residential” rating category from its rating structure.</p> <p>As properties in this rating category were generally located on the fringe of the Colac urban area, they were intended to be included in the “Residential – Colac / Elliminyt “ rating category. In the interim they were rated as “Residential – Balance of Shire” properties.</p> <p>As the areas in which these properties are located is becoming more urbanised and these properties generally use the same services as properties in the “Colac – Residential” rating category, there is less rationale for these properties to be rated at a lower rate to other residential properties in the “Colac – Residential” rating category.</p> <p>The change corrects this anomaly.</p>
<i>How was this change proposed?</i>	<p>As mentioned above, the change was first identified in the 2008 Rating Strategy.</p> <p>The final impetus for the change to be implemented resulted from the consideration of rating options as part of the 2014-17 Rating Strategy.</p>
<i>What issues did the Rating Strategy consider?</i>	<p>The Rating Strategy considered:-</p> <ul style="list-style-type: none"> - Which valuation would be used as the basis of rating - The rating structure (ie: rating categories) to be used

	<p>and how these are defined</p> <ul style="list-style-type: none"> - Whether or not to retain differential rating - Whether or not to retain Waste Management Charges and Municipal Charges - What payment options will be made available
<i>What consultation was undertaken?</i>	<p>Council began its 2014-17 Rating Strategy public consultation in September – October 2013 by holding “drop in” sessions at Apollo Bay, Birregurra, Beeac and Colac to seek the community’s views on how best to share the rating burden and publicly calling for submissions.</p> <p>Views obtained from these sessions and from submissions lodged were used to develop a draft Rating Strategy.</p> <p>The draft Rating Strategy was advertised and put on public exhibition for six weeks in February – March 2014 and adopted by Council on 26th March 2014.</p>
<i>Were submissions received?</i>	<p>Yes – a total of 24 submissions were received as part of the initial consultation conducted in late 2013.</p> <p>Five submissions were received in relation to the draft Rating Strategy.</p>

The following information was also provided in a letter to each affected property:

“Proposed Rates Increase for 2014/15

As you may be aware from recent publicity, Council’s budget for the 2014-15 financial year includes a proposal to include a number of “lifestyle” properties located in the Elliminyt, Colac East and Colac West localities into the “Residential – Colac/Elliminyt” rating category. This will result in a significant rates increase for the properties concerned. The amount of increase will vary from property to property according to valuation, but increases in the range of 15-25% should be expected.

The type of properties affected are typically a house on small acreage (ie: greater than 0.4 ha) that is used or intended to be used primarily for residential purposes. Your property at XXXXXXXX is one such property.

These properties were formerly included in the “Rural Residential” rating category until this category was abolished by Council in 2008. Since then, they have been rated at the rate in the dollar that applies to the “Residential – Balance of Shire” (BOS) rating category. The effect of this is that a “Residential – Colac /Elliminyt” rated property with the same valuation as your property pays approximately 15% more in rates than your property. In some cases, this anomaly exists between properties located opposite from or next to each other. Council believes this is unfair.

As the urban area has expanded into these localities in recent years, the justification for this anomaly has diminished, particularly as both types of properties have similar access to services. The inclusion of these properties into the “Residential – Colac/Elliminyt” rating category therefore removes the anomaly and completes the transition that was first proposed in in 2008.

This change was further proposed in Council’s recently adopted Municipal Rating Strategy for 2014-17. The Rating Strategy, which looked at how rates would be levied, rating

structure, payment frequency/options etc. was adopted after an extensive public consultation process.

Whilst it is too late to object to the Rating Strategy, anyone aggrieved by this change may lodge a written submission in response to the proposed Council budget.

Submissions to the budget must be lodged by 5.00pm on 30 May 2014.

It is pointed out however that Council must fairly and equitably apportion the rates burden across the entire Shire. This is a complex balancing act and the apportionment proposed in the 2014-15 budget was determined after consideration of numerous rates modelling options.

Ultimately the issue to be considered is whether it is fair and equitable for one group of properties to contribute towards the cost of providing shire wide services at a lower rate than other similar properties in the same area. “

Submissions other than on Proposed Rates Increase

Other submissions are summarised in the table attached to this memo.

Submission No.	Submission Details	Officer's Comment
1	Request for drainage/culvert improvements at Drapers/Triggs Road intersection	To be considered as part of future capital works programs
3	Provision of a Hard Waste Collection for the Colac Urban Area	Currently the provision of a Hard Waste Collection for the Colac Urban Area is in the Draft Budget. Due to a reduction in Grants Commission funding and uncertainty of providing the service it is suggested that this be deleted in the final budget document.
4	Seeking information on various property types	The revised budget document will indicate the various.
8	Will the rates and charges increase need to be adjusted if the GST net is widened to include all exempt charges	No issue for the 2015/2016 Budget.
9	Effect of State Government rebates on Pensioner Rates and Charges	The level of the pensioner rebate is unknown at this stage.
16	Level of Rates and Charges on commercial properties	The level of all Rates and Charges in the various categories were set as part of the Rating Strategy.
25	All properties should have a minimum rate amount set	The level of all Rates and Charges in the various categories were set as part of the Rating Strategy.
26	Level of farm rates	The level of all Rates and Charges in the various categories were set as part of the Rating Strategy.
33	Opposing any increase to Fees and Charges for the Colac Livestock Selling Centre	The recommendations proposed by the Advisory Committee are reasonable. The fees comparison does indicate the level of fees in Colac compared with

		other centres. Keeping the fees at the current level would have minimal impact on the Budget.
36	Rates being raised above the CPI	Noted
39	Disagreeing with high rate increases	Noted
41	Level of Farm Rates	Noted
43	Level of rates and traffic issues	Noted
54	Level of rate rise. Expenditure on unnecessary things	Noted
61	Wastage of Council money on unnecessary items – Alvie Rec Reserve Playground, Rural Living Expo, Saleyards, Colac promotion, 'gratuitous' grants, use of consultants	Noted – much of this is covered by various Council strategies and business cases.
66	That the Rating Strategy be struck out. That further discussions are held.	Noted. The Rating Strategy has been adopted by Council.
72	Planning restrictions on blocks at Glenaire	Noted – refer to Planning
75	Reduce debt. Adopt a stronger user pays system.	Noted. Fees and charges will be reviewed as part of the next stage of the review of services.
80	Owner of a vacant block. Number of issues.	Refer issues to various units.
84	Increase in rates and what they get for their rates.	Points noted.
86	Process for valuations, zoning of land.	Valuations are done independently. Other points noted.

Services

One of the more frequent concerns was the increasing burden on ratepayers and the lack of perceived services provided.

First and foremost, rates and charges are a tax. The total value of this tax that will be collected from the community is entirely determined by the services Council provides alongside Council's regulatory constraints. There is however no link between the services provided to the ratepayer and value of the tax collected (similarly with income tax).

The total value of the tax to be collected, once determined is then spread across the entire community via the use of differential rates. The differential rate is used to provide some perceived equity across the various type of ratepayer within the Shire. Regardless of the differential utilised the total tax is what is collected. This means that should one segment of the community have a lower differential, another segment of the community then pays more, or in effect makes up the difference.

Ultimately Council seeks to balance the limiting of expenditure growth, through limiting services and seeking efficiencies, whilst increasing the revenue, through increased user pays, and considered rate increases.

Council has already discussed the need to review the effectiveness, efficiency and level of services that are provided by Council to the community. The role of Council is to determine the services and the level of services it deems appropriate to provide. It then has the obligation to provide the resources to support those services. The organisation then has the obligation to deliver those services as efficiently and as effectively as possible within regulatory constraints.

The following is taken from a MAV Fact Sheet on Council rates.

“COUNCIL RATES EXPLAINED

Australia’s tax system uses the payment of taxes to fund a variety of programs, services and infrastructure by all levels of government for the public benefit of all.

Property Tax

Council rates are a property tax. Councils use property values as the basis for calculating how much each property owner pays in rates.

In Victoria, council rates can comprise up to three components:

- *municipal charge (of not more than 20 per cent of a council’s total rates revenue)*
- *waste management (garbage) charge*
- *rate in the dollar.*

Exemptions from rates apply to crown land, charitable land, land used for religious purposes, and land used exclusively for mining or forestry.

There is no connection between the amount of rates paid by a property and the level of council services received.

PRINCIPLE: Those with a higher valued property relative to others within a municipality will contribute more in rates than those with a lower valued property

Rate Process

Once a council has identified the total amount it needs to collect in rates (as determined by its prescribed budget process), rates and charges can be calculated. A council begins its rate process each year by determining any municipal and waste management charges that may be needed to recover part of the administrative cost and the cost of providing waste collection and disposal services respectively.

Once these discretionary charges have been accounted for, a council establishes its rate in the dollar by dividing the balance of required budget revenue by the total value of all rateable properties in the municipality.

The rate in the dollar is then multiplied by the value of a property (using one of three valuation bases) to establish the amount to be paid by each property owner. This amount is known as the general rates. General rates are added to any municipal and waste management charges set by a council to determine the total rates payable on a property.

An increase in property values does not cause a rate rise. Council budgets are pre-determined to meet expenditure requirements, and include any potential rate rise. Property valuations are revenue neutral – they are used to distribute how much each ratepayer will pay, according to the value of their property compared to other properties within the municipality.”

Revaluation

Council is required to conduct a revaluation of all rateable properties every two years. The revaluation is supervised by the Valuer General Victoria. The current valuation was completed January 2014 which will be effective from that date. The new 2014 level of valuation will be maintained and used in rating purposes for the 2014-2015 and 2015-2016 financial years.

During the revaluation process Council Valuers have a statutory requirement to conduct a review of property values based on market movements and recent sales trends.

Council Valuers undertake a physical inspection of some properties during each revaluation. Other valuations are derived from a complex formula based on sectors, sub market groups, property condition factors (including age, materials and floor area), influencing factors such as locality and views, and land areas compared to sales trends within each sector / sub-market group. The municipality has defined sub-market groups of homogeneous property types which are reviewed during the revaluation process. Councils Valuers determine the valuations according to the highest and best use of a property.

The Draft Budget document for 2014-15 indicates that farm values have dropped by 8.6% on average. Commercial properties in Colac rose in value by an average of 4.2 %. Generally, residential properties in Colac also recorded a marginal increase in value.

This means that, on average farm properties will experience an increase less than the average of 5.3% while properties in other categories will on average experience an increase greater than 5.3%.

Rating Strategy

An extensive community consultation process was undertaken to inform the development of the draft Rating Strategy. "Consult" was chosen as the method of engagement for the development of the Rating Strategy 2014-2017 and this involved a range of community consultation approaches including:

- Key stakeholder meetings
- Community consultation or "drop in" sessions in Beeac, Birregurra, Colac and Apollo Bay
- Distribution of hard copy information to several community groups
- Written submissions.

In addition, the draft strategy was placed on public exhibition for a period of 6 weeks, made accessible on Council's website and available for viewing at the Colac and Apollo Bay Customer Service Centres and the Colac Community Library and Learning Centre.

Council undertook a thorough review of its current approach to rating that resulted in the 2014-2017 Rating Strategy. In reviewing its current rating arrangements, Council considered the range of charges that may be applied within the legislative parameters of the Local Government Act and the Ministerial Guidelines for Differential Rating released by the Victorian State Government. Council also considered the differential rates and charges currently applied by Council, compared with those charged by other coastal and neighbouring councils and Council's with similar tourist profiles.

The rating strategy includes a set of directions in relation to future rating principles, objectives and practices. In summary, the strategy includes:

1. ***Council applies Capital Improved Valuation (CIV) as the valuation methodology to levy Council rates and continues to review the impacts of revaluations as they occur.***
2. ***Council applies differential rating as its rating system. Council considers that each differential rate contributes to the equitable and efficient carrying out of Council functions.***
3. ***Council applies differential rates for:***
 - 3.1. ***Residential – Colac***
 - 3.1.1. ***Which will include all residential properties within the localities of Colac, Colac East, Colac West and Elliminyt within the Colac residential rating category.***
 - 3.2. ***Residential – Balance of Shire***
 - 3.3. ***Rural – Farm***
 - 3.3.1. ***Which will also include all vacant land that for planning purposes is zoned for farming use only that has been deemed (less than 5 hectares) as unable to support a farming enterprise capable of supporting a residence.***
 - 3.4. ***Holiday Rental***
 - 3.5. ***Commercial/Industrial – Colac***
 - 3.6. ***Commercial/Industrial – Balance of Shire.***
4. ***The service charges applied by Council are a Waste Collection Charge for the collection and disposal of household waste, including recyclables, litter bins collections and green waste for developed properties only.***
5. ***Council applies a Municipal charge in accordance with legislation.***
6. ***Council will allow a lump sum payment option therefore all rates must be paid via instalments with the due dates for payment each financial year as follows:***
 - ***1st Instalment due – 30 September***
 - ***2nd Instalment due – 30 November***
 - ***3rd Instalment due – 28 February***
 - ***4th Instalment due – 31 May***

or in total by 15 February.
7. ***Council also allows ratepayers to pay property rates via payment arrangements, by any number of instalments, provided the full amount of rates and charges are paid by 31 May each year.***
8. ***Council recognises there are cases of genuine financial hardship and has a Hardship Policy which establishes the guidelines for assessment based on fairness, compassion, confidentiality and compliance with statutory requirements.***

Councillors are encouraged to review the submissions and comments put forward by members of the community.

Proposal

That Council notes the written and verbal submissions received and refers all submissions for further consideration to the Council meeting to be held on Wednesday 25 June 2014, as part of Council's deliberations in adopting the 2014-2015 annual budget.

Financial and Other Resource Implications

There are no additional financial or resource implications arising from this report.

Risk Management & Compliance Issues

Local Government Act 1989:

- Section 127 - "Council must prepare a budget"
- Section 129 - "Public notice"
- Section 130 - "Adoption of budget or revised budget"
- Section 223 - "Right to make submission".

Local Government (Finance and Reporting) Regulations 2004:

- Regulation 8 - "Other matters to be included"
- Regulation 9 - "Public notice of proposed budget or revised budget".

Environmental and Climate Change Considerations

Not applicable.

Community Engagement

The community engagement strategy follows the recommendations of the Colac Otway Shire Council Community Engagement Policy of January 2010, which details five levels of engagement – inform, consult, involve, collaborate and empower.

The method selected was to consult. Advertisements were placed in the local papers advising the community that documents were available for viewing on Council's website, and were also available from Council's Service Centres and Libraries from Wednesday 23 April 2014.

Section 223 of *the Act* requires that the Budget be available for comment for a period of at least four (4) weeks. A consultation period of over five (5) weeks was provided to enable the community the opportunity to comment on the Budget.

The timelines proposed for approval 'in principle' of the 2014-2015 Annual Budget, public consultation, consideration of submissions and adoption of the 2014-2015 Annual Budget at the Council meeting on 25 June 2014 are generally consistent with most councils.

Implementation

The submissions provided will be considered alongside Council's 2014-2015 Budget.

Conclusion

Following the submission process on the Draft Budget a significant number of submissions have been received.

Officer's comments have been provided where possible on each of the issues raised.

Attachments

Nil

Recommendation(s)

That Council having received and noted the written and verbal submissions, refers all submissions for further consideration to the Council meeting to be held on Wednesday 25 June 2014, as part of Council's deliberations in adopting the 2014-2015 annual budget.

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