

Minutes

Of the Special Council Meeting

Location: Council Chambers, Municipal Offices
62-68 Ovens Street, Wangaratta

Date: 19 December 2017

Time: 6pm

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RURAL CITY OF WANGARATTA LIVE STREAM

CLAUSE 91(4) OF THE GOVERNANCE AND MEETING CONDUCT LOCAL LAW PROVIDES THE FOLLOWING:

“THIS PUBLIC MEETING IS BEING RECORDED TO IMPROVE ACCESS TO THE MEETING FOR OUR COMMUNITY. THE RECORDING WILL BE PUBLISHED AND WILL BE RETAINED BY COUNCIL IN ACCORDANCE WITH COUNCIL’S LEGAL OBLIGATIONS. AS A VISITOR IN THE PUBLIC GALLERY, YOUR PRESENCE MAY BE RECORDED.”

1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge the traditional owners of the land on which we are meeting. We pay our respects to their Elders and to Elders from other communities who may be here today.

2. OPENING PRAYER

Almighty God, we humbly ask thee to bless and guide this council in its deliberations so that we may truly preserve the welfare of the people whom we serve. Amen

3. PRESENT

COUNCILLORS:

MR DAVID FULLER, MR DEAN REES, MR HARRY BUSSELL, MR HARVEY BENTON, MR KEN CLARKE OAM, MR MARK CURRIE, MS ASHLEE FITZPATRICK

OFFICERS:

BRENDAN MCGRATH, CHIEF EXECUTIVE OFFICER, RUTH KNEEBONE , DIRECTOR CORPORATE SERVICES, ALAN CLARK, DIRECTOR INFRASTRUCTURE SERVICES, JAIME CARROLL , DIRECTOR COMMUNITY WELLBEING,

4. ABSENT

COUNCILLORS:

NIL

OFFICERS:

BARRY GREEN, DIRECTOR DEVELOPMENT SERVICES

5. **ACCEPTANCE OF APOLOGIES & GRANTING OF LEAVE OF ABSENCE**

ORDER OF BUSINESS

6. **CONFLICT OF INTEREST DISCLOSURE**

In accordance with sections 77A, 77B, 78 and 79 of the *Local Government Act 1989* Councillors are required to disclose a '*conflict of interest*' in a decision if they would receive, or could reasonably be perceived as receiving, a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

Disclosure must occur immediately before the matter is considered or discussed.

No conflicts of interest were declared

PRESENTATION OF REPORTS

OFFICERS' REPORTS

7. CORPORATE SERVICES

7.1 2017/18 BUDGET REVIEW

Meeting Type: Special Council Meeting
Date of Meeting: 19 December 2017
Author: Manager Finance
File Name: FINANCIAL MANAGEMENT - Budgeting - Progress - 2016/17 Performance Reporting
File No: F/16/2184

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Executive Summary

This report is presented to Council to provide an update of Council's full year reforecast financial position compared to the Adopted Budget for 2017/18, and to propose that Council adopts the 2017/18 Budget Review as its budget reporting framework for the remainder of the 2017/18 financial year.

RESOLUTION:

(Moved: Councillor D Rees/Councillor A Fitzpatrick)

That Council:

- 1. has considered and adopts the 2017/18 Budget Review as the reference framework for all future budget reporting for the 2017/18 financial year***
- 2. has considered and adopts the fees and charges for 2017/18 as listed in Attachment A***
- 3. has considered and adopts the decrease in capital works in the 2017/18 Budget Review.***

Carried

Background

Council officers have undertaken a thorough revision of projected income and expenditure for the 2017/18 financial year. The revised targets will become the benchmark framework for future budget reporting.

It is Council's practice to undertake a budget reassessment midway through each financial year. To this end, a comprehensive review of Council's 2017/18 financial position was undertaken having regard to the following matters:

- The requirement under the *Local Government Act 1989* to establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management
- Council's audited financial position at 2016/17 year end
- Projects and works carried forward from the 2016/17 year
- Income received in 2016/17 in relation to the 2017/18 year
- Outcomes of funding applications
- Works undertaken in response to opportunities
- Known adjustments to income and expenditure.

An explanation of movements since the Adopted Budget to the Budget Review are provided for the:

1. Net operating result and underlying surplus (deficit)
2. Capital expenditure
3. Borrowings.

Implications

Policy Considerations

There are no specific Council policies or strategies that relate to this report.

Financial/Economic Implications

Full year 2017/18 Summary

	Adopted Budget	Current Budget (incl Carry Overs)	Budget Review	Increase / (decrease)
Operating Surplus (Deficit)	\$3.294 million	\$2.744 million	\$1.785 million	(\$0.959 million)
Adjusted Underlying Surplus (Deficit)	(\$1.375 million)	(\$1.775 million)	(\$2.624 million)	(\$0.849 million)
Borrowings	\$4.997 million	\$4.997 million	\$1.939 million	(\$3.058 million)
Capital Works Expenditure	\$30.662 million	\$31.336 million	\$23.904 million	(\$7.432 million)

Income Statement

The adopted budget surplus was \$3.294 million. The budget review surplus is \$1.785 million, representing an overall unfavourable movement of \$1.509 million, or \$0.959 million when compared to the Current Budget which includes the carry over adjustments reported at the September 2017 Council meeting.

A comparison of the adjusted underlying surplus shows an overall unfavourable movement of \$0.849 million (when compared to the Current Budget) and can be explained by the following large favourable and unfavourable movements:

Unfavourable

1. Employees voted on Council's proposed new Enterprise Agreement on 31 August 2017, however implementation has been delayed pending approval of the Enterprise Agreement by the Fair Work Commission. The 2017/18 Adopted Budget included estimates of the salary outcomes that were under negotiation in the lead up to the vote in August 2017. The 2017/18 Budget review includes an increase in employee benefits expenditure of \$315,000. This increase arises due to the transitional arrangements of the proposed new Enterprise Agreement, together with the delay in the Fair Work Commission approving the Enterprise Agreement.
2. Council reported an increase in costs of domestic animal pound services at the November 2017 Council meeting. A review of animal registration, pound release fees and late fees has been undertaken and it is recommended that Council increase fees with effect from 1 January 2018 for the following:
 - Cat registration fees generally increase from \$31 to \$42; and
 - Dog registration fees generally increase from \$31 to \$42.Refer to the attached updated fees and charges schedule for specific changes to the annual fees for cat and dog registrations (**refer attached**).
3. Council considered the recommendations of the Planning Services Review at the September 2017 Council meeting. Two additional temporary resources were recommended and these have been reflected in the 2017/18 Budget Review. This has resulted in an increase in employee benefits of \$76,000 for the 2017/18 financial year.
4. Council has experienced reduced patronage of commercial operators at the Bowser landfill and as such reduced user fee income. This has resulted in an unfavourable movement in net cost of Council's waste services of \$190,000. A review of waste charges and user fees has been undertaken and it is recommended that Council decrease fees with effect from 1 January 2018 for the following:
 - General waste for commercial contractors, reduce fee from \$242 to \$219;
 - Asbestos, reduce fee from \$270 to \$240; and
 - Low level contaminated soil, reduce fee from \$302 to \$270.
5. Council has a number of parcels of industrial land that it holds for sale. At the October 2017 Council meeting Council gave notice of its intention to sell land situated at Murrell Street, Wangaratta. Council has reviewed the expected costs of selling the land, principally being the subdivision of the land into 11 lots, and has reduced its expected net gain on sale of assets in 2017/18 from the Adopted Budget amount of \$691,000 to \$608,000. Council will incur a range of costs in the pursuit of sale of the land parcels and expects completion to largely occur in the 2018/19 year.
6. The 2017/18 Adopted Budget included \$350,000 for rural community capital projects. \$50,000 of this budget has been reallocated to the income statement on the basis that the funds will be spent on community consultation. Council's Rural Planning Project is about to commence in the

next month and will be running through until April 2018. The project will give rural communities the opportunity to provide local suggestions and desires, for planning and prioritising by Council in the future. This change is purely a reallocation from the balance sheet to the income statement and does not represent an overall change in the funds put aside for this project.

7. The 2017/18 Adopted Budget transferred funds into a reserve for costs associated with the proposed establishment of a new company to operate the Wangaratta Livestock Exchange. In August 2017 Council resolved to progress with the establishment of a new company limited by shares. As such, Council expects to incur legal and consulting costs of up to \$60,000 in order to progress each of the items set out in the Council resolution. This change is purely a reallocation from the balance sheet to the income statement and does not represent an overall change in the funds put aside for this project.

Favourable

8. Additional rates and charges revenue as a result of supplementary rates notices of \$121,907.
9. An increase in grant income of \$92,214 from the Victorian Grants Commission.
10. An increase in interest income of \$80,281 from cash on deposit and investments.
11. An improvement of \$307,000 in the net cost of providing aged and disability services. The 2017/18 Adopted Budget reflected a conservative position with respect to Council's case management fees and accounted for a large increase in unearned income for packaged care services. A review of this approach has been completed following the first quarter results for 2017/18 and Council has adjusted its forecast its earned income upwards.

Capital Works

The adopted budget contained capital works expenditure of \$30.662 million. In September 2017 Council resolved to carry over capital expenditure of \$869,379 from the 2016/17 year and also resolved to reduce Council's capital expenditure in the 2017/18 budget by \$220,109. Further details of these particular changes are set out in the September 2017 Council report.

The capital works for the 2017/18 Budget Review is \$23.904 million, which results in a decrease of \$7.432 million from the adjusted capital works budget approved by Council in September 2017 (**refer attachment**).

The reduction of \$7.432 million can be explained by the following large movements:

1. Deferral of \$5.370 million of expenditure for the WISAC Aquatics development due to the failure of Federal government to fund works on the 50 metre outdoor pool. A further application for funding will be lodged. Council will progress with the construction of the hydrotherapy pool.
2. Deferral of \$2.134 million of expenditure on the Cruse Street road and bridge works. Design works on the intersection at Sisely Ave/Appin St are

- progressing, along with the land acquisitions necessary for the construction. The 2017/18 Budget Review includes capital works of \$1.8185 million for Cruse Street.
3. A reduction in CBD Masterplan projects of \$2.134 million. This comprises four key projects, being
 - i. Funding of \$485,160 for the Maloneys Square development has been removed in accordance with an earlier Council resolution.
 - ii. Deferral of expenditure for the construction of a new shade structure at City Square. The 2017/18 capital works funding has reduced from \$234,719 to \$50,000. The 2018/19 Budget is expected to include capital works expenditure of \$530,000 for delivery and completion of the shade structure.
 - iii. Deferral of \$777,970 of expenditure for the Railway Precinct redevelopment. The 2017/18 Budget Review includes a capital works amount of \$200,000 instead of the higher amount of \$977,970 included in the 2017/18 Adopted Budget.
 - iv. An increase in funds of \$228,528 required for the redevelopment of the Ovens Street and King George Gardens. This increases the total expenditure in 2017/18 for this project to \$1.7 million.
 4. Deferral of \$824,675 of expenditure on four projects for which delivery of works is expected to straddle the 2017/18 and 2018/19 years:
 - i. Morgan Street road and drainage renewal, reduction from \$700,000 to \$200,000;
 - ii. Former Yarrunga pool development, reduction from \$82,700 to \$20,000;
 - iii. Planning & Building processes – IT systems, reduction from \$185,000 to \$130,000; and
 - iv. Glenrowan Recreation Reserve, reduction from \$206,975 to \$Nil.
 5. A new capital works project for the restoration of North Wangaratta Recreation Reserve in accordance with the requirements of the Environment Protection Authority. Council expects \$2 million of works will be completed up to 30 June 2018 and this amount is fully funded from grant monies to be received from the State Government.
 6. An increase of \$301,034 for the construction of the recently approved Organics Processing Plant to be situated at Council's existing EPA-licensed landfill on Coleman Road, Bowser.
 7. An overall net decrease of \$185,000 on 30 other capital projects.

Borrowings

The Adopted Budget for 2017/18 included borrowings for the Aquatic Strategy and CBD masterplan. The change to the capital works budget for the Aquatic Strategy and CBD masterplan will reduce the borrowings from \$4.997 million to \$1.939 million. Further borrowings will be required in 2018/19 in line with the capital works progress.

Legal/Statutory

In accordance with section 127 of the *Local Government Act 1989* (the Act), Council must prepare a budget for each financial year. Additionally, section 136 of the Act requires Council to apply principles of sound Financial Management.

Social

Social benefits of the projects will occur this financial year as outlined in the 17/18 Adopted Budget.

Environmental/Sustainability Impacts

There are some environmental/ sustainability impacts that are supported by the budget review.

Economic Impacts

The economic impacts associated with sound financial management are positive for Council's ratepayers, the community and future generations.

2017 – 2021 Council Plan

This report supports the 2017-2021 Council Plan:

Goal

We are Sustainable

We will plan, research and advocate for the future:

By maintaining a responsible and transparent long term financial plan

The non-negotiables

Our team will make the best and most efficient use of Council's resources

Our legislative, governance and compliance requirements will be met

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Inaccurate 2017/18 Reforecast	L	M	M	Regular monitoring and reporting of budget position

Consultation/Communication

Officers believe that appropriate consultation occurred and the matter is now ready for Council consideration.

Conclusion

Council reviewed its 2017/18 Budget in light of its current financial position. This revision resulted in Council establishing a budget review position for 2017/18.

Attachments

- 1 Revised Budget 2017/18 Income Statement & Statement of Capital Works [⇒](#)
- 2 Attachment A: Fees and Charges 2017/18 [⇒](#)

8. CLOSURE OF MEETING

The Meeting closed at 6.04pm.