Colac Otway
SHIRE

AGENDA

MEETING OF SPECIAL COUNCIL

OF THE

COLAC-OTWAY SHIRE

COUNCIL

14 JULY 2010

at 1:00 PM

COPACC

COLAC-OTWAY SHIRE SPECIAL COUNCIL MEETING

14 JULY 2010

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OFFICERS' REPORTS

NOTICE is hereby given that the next MEETING OF SPECIAL COUNCIL MEETING OF THE COLAC-OTWAY SHIRE COUNCIL will be held in COPACC on 14 July 2010 at 1.00pm.

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.

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

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.'

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

5. **DECLARATION OF INTEREST**

OFFICERS' REPORTS

Corporate and Community Services

SC101407-1   CONSIDERATION OF SUBMISSIONS TO THE DRAFT 2010/11 BUDGET

Rob Small
Chief Executive Officer

SC101407-1 CONSIDERATION OF SUBMISSIONS TO THE DRAFT 2010/11 BUDGET

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DEPARTMENT:	Corporate & Community Services	FILE REF:	GEN0392

Purpose

On Wednesday 26 May 2010 Council resolved to give notice of preparation of the proposed 2010/11 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 and media releases sent to community newsletters.

The draft Budget was also placed on public display at the Rae Street office and the Apollo Bay Customer Service Centre from Friday 28 May to Friday 9 July (6 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 5.00 pm on Friday July 9 2010. 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 14 July 2010.

Submission Received

At the Council Meeting held on 26 May 2010 it was resolved:

3.   That Council calls for written submissions in accordance with section 223 of the Local Government Act 1989 on the proposals contained in the 2010/11 budget. Written public submissions will be accepted for a 6 week period until 5.00 pm Friday 9 July 2010; and

4.   That Council 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 14 July 2010 at 1.00 pm.

As part of the statutory process to adopt the 2010/11 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 9 July 2010, five (5) submissions had been received relating to the 2010/11 Draft Budget. Copies of the submissions have been forwarded to Councillors.

None of the submitters have requested to be heard in support of their written submissions.

The sole purpose of the Special Council Meeting is to consider the submissions received on the 2010/11 Budget.

The submissions received have raised a number of issues. A summary of the issues are listed below with an officer comment made on each of the issues.

Submission 1

Assessment of the Drainage System in Apollo Bay
The submission supports Council's budget allocation of $50,000 to carry out an assessment of the drainage system in Apollo Bay.

"Commend the Shire and Councillors for getting the 'ball rolling' with this allocation."

Officer's Comment:
The submission is noted. The assessment of the drainage system in Apollo Bay is recognised as an important start in the assessment of drainage requirements for Apollo Bay.

Submission 2

Barwon Network of Neighbourhood Centres Inc.
The submission requests that Council reconsider the decision not to provide an amount of $9,000 in the Budget for much needed funding to the Neighbourhood Houses for additional work in their communities.

Officer's Comment:
The importance of Neighbourhood Houses in the Shire is noted. Councillors and officers will continue to attend quarterly meetings and investigate the development of a Council policy position on community houses.

The funding of the houses was included in the list of projects to be considered but Council is not in the position to be able to provide funding in 2010/11.

Submission 3

The submission makes comment on three points:

(a) The average 8% rate increase is excessive as it is well outside the current cost of living increase.

(b) The budget surplus could be used to retire debt, thus reduce interest payments instead of increasing debt as the draft budget proposes.

(c) A proposed increase in staff and therefore the Shire employee wages bill is surely not justified.

Officer's Comment:
(a) The 2010/11 Budget document provides details on some of the Budget influences that impact on Council. Some of these are listed on page 14. As part of the preparation of the Budget many projects were considered, but not all were able to be funded within an 8% increase.

Councils struggle to continue to provide the services and meet obligations demanded of it by both the community and other levels of Government.

The 2010/11 Budget includes a number of extra items. A number of these are summarised below:

Activity	Cost to Council
Increase in Infrastructure Renewal	$200,000
Increase in CRLC Contribution	$104,000
Increase in Line Marking	$35,000
Increase in Sport Field Maintenance	$44,000
Replacement of obsolete electronic document management software (2 yr project)	$150,000
Public Open Space Strategy – net cost	$30,000
Apollo Bay Future Growth Plan – net cost	$20,000
Colac Commercial Strategy – net cost	$40,000
Main Drainage Review in Apollo Bay	$50,000
Rehabilitation of Marengo Landfill	$100,00
Heavy Vehicle Route discussion and development	$50,000
Lake Colac Cultural Heritage Management Plan	$45,000

(b) Council continues to monitor the need to fund intergenerational projects from borrowings. Every effort will be made to minimise the impact on the ratepayers of today.

The Budget document (p.37) provides details of the Borrowing Strategy.

"*Council's borrowing strategy aims to provide a framework for Council to work within when sourcing funds for various projects by borrowings. Part of Council's medium to long term financial strategy is to provide adequate and appropriate levels of service to the community whilst maintaining a prudent financial position. In the light of this requirement, it can be seen that the borrowing strategy is an integral part of Council's long term financial plan.*

Borrowings are identified as an important funding source for capital works programs. In the past, Council has borrowed strongly to finance large infrastructure projects. This has resulted in a reduction in debt servicing costs, but has meant that cash and investment reserves have been used as an alternate funding source to maintain robust capital works programs.

For the 2010/11 year, Council has decided to continue to implement the borrowing strategy adopted in the 2009/10 financial year where a total of $3.1 million was to be borrowed. In implementing this strategy Council has borrowed $2.0 million in the 2009/10 financial year and will complete the implementation in 2010/11 by borrowing a further $1.1 million. This brings the total borrowings over the course of the current strategy to $3.1 million.

The following table sets out future proposed borrowings based on the forecast financial position of Council as at 30 June 2010. "

Year	New Borrowings $'000	Principal Paid $'000	Interest Paid $'000	Balance 30 June $'000
2009/10	2,000	340	126	4,122
2010/11	1,100	439	286	4,783
2011/12	0	488	357	4,295
2012/13	0	523	322	3,772
2013/14	0	530	285	3,242

(c) The Budget does allow for an additional six positions which equates to four full time equivalent positions to be spread over the following areas:

- Infrastructure and Services
- Emergency Management
- Finance
- Health and Community Services

All of these positions are critical in the continued delivery of activities by the Shire and are required to address areas where there is significant pressure on existing resources.

One such vital addition is the additional Emergency Management position. This position will enable the co-ordination of the emergency management activities into one area to enable more effective management and response to emergency activities.

Submission 4

State Emergency Service (SES) Colac
The Colac unit of the SES has sought Council's assistance in the provision of an extension to the current facility to house additional items of equipment.

Officer's Comment:
Council has previously been made aware of the project through representations made by Cr Brian Crook. With the many competing demands on Council funds, decisions have been made which mean that budget funds have been fully allocated. As such no funds are available to be allocated to this project.

It has been suggested to the SES Controller that they may be able to attract grants from the State Government.

Council currently receives a grant from the State Government of $11,674 towards the Colac SES. Council is required to match the amount. For 2010/11 the Colac SES will receive $23,348.

Submission 5

The submission makes comment on five points:

(a) The population of the Shire cannot sustain the proposed rate increase of 8%. None of the Councillors who have so far supported this rate increase disclosed during the election period that they would impose such a burden on the community of this Shire.

(b) The municipal charge should be abolished or reduced. The municipal charge unfairly burdens owners of lower valued properties and benefits the owners of multi-million properties as it is a flat charge regardless of the property value.

(c) Council should use cash on hand to reduce the need for borrowings.

(d) Council spends too much on consultants.

(e) The endless increase in staff numbers is unaffordable.

Officer's Comment:

(a) The Officer's comment under Submission 3 (a) provides reasons for the 8% increase in rates.

It also should be noted that recently in the press there have been reports on the Whelan Report into financial sustainability of the State's small Shires. The report found that the Shires need extra amounts from the State Government to ensure services are provided. Although Colac Otway is not one of the 18 small rural municipalities referred to in the report, Councils of our size also face significant financial pressures.

The Whelan report by local government consultant Merv Whelan says the provision of "one-off" grants will not address the underlying sustainability problem.

A number of Colac Otway Councillors have been actively pursuing additional government funds on an ongoing basis to ease the burden on our ratepayers. This includes a number of discussions held with Government representatives as well as representatives from other organisations. This will need to continue to ensure that Councils of our size have funds available to maintain our infrastructure and the provision of services.

The Whelan report pointed out that providing services over larger distances increases costs, so that metropolitan council services cost an average $10 per head while in remote rural areas the cost is $200 per head. Even though Colac Otway is not remote there are still added cost pressures.

(b) 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 2010/11 Budget proposes to keep the Municipal Charge at the same level of $147.

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 $147.

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 $188.

(c) The Colac Otway Shire does not carry surplus unallocated funds. Council's cash position allows it to only marginally meet its obligations through the year without using the overdraft facility in place with our banking institution. This marginal position does place Council at some risk should unexpected events occur that make demands on Council resources.

During the 2010/2011 financial year Council expects to make significant contributions to at least two major projects: the purchase of new bins and car parking development which will impact on Council's reserves.

The budget document on pages 22 and 23, point 5.2 provides details on Council's Restricted and unrestricted cash and investments.

The budget rules in place for the Council, maintain the aim of a balanced budget. This means that any expenditure must be matched equally with income. This methodology should ensure that Council's cash position does not deteriorate. Equally, it is not irresponsible for Council to carry and build cash surpluses each year, as every dollar invested earns interest income that reduces the demand placed on the community to fund the operations of Council.

(d) As part of each Budget process Council undertakes a number of projects that assist in providing strategic direction for the Shire across various units. Many of these are required to be undertaken by consultants who have the experience and knowledge required to undertake the particular project.

For the 2010/11 budget some of the projects that will be undertaken by consultants include:
- Forestry Auditing;
- Apollo Bay Harbour Master Plan;
- Apollo Bay Future Growth Plan;
- Public Open Space Strategy;
- Colac Commercial Strategy;
- G21 Land Use Strategy; and
- Apollo Bay – Local Trails Feasibility Project.

(e) The Officer's comment under Submission 3 (c) provides comments on staff numbers.

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

Conclusion
The submissions received in relation to the 2010/11 Budget have been on varied points. Officer's comments have been provided on each of the points.

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 Council meeting to be held on Wednesday, 28 July 2010 as part of Council's deliberations in adopting the 2010/11 annual budget.

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