

Agenda

For the Ordinary Council Meeting

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

Date: Wednesday, 27 January 2021

Time: 6pm



RURAL CITY OF
WANGARATTA

Brendan McGrath
Chief Executive Officer

TABLE OF CONTENTS

	Page No.
1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS.....	5
2. OPENING PRAYER	5
3. PRESENT	5
4. ABSENT	5
5. ACCEPTANCE OF APOLOGIES & GRANTING OF LEAVE OF ABSENCE	5
ORDER OF BUSINESS	5
6. CITIZEN CEREMONY	5
7. CONFIRMATION OF MINUTES	5
8. CONFLICT OF INTEREST DISCLOSURE	5
9. RECEPTION OF PETITIONS.....	7
9.1 SANDFORD ROAD AND HAMILTON CRESCENT UPGRADE PETITION	7
10. HEARING OF DEPUTATIONS	8
PRESENTATION OF REPORTS	8
11. COUNCILLOR REPORTS	8
OFFICERS' REPORTS	8
12. EXECUTIVE SERVICES	8
13. CORPORATE SERVICES	9
13.1 AUDIT & RISK COMMITTEE INDEPENDENT MEMBER APPOINTMENTS	9
13.2 COUNCILLOR GIFT POLICY	14
13.3 2020/2021 QUARTER 2 FORECAST REVIEW	18
13.4 ICT STRATEGY - CORE BUSINESS SYSTEM TECHNOLOGY ONE CONTRACT	23
13.5 WANGARATTA LIVESTOCK EXCHANGE - DEED OF VARIATION.....	28
14. COMMUNITY WELLBEING	31
14.1 ARTS, CULTURE, EVENTS AND HERITAGE ADVISORY COMMITTEE APPOINTMENTS ...	31
15. INFRASTRUCTURE SERVICES	34
15.1 DISCLOSURE OF CONTRACT AMOUNTS FOR 2020/21 ANNUAL RESEAL, C26508 DESIGN AND CONSTRUCT AN ADVENTURE PLAYGROUND & PARKOUR PLAYSPACE AND C28304 RECONSTRUCTION OF SANDFORD ROAD.....	34
16. DEVELOPMENT SERVICES	37
16.1 AGRICULTURE AND AGRIBUSINESS ADVISORY COMMITTEE - COMMITTEE APOINTEMENT	37
16.2 DRAFT ENVIRONMENTAL SUSTAINABILITY STRATEGY 2021-2026.....	40
17. SPECIAL COMMITTEE REPORTS	45
18. ADVISORY COMMITTEE REPORTS	45
18.1 AUDIT & RISK COMMITTEE MEETING	45
18.2 AUDIT ADVISORY COMMITTEE - ANNUAL REPORT	46
19. MINUTES OF ADVISORY COMMITTEE MEETINGS	47
20. NOTICES OF MOTION	47

21.	URGENT BUSINESS	47
22.	PUBLIC QUESTION TIME	47
23.	CONFIDENTIAL BUSINESS	47
24.	CLOSURE OF MEETING	47
	ATTACHMENTS	47
13.1	AUDIT & RISK COMMITTEE INDEPENDENT MEMBER APPOINTMENTS	
	ATTACHMENT 2 AUDIT AND RISK COMMITTEE CHARTER	48
13.2	COUNCILLOR GIFT POLICY	
	ATTACHMENT 1 COUNCILLOR GIFT POLICY	60
	ATTACHMENT 2 COMMUNITY IMPACT STATEMENT - COUNCILLOR GIFT POLICY	67
13.3	2020/2021 QUARTER 2 FORECAST REVIEW	
	ATTACHMENT 1 2020/2021 QUARTER 2 FORECAST REVIEW - INCOME STATEMENT	73
	ATTACHMENT 2 2020/2021 QUARTER 2 FORECAST REVIEW - BALANCE SHEET	74
	ATTACHMENT 3 2020/2021 QUARTER 2 FORECAST REVIEW - STATEMENT OF CAPITAL WORKS 75	
13.5	WANGARATTA LIVESTOCK EXCHANGE - DEED OF VARIATION	
	ATTACHMENT 1 DEED OF VARIATION TO WANGARATTA LIVESTOCK EXCHANGE MANAGEMENT SERVICES AGREEMENT	76
	ATTACHMENT 2 RENTAL VALUATION FOR WANGARATTA LIVESTOCK EXCHANGE	80
	ATTACHMENT 3 WANGARATTA LIVESTOCK EXCHANGE MANAGEMENT SERVICES AGREEMENT	111
16.2	DRAFT ENVIRONMENTAL SUSTAINABILITY STRATEGY 2021-2026	
	ATTACHMENT 1 DRAFT ENVIRONMENTAL SUSTAINABILITY STRATEGY 2021-26	130
18.1	AUDIT & RISK COMMITTEE MEETING	
	ATTACHMENT 1 AUDIT AND RISK COMMITTEE - MINUTES - 16 DECEMBER 2020	166
18.2	AUDIT ADVISORY COMMITTEE - ANNUAL REPORT	
	ATTACHMENT 1 AUDIT ADVISORY COMMITTEE ANNUAL REPORT 2020	188

Rural City of Wangaratta Live Stream

Clause 24 of the Governance Rules 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 past, present and emerging 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

4. ABSENT

5. ACCEPTANCE OF APOLOGIES & GRANTING OF LEAVE OF ABSENCE

ORDER OF BUSINESS

6. CITIZEN CEREMONY

7. CONFIRMATION OF MINUTES

RECOMMENDATION:
<i>That Council read and confirm the Minutes of the Ordinary Meeting of 25 December 2020 as a true and accurate record of the proceedings of the meeting.</i>

8. CONFLICT OF INTEREST DISCLOSURE

In accordance with section 130 of the Local Government Act 2020 a councillor who has a conflict of interest in respect of a matter must disclose the conflict of interest in the manner required by Council's Governance Rules and exclude themselves

from the decision making process in relation to that matter, including any discussion or vote on the matter and any action in relation to the matter.

Clause 28.1 of Council's Governance Rules requires a councillor to indicate that they have a conflict of interest by clearly stating:

- (a) the item for which they have a conflict of interest; and
- (b) whether their conflict of interest is general or material; and
- (c) the circumstances that give rise to the conflict of interest.

Immediately prior to the consideration of the item in which they have a conflict of interest, a councillor must indicate to the meeting the existence of the conflict of interest and leave the meeting.

A councillor who discloses a conflict of interest and leaves a Council meeting must not communicate with any participants in the meeting while the decision is being made.

9. RECEPTION OF PETITIONS

9.1 SANDFORD ROAD AND HAMILTON CRESCENT UPGRADE PETITION

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Executive Services Coordinator
File No: IC21/198

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

A petition/joint letter containing 21 signatures from the residents of Hamilton Crescent has been received.

A copy of the letter has been provided to Councillors under separate cover.

RECOMMENDATION:

1. *That the petition regarding Sandford Road & Hamilton Crescent Upgrade be received.*
2. *That a report into the request within the petition be considered at the February Ordinary Council meeting.*

Conclusion

In accordance with Local Law No.3 of 2014 – Councillors Meeting Procedure, a joint letter presented to the Council must lay on the table until the next ordinary meeting of the Council and no motion, other than to receive the joint letter, may be accepted by the Chairperson, unless Council agrees to deal with it earlier.

Attachments

- 1 Petition Letter re. Sandford Road & Hamilton Crescent Upgrade - Confidential

10. HEARING OF DEPUTATIONS

PRESENTATION OF REPORTS

11. COUNCILLOR REPORTS

Nil

OFFICERS' REPORTS

12. EXECUTIVE SERVICES

Nil

13. CORPORATE SERVICES

13.1 AUDIT & RISK COMMITTEE INDEPENDENT MEMBER APPOINTMENTS

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Governance and Reporting Advisor
File No: IC21/24

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

The Audit & Risk Committee (the committee) was established by council in August 2020 under section 53 of the *Local Government Act 2020* (the Act).

This report is presented to Council to appoint 2 new independent members to the committee.

RECOMMENDATION:

That Council:

- 1. Amends the Audit & Risk Committee Charter by replacing the words ‘5 members’ in clause 3.1(1) with ‘up to 6 members’.***
- 2. Appoints the 2 preferred candidates listed in Attachment 1 to this report to the Audit & Risk Committee (committee) as members who are not councillors and who are not members of Council staff (independent members):***
 - a. Each for terms of 3 years commencing on the date of this resolution; and***
 - b. In accordance with any other terms and conditions relevant to independent members established by the Local Government Act 2020, the committee’s charter, council’s Governance Rules and any other relevant council policies or procedures.***
- 3. Gratefully acknowledges the dedication and contribution of retired independent member, Mr Peter McNeill, who gave more than 11 years’ service on the committee.***

Background

The Audit & Risk Committee (the committee) was established by council in August 2020 under section 53 of the Act.

The committee Charter states the committee must comprise 2 councillors, and at least 3 and up to 4 independent members who are not councillors and who are not members of Council staff.

An independent member retirement has resulted in there being only 2 independent members remaining on the committee. Consequently, council may appoint either 1 or 2 new independent members to the committee.

Due to concerns raised by the committee about their ability to consistently achieve quorum at meetings with just 3 independent members, it is strongly advised to increase the number of independent members to 4.

Expressions of interest to fill the vacancies were advertised in October and November 2020.

Three applications were received. All applicants met the qualifying criteria for the positions.

A 2-person selection panel was established to assess the applicants and recommend independent member appointments. The selection panel comprised the independent member chairperson of the Audit & Risk Committee and the Director Corporate Services.

An interview was conducted with each applicant during the period December 2020 to January 2021 following which the selection panel agreed its recommendation. The selection panel's assessment of each candidate is set out in the confidential attachment (**Attachment 1**).

Implications

Policy Considerations

The process for appointing the independent members set out in council's Appointment to Council Committees Policy requires that the Chief Executive Officer undertakes an expression of interest process for the appointment of new members before providing a report to Council recommending that Council determine the appointment of new members. This process has been followed.

The committee's charter (**Attachment 2**) contains membership provisions related to independent member appointments, including that:

1. The committee must include at least 3 and up to 4 other independent members.
2. Independent members must collectively have expertise in financial management and risk and experience in public sector management.
3. Independent members may be appointed for a term of up to 3 years.
4. The terms of office of independent members may be arranged to avoid more than 2 independent members retiring at the same time.

Member numbers

The charter, through the sum of clauses 3.1(1)(a) and 3.1(1)(b), provides for membership comprising 2 councillors and up to 4 independent members equalling a total of up to 6 members. However, the opening statement in clause 3.1(1) of the charter states that the committee must comprise 5 members, which is therefore in conflict with the sum of the parts of the clause.

The charter should be amended to provide for up a membership of up to 6 members.

Independent member numbers

There are currently 2 independent members on the committee. Consequently, up to 2 additional independent members may be appointed to the committee. Two suitable appointees were identified from the process. They are recommended for appointment.

Collective expertise

The 2 proposed appointees provide additional financial, management, risk and audit expertise thereby meeting the balance of skills and experience required by the committee's charter.

Term

One of the current independent members retires in February 2022 and the other in March 2023. The proposed 3-year term for each proposed appointee ends in January 2024.

These arrangements avoid more than 2 independent members retiring at the same time which meets the requirements of the committee's charter.

Financial/Economic Implications

There are no material financial implications and no economic implications identified for the subject of this report.

The additional \$2,500 per year needed to accommodate fees for the increase of 1 independent member will be funded from savings in the existing People & Governance program budget.

Legal/Statutory

Section 53 of the Act governs the membership requirements of the committee, including that an Audit and Risk Committee must consist of a majority of members who are not Councillors of the Council and who collectively have expertise in financial management and risk, and experience in public sector management.

Social

There are no social impacts identified for the subject of this report.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

Council Plan

This report supports achievement of the council plan '*We are Sustainable*' pillar by meeting council's legislative and governance obligations.

Risk Management

There are no high or extreme risks associated with the recommendation made in this report.

Consultation/Communication

Expressions of Interest were publicly called to fill these positions. Three expressions of interest were received. Both proposed appointees displayed excellent business acumen and possess considerable financial, risk and audit backgrounds.

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

The applicants will be notified of Council's decision and thanked for their interest.

Options for Consideration

1. Council amends the charter to allow for up to 6 members and appoints all the recommended appointees as independent members of the committee for the terms specified.
2. Council does not amend the charter to allow for up to 6 members and appoints either of the recommended appointees for the term specified.
3. Council varies the term of appointment specified under options 1 or 2 above.
4. Council either amends the charter as in option 1 above or does not amend the charter as in option 2 above and does not appoint any of the recommended appointees as independent members of the committee. This option will require re-advertisement of the vacancy.

Conclusion

The recent expression of interest process has identified 2 suitable appointees for appointment to the committee. The process and terms of the appointments comply with all legal and policy requirements.

The proposed appointees will assist with the continued improvement of council's governance, integrity and risk outcomes.

Attachments

- 1 Candidate assessment summary - Confidential
- 2 Audit and risk committee charter [!\[\]\(b1b781be830eb908d845c527ab08d5f8_img.jpg\) !\[\]\(2176a4ba510fa27404d783166e891577_img.jpg\)](#)

13.2 COUNCILLOR GIFT POLICY

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Governance and Reporting Advisor
File No: IC21/209

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 commence the process of adopting a councillor gift policy under the *Local Government Act 2020* (the Act).

Section 138 of the Act requires that a councillor gift policy is adopted by council by 24 April 2021.

A councillor gift policy is a major council policy which means that the process of community consultation set out in the Major Council Policy Local Law applies.

RECOMMENDATION:

That Council:

- 1. Endorses the proposed Councillor Gift Policy (policy) and the community impact statement attached to this report for the purposes of a major council policy consultation process.***
- 2. Authorises the Chief Executive Officer to give public notice inviting submissions from the community on the proposed policy for a period of at least 28 days.***
- 3. Convenes a committee of council to hear from any person or persons who request to be heard in support of their written submission.***
- 4. Considers any submissions made under paragraph 2 above and any hearings held under paragraph 3 above.***
- 5. If submissions are received that require change to the policy, that an updated policy is then presented at the March council meeting.***
- 6. If no submissions are received that require change to the policy, adopts the Councillor Gift Policy attached to this report and revokes the Gifts, Benefits and Hospitality Policy 2018.***

Background

The Act requires council to adopt a Councillor Gift Policy (the policy) which will replace the Gifts, Benefits and Hospitality Policy adopted in 2018 in relation to councillor gifts.

The policy must also include procedures for the maintenance of a gift register and any other matters prescribed by the regulations.

Implications

Policy Considerations

The policy is a major council policy which means that the process of community consultation set out in the Major Council Policy Local Law applies.

The policy aims to support the Council to maintain public trust, good governance, integrity and open and accountable decision-making:

The proposed policy includes provisions from the following documents:

- Gifts, Benefits and Hospitality Policy 2018
- Department of Environment, Land, Water and Planning (DELWP) (2018) Model policies for agencies and boards - gifts, benefits and hospitality
- Independent Broad-based Anti-corruption Commission (IBAC) (2019) Local government integrity frameworks review
- IBAC (2019) Managing corruption risks associated with conflicts of interest in the Victorian public sector

The following changes have been made to the previous policy:

- A prohibition on accepting gifts in the following circumstances:
 - made anonymously
 - likely to be a bribe or inducement to make a decision or act in a particular way
 - made by a person or organisation about which they will likely make or influence a decision
 - made by a current or prospective supplier
 - made during a procurement or tender process by a person or organisation involved in the process
 - likely to be perceived as endorsement of a product or service
 - likely to lead to providing an unfair advantage for the gift giver in future procurement decisions
 - likely to adversely affect a person's standing as a councillor or which may bring the council or the local government sector into disrepute
 - hospitality or attendance at an official business event where council will already be sufficiently represented to meet its business needs
 - non-token gift which does not have a legitimate business benefit
- A requirement for a councillor to seek approval to accept any non-token gift offer
- A requirement that bribes and inducements are reported to IBAC

Financial/Economic Implications

There are no financial or economic implications identified for the subject of this report.

Legal/Statutory

The policy must be adopted as required by section 138 of the Act.

The policy must include procedures for the maintenance of a gift register and any other matters prescribed by the regulations.

Social

There are no social impacts identified for the subject of this report.

Environmental/Sustainability Impacts

There are no environmental or sustainability impacts identified for this subject of this report.

Council Plan

This report supports the council plan by supporting the strategic goal of a sustainable organisation by supporting good governance practices through effective and compliant policies:

Risk Management

The policy, upon adoption, will ensure statutory compliance and mitigate reputational and governance risks associated with councillor gifts.

Consultation/Communication

Level of public participation	Promises to the public/stakeholders	Tools/Techniques
Inform	Advise the public about the proposed policy	Public notices in the local paper and on the council website.
Consult	Invite submissions on the proposed policy from the public	Public notices in the local paper and on the council website
Consult	Hear submissions from those submitters who request to be heard	Establish and schedule a meeting of a committee of council to hear submissions if required
Consult	Consider submissions when adopting the policy	Prepare and consider a report and recommendation regarding the proposed policy at a future Council meeting if required

Options for Consideration

1. Council endorses that the Councillor Gift Policy proceeds to public exhibition.

2. Council endorses the Councillor Gift Policy with changes before proceeding to public exhibition. This is not recommended because the proposed policy is based on the former policy, the DELWP model policy and IBAC reports.

In terms of the process to follow, there is no alternative approach available because:

- council must adopt a policy under the Act by 24 April 2021
- council must consult with the community on the proposed policy as it is a major council policy

Conclusion

Council must adopt a policy under the Act by 24 April 2021 following a community consultation process.

Attachments

- 1 Councillor gift policy [!\[\]\(b7e1c8bc060ab2af8bc42ce81bfcf3c4_img.jpg\) !\[\]\(2d0771195b0e0240efcbd9d75c7cddb8_img.jpg\)](#)
- 2 Community impact statement - councillor gift policy [!\[\]\(2877759bcf4a3609f6b92cbc19de8848_img.jpg\) !\[\]\(28f8e7c07e6223706c823723c822f20f_img.jpg\)](#)

13.3 2020/2021 QUARTER 2 FORECAST REVIEW

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Manager Finance
File No: IC21/208

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 year-to-date (YTD) financial performance and expected full year forecast based on developments over the last three months (Quarter 2 Forecast Review).

RECOMMENDATION:

That Council reviews and approves the 2020/2021 Quarter 2 Forecast Review, including:

- 1. The improvement to surplus of \$1.535m;***
- 2. The net decrease to capital works expenditure of \$111k.***

Background

Council has completed its second quarter financial reporting process to manage and monitor its financial performance against budget.

Council's projected surplus has increased by \$1.535m due to great success at accessing grant funding, however the underlying operating result has only improved by \$87k as noted within the financial implications of this report. Council continues to work to improve its long-term financial sustainability with progress made towards the \$800k operational savings target. There will be continued focus to identify recurrent benefits and savings, with further updates to be provided in the next Quarterly Forecast Review.

Implications

Policy Considerations

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

Financial Implications

Quarter 2 Forecast Review

Rural City of Wangaratta	20/21 Adopted Budget	20/21 Adopted Quarter 1 Forecast	20/21 Quarter 2 Forecast Review	Q2 to Q1 Forecast Variance
31st December 2020	\$'000	\$'000	\$'000	\$'000
Income	76,458	79,570	80,975	1,404
Expenses	70,397	72,661	72,531	130
Surplus / (deficit) for the year	6,061	6,909	8,444	1,535
Capital Works Expenditure	28,876	32,252	32,140	111
Rehabilitation Expenditure	1,800	2,585	2,585	0
Net Fav/(Unfav) Q2 Variance				1,646

The Quarter 2 movements in surplus, capital works and rehabilitation costs result in a net favourable impact of \$1.65m in 2020/2021. Commentary of each of these areas is provided below and in the attached Income Statement, Balance Sheet and Statement of Capital Works.

Council's Quarter 2 Forecast Review continues to be based on our best estimates of the impact of COVID-19. It is difficult to formulate reliable economic estimates due to the uncertainties associated with the easing of restrictions in Victoria and the impact of Federal and State Government measures including JobKeeper and JobSeeker. Council will continue to closely monitor developments and will provide further updates as greater certainty emerges.

Surplus – Favourable Increase

Council's Quarter 2 Forecast Review indicates an improvement in the surplus of \$1.56m in 2020/2021. However, this favourable movement includes \$1.45m of capital grant funding, for which the capital expenditure is not reflected in the surplus. Excluding the increase in capital grant funding, this reflects a net favourable movement of \$87k to Council's underlying operating result.

The favourable underlying operating result movement of \$87k is represented by:

- Net increases to Council's projected full year user fee income totalling \$325k due to increased utilisation of Long Day Care, additional Wangaratta Sports and Aquatic Centre hire fees and increased demand for compliance permits. Reductions to parking fee revenue, sports field hire and the Wangaratta Performing Arts and Convention Centre income have been forecast due to the continued effects of COVID-19 restrictions.

- Increase in operating grants of \$196k due to Council successfully obtaining funding for the Creative Precinct Masterplan, Outdoor Eating and Entertainment Program and to deliver a COVID-Safe Australia Day Event.
- Net reduction in reimbursement forecast income of \$600k as all eligible works undertaken as part of the 2018 Flood Event Recovery have now been claimed from the National Disaster Financial Assistance program. Some additional reimbursement income has been realised which partially offsets this unfavourable movement.
- Net decrease in materials and services of \$115k, largely due to decreased expenditure required for the 2018 Flood Event Recovery, but partially offset by expenditure for new grant funded projects (Creative Precinct Masterplan and Outdoor Eating and Entertainment Program) and increased expenditure required for Waste Services EPA requirements and to address additional waste volumes.

Refer to the attached Income Statement for detailed commentary on the changes to Council's 2020/2021 position.

Capital Works – Decrease in Expenditure

Council's capital works expenditure will decrease from \$32.25m to \$32.15m which can be attributed to:

- The allocation of new and existing projects to new grant funding received since the Adopted Budget, including the Heavy Vehicle Safety and Productivity Program and Local Roads and Community Infrastructure Program.
- The addition of the Outdoor Eating and Entertainment Program as part of the State Government's COVID-19 recovery package.
- Works for the Glenrowan Historical Precinct program bought forward from 2021/2022, this is a multiyear program and reflects a change to timing only, not the overall cost of works.

Refer to the attached Statement of Capital Works for further commentary.

Balance Sheet

Council's working capital is in a strong position at 254% due to borrowings drawn down in August 2020. Further borrowings of \$7m are projected for the second half of 2020/2021 as per the Adopted Budget.

Rate receivables continue to progress well given the economic uncertainties as a result of COVID-19 restrictions, with only 5.5% of rates and charges in arrears. Ratepayers having trouble paying are encouraged to contact Council to negotiate a payment arrangement.

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. Section 138 of the Act requires the Chief Executive Officer, at least every three

months, to prepare a statement comparing the budgeted revenue and expenditure for the financial year with the actual revenue and expenditure to date and to present this report to Council.

Social

Social benefits of the delivery of Council services and projects are outlined in the 2020/21 Budget.

Environmental/Sustainability Impacts

Council plans for and delivers several projects that support its Environmental Sustainability Strategy.

2017 – 2021 Council Plan (2020 Revision)

This report supports the 2017-2021 Council Plan:

Goal

We are Sustainable
The non-negotiables

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

Strategic Links

a) Rural City of Wangaratta 2030 Community Vision

N/A

b) Other strategic links

N/A

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Poor performance against budget	M	M	M	Regular monitoring and reporting of budget position
Covid-19 economic impacts exceed forecasts	H	H	H	Monthly review of forecasts

Consultation/Communication

Consultation has been undertaken with Council Managers and the Corporate Management Team and the matter is now ready for Council consideration.




Options for Consideration

1. That Council endorses the Quarter 2 Forecast Review report – recommended.
2. That Council advises of any changes to the Quarter 1 Forecast Review and proposes an alternative recommendation for changes to the 2020/21 Budget.

Conclusion

This report compares actual performance with Council's Quarter 1 Forecast, adopted by Council on 20 October 2020. Council's Quarter 2 Forecast Review continues to be based on the best estimates of the impact of COVID-19. Council will continue to closely monitor developments and provide further updates as greater certainty emerges.

Attachments

- 1 2020/2021 Quarter 2 Forecast Review - Income Statement [↓](#) 
- 2 2020/2021 Quarter 2 Forecast Review - Balance Sheet [↓](#) 
- 3 2020/2021 Quarter 2 Forecast Review - Statement of Capital Works [↓](#) 

13.4 ICT STRATEGY - CORE BUSINESS SYSTEM TECHNOLOGY ONE CONTRACT

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Manager Customer, Digital & Transformation Services
File No: IC21/216

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 disclose the award of contract C23111 – Core Business Systems. The contract includes As a Service fees and Vendor Implementation Fees over a period of five years.

As part of Council's ICT Strategy, the Core Business Platform project aims to introduce a single cloud-based Software-as-a-Service platform that supports a large component of the services facilitated in a local government setting, to enable improved productivity and mobility.

RECOMMENDATION:

That Council discloses that contract C23111 – Core Business Systems has been awarded to TechnologyOne for a total of \$3,054,600 (ex GST) over a five-year term.

Background

In October 2019 Council's ICT Strategy was commissioned, following an extensive organisational Business Health Check. This strategy guides Council's efforts to achieve its desired digital transformation. Digital transformation is one of Council's top priorities. Achieving that priority will help better meet changing and growing Customer and Council business expectations and need.

The ICT Strategy's five-year road map identified 11 critical strategic initiatives and provides a timeline for implementation of 28 'must do' actions.

One of the critical strategic initiatives is the consolidation of the core business systems onto a single cloud-based platform, followed by the effective implementation of the following software functionality:

1. Asset Operations and Maintenance
2. Customer Relationship Management
3. Regulatory and Compliance Management
4. Document and Records Management

5. Financial Management
6. Property and Revenue Management
7. Procurement and Inventory Management
8. Spatial Management
9. Core Platform
10. Strategic Asset Management

Based on extensive consultation with key business owners across Council, business requirements were developed for all functional modules.

The procurement methodology was undertaken in two parts.

An Expression of Interest (EOI) for contract C23111 – Core Business System was advertised publicly as follows:

Advertisement	Date
Eprocure	3 March 2020

The Expression of Interest closed at 5:00pm on 4 May 2020.

7 EOI submissions were received.

The EOI evaluation team included the:

- Asset Planning Coordinator;
- Business Systems Coordinator;
- Director - Development Services;
- Director - Corporate Services;
- Performing Arts Centre Coordinator;
- Manager - Customer, Digital & Transformation Services; and,
- Consultant (Corporate Strategic Systems)

Based on the Evaluation Team's recommendation, a selective tender was undertaken.

The selective tender closed at 12:00pm on 31 August 2020. One tender was received. The tender evaluation team included the:

- Asset Planning Coordinator;
- Business Systems Coordinator;
- Customer Experience and Information Management Coordinator; and,
- Manager - Customer, Digital & Transformation Services.

Based on the Evaluation Team's recommendation, on 21 September 2020 a report was submitted to Council to seek approval for the following recommendations.

That Council:

1. Authorises the Chief Executive Officer to sign documents to award contract C23111 – Core Business System, up to the value detailed in the Core Business System Evaluation Report (this was a Confidential Attachment);

2. Authorises the Chief Executive Officer to apply Council's Common Seal to documents for contract C23111 – Core Business System, when available; and,
3. Discloses the final contract price for contract C23111 – Core Business System at the next available Council Meeting following contract signing.

Council approved the recommendations which instigated a three-month contract negotiation and resulted in the awarding of contract C23111 to TechnologyOne on 23 December 2020.

Implications

Policy Considerations

Procurement Policy

Financial/Economic Implications

This five-year software contract will be funded by Council's ICT Strategy operational and capital project budgets, and by Council's Business Systems Maintenance annual operational budget. The contract price is substantially lower than the amount authorised at the September council meeting.

Legal/Statutory

There are no legal/statutory implications identified for the subject of this report.

Social

There are no social impacts identified for the subject of this report.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

2013 – 2017 Council Plan (2016 Revision)

This report supports the 2013-2017 Council Plan:

Goal

We are Sustainable

We will:

- Ensure our long-term viability and capacity to deliver quality services and infrastructure
- Do things better, improve our environmental and economic impact, and create lasting benefits

We will plan and make decisions for the future:

- We will provide enabling systems to support excellent customer service, staff engagement, communication, collaboration and business needs.

Strategic Links

a) Rural City of Wangaratta 2030 Community Vision

N/A

b) Other strategic links

RCoW ICT Strategy;
Customer Experience Strategy

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Timeframe and implementation of the proposed ERP	Minor (2)	Moderate (3)	5	Program of work schedule
Unsatisfactory quality of new ERP	Minor (2)	Moderate (3)	4	User Testing Plan; Stakeholder engagement plan
Staff concerns	Minor (2)	Moderate (3)	5	Stakeholder Engagement Plan; Communication Plan

Consultation/Communication

To develop both the ICT Strategy, and subsequently the requirements that formed the basis of this EOI and Tender process, significant consultation has taken place throughout the organisation, with workshops held with representatives from all business areas.

Options for Consideration

- Disclose the award of the five-year contract C23111 – Core Business Systems.

Conclusion

This project will bring Council's Core Business System up to date with modern functionality to enable improved staff productivity and mobility. A comprehensive EOI process and tender evaluation was undertaken against the pre-determined

criteria and in line with budget constraints. A three-month contract negotiation has now been completed.

The implementation is scheduled to begin March 2021 and conclude in 2024/25.

Attachments

Nil.

13.5 WANGARATTA LIVESTOCK EXCHANGE - DEED OF VARIATION

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Director Corporate Services
File No: IC21/89

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 authorise use of the common seal on a Deed of Variation to the Wangaratta Livestock Exchange Management Services Agreement to formalise the charging of a market rate licence fee.

RECOMMENDATION:

That Council:

- 1. Authorises the CEO to sign the Deed of Variation to the Wangaratta Livestock Exchange Management Services Agreement to formalise the charging of a market-rate licence fee.***
- 2. Authorises the application of the common seal to the Deed of Variation in the presence of the CEO and a Councillor, and that this be recorded in the register of the common seal.***

Background

A 'Competitive Neutrality Principles' study was undertaken for the Wangaratta Livestock Exchange, a subsidiary of council. Competitive Neutrality Principles require that council services that compete in the open market are not cross-subsidised using rate payer funds (which would give the service an undue competitive advantage vs private sector operators).

For council to ensure that cross-subsidisation does not occur, the report recommended that a licence fee, in line with current market rates, be charged for use of the land and property. This fee is in addition to the existing Management Services Fee which does not currently cover the cost of depreciation or licensing of the facility.

An independent valuation was subsequently undertaken to determine the appropriate licence fee. These charges have been paid by the WLE on an ongoing basis since.

The current Management Services Agreement (MSA) in place with Wangaratta Livestock Exchange (WLE) does not have a provision for the agreed license fee payments. On legal advice, a Deed of Variation to the MSA has been prepared,

with a retrospective application to cover when the license fee commenced being charged. The license fee commenced from 1st January 2020, being \$15,000 per annum plus GST. The annual increase will be 2% on 1 January for each year of the term of the agreement.

A Deed of Variation must be signed under the council common seal. Use of the seal requires authorisation under council resolution.

Implications

Policy Considerations

Use of the Common Seal: The Wangaratta Rural City Council Governance and Meeting Conduct Local Law specifies how the common seal must be applied. The attached Deed of Variation is compliant the local law.

Adherence to Competitive Neutrality Principles: Council must continue to monitor the performance of the Wangaratta Livestock Exchange, to ensure no triggers arise that may require a further Competitive Neutrality assessment to be undertaken. These triggers could include for example: a sustained increase in costs or reduction in revenues; closure of other saleyards in the catchment area; operating at a deficit.

Financial/Economic Implications

As the Wangaratta Livestock Exchange has already commenced paying the licence fee, there are no further specific financial or economic implications identified for the subject of this report.

Legal/Statutory

There are no legal/statutory implications identified for the subject of this report.

Social

This arrangement ensures that rate payer funds are not being used to cross-subsidise the Wangaratta Livestock Exchange, which means these funds continue to be appropriately channelled to the operation of council front line services.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

2017 – 2021 Council Plan (2020 Revision)

This report supports the 2017-2021 Council Plan goal: 'We are Sustainable'.

Strategic Links

N/A

Risk Management

There are no moderate to extreme risks related to this report.

Consultation/Communication

The Competitive Neutrality Assessment was undertaken by an independent consultant who specialises in this area. The open market rental valuation was undertaken by an independent valuer. The Deed of Variation was drawn up by independent legal counsel. The Board of the Wangaratta Livestock Exchange have reviewed the Deed of Variation.




Options for Consideration

1. That council authorises the signing of the Deed of Variation and the application of council's common seal – Recommended
2. That council does not authorise the above and that Rural City of Wangaratta either i) commences charging the Wangaratta Livestock Exchange for the equivalent of the value of depreciation of the property, or ii) does nothing and becomes uncompliant with Competitive Neutrality Principles. – Not Recommended.

Conclusion

Putting appropriate fair market licence fee arrangements in place for the Wangaratta Livestock Exchange will help ensure that council acts in compliance with Competitive Neutrality Principles and that the associated financial arrangements are clear for all parties.

Attachments

- 1 Deed of Variation to Wangaratta Livestock Exchange Management Services Agreement [↓](#) 
- 2 Rental Valuation for Wangaratta Livestock Exchange [↓](#) 
- 3 Wangaratta Livestock Exchange Management Services Agreement [↓](#) 

14. COMMUNITY WELLBEING

14.1 ARTS, CULTURE, EVENTS AND HERITAGE ADVISORY COMMITTEE APPOINTMENTS

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Manager - Arts, Culture and Events
File No: IC21/33

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 the outcome of the Expression of Interest and make the recommendations for membership of Council's Arts, Culture, Events and Heritage Advisory Committee.

RECOMMENDATION:

That Council resolves to appoint the 10 preferred candidates listed in the attachment to this report as representatives on the Rural City of Wangaratta Arts, Culture, Events and Heritage Advisory Committee (ACEHAC).

Background

Membership of Council's Arts, Culture, Events and Heritage Advisory Committee is made up of the Councillor holding the Arts, Culture, Events and Heritage portfolio, up to 10 appropriately skilled representatives of the community based on an established skills matrix and Council officers.

Committee members of ACEHAC are appointed as voluntary members to set terms of service. There were 10 vacancies for ACEHAC. Expressions of interest were publicly called in October 2020 with 16 nominations received. 1 nomination was withdrawn on 08 January 2021.

The candidates were assessed against the committee's skills matrix. The selection criteria are based on the objectives of the committee, which are:

- experience and skills;
- to provide advice on arts, cultural and heritage issues;
- to promote arts, cultural and heritage opportunities;
- to encourage and facilitate joint initiatives and to ensure all sectors of the community have the opportunity to provide input and
- skills matrix

A copy of the skills matrix completed for the applicants is attached (**refer confidential attachment**).

16 applications for 10 vacancies were received. 1 application was withdrawn on 08 January 2021.

Implications

Policy Considerations

Advisory Committee Charters set out the terms and key dates for appointment on an annual basis.

Financial/Economic Implications

Advisory Committees provide a positive outcome for the sustainability of the local community.

Legal/Statutory

The appointment of Advisory Committees is provided for in the Local Government Act 2020.

Social

Advisory Committees provide the opportunity for 2-way engagement between Council and Community members.

Environment/Sustainability Impacts

There are no environmental/sustainability impacts identified for this subject of this report.

2017 – 2021 Council Plan

This report supports the 2017 – 2021 Council Plan.

Goal

We are Inspired

We will research and advocate:

For our community to have access to quality and exciting arts and cultural experiences

We will create and deliver:

Engaging public art that helps to make our city and rural communities more vibrant

Strategic Links

a) Rural City of Wangaratta 2030 Community Vision

N/A

b) Other strategic links

N/A

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
The recommended candidates are not appointed by Council	Unlikely	Insignificant	Low	Re-advertise

Consultation/Communication

Level of public participation	Promises to the public/stakeholders	Tools/Techniques
Inform	Keep informed	<ul style="list-style-type: none"> ▪ Newspaper advertisements ▪ Website ▪ Letters to committee members

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

The applicants will be notified of Council's decision. Outgoing members will be thanked for their support and involvement in Council's advisory committee process.

Conclusion

Following consideration of the Expression of Interest applications for ACEHAC the new appointments will continue to provide Council with advice, feedback and guidance.

Attachments

- 1 Arts, Culture, Events and Heritage Advisory Committee Skills Matrix January 2021 - Confidential
- 2 ACHAC Committee Members - Updated Length of Term - Confidential

15. INFRASTRUCTURE SERVICES

15.1 DISCLOSURE OF CONTRACT AMOUNTS FOR 2020/21 ANNUAL RESEAL, C26508 DESIGN AND CONSTRUCT AN ADVENTURE PLAYGROUND & PARKOUR PLAYSPACE AND C28304 RECONSTRUCTION OF SANDFORD ROAD

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Executive Assistant - Infrastructure Services
File No: IC21/214

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 advise of the awarding of contracts and disclose award amounts following negotiations with preferred tenderers.

RECOMMENDATION:

That Council advise that:

- 1. Contract for 2020/21 Annual Reseal has been awarded to BituPave Pty. Ltd. for the contract amount of \$541,775.28 excluding GST;**
- 2. Contract C26508 – Design and construct an Adventure Playground and Parkour Play Space has been awarded to Stuart Thompson Landscapes Pty. Ltd. for the contract amount of \$1,485,000 excluding GST; and**
- 3. Contract C28304 Reconstruction of Sandford Road, Wangaratta has been awarded to O’Loughlin Excavation Pty. Ltd. for the contract amount of \$997,869.93 excluding GST .**

Background

Three tenders were reported to the ordinary Council meetings held on 21 September 2020 and 15 December 2020 with recommendations that Council officers undertake further negotiations with the preferred tenderers to bring the contract amounts within allocated budgets.

The three contracts have now been awarded following negotiations and are ready for disclosure of the awarded contract amounts.

Implications**Policy Considerations**

Procurement Policy

Financial/Economic Implications

All contract amounts are within allocated project budgets.

Legal/Statutory

There are no legal/statutory implications identified for the subject of this report.

Social

There are no social impacts identified for the subject of this report.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

2017 – 2021 Council Plan (2020 Revision)

This report supports the 2017-2021 Council Plan:

Goal

We are Healthy

We will create and deliver:

“We will lead the way in innovation and creativity – we will be brave to try new things and be leaders in our community and our industry”.

We will plan and make decisions for the future:

“We will give you a reason to involve yourself in our projects, discussions and plans”.

We will research and advocate:

To facilitate drainage and road infrastructure to support future growth plans.

Strategic Links**a) Rural City of Wangaratta 2030 Community Vision**

N/A

b) Other strategic links

N/A

Consultation/Communication

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

Conclusion

Negotiations have been undertaken by Council officers with the 3 preferred tenderers and contracts awarded. Disclosure of the awarded contract amounts is now provided as per the recommendations in the original reports.

Attachments

Nil.

16. DEVELOPMENT SERVICES

16.1 AGRICULTURE AND AGRIBUSINESS ADVISORY COMMITTEE - COMMITTEE APOINTMENT

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Director Development Services
File No: IC20/1870

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 consider an application received to fill a vacancy for the Agriculture and Agribusiness Advisory Committee (AAAC). Nominations were called for in August 2020 through the annual term of service expiry and one position was filled leaving three vacant positions. The application was received after the closing date and is now being presented to Council for consideration.

RECOMMENDATION:

That Council appoints the following person as a representative on the Agriculture and Agribusiness Advisory Committee for a term of three years ending August 2023:

-

Background

Advisory Committee members are appointed as voluntary members to set terms of service. The advisory committees have a maximum of nine representatives with three being up for renewal annually to ensure a level of continuity. An expression of interest process was undertaken in August 2020 to fill vacancies on the AAAC which resulted in one position being filled and leaving three vacant positions.

An application was received after the closing date of the expression of interest process. Applications are assessed against a Skills Matrix which ensures adequate representation across a number of sectors and aims to fill the skills gaps identified for each committee. The AAAC skills matrix includes horticulture, dairy, timber as well as a range of additional agricultural based skills.

Attached to this report is a copy of the application, and assessment against the skills matrix (refer confidential attachments).

Implications

Policy Considerations

Community representatives on Council committees provide valuable advice and assistance to the Council. The Appointment to Committees of Council Policy recognises the important role that committees play in providing advice and services to Council and establishes the guiding principles for the appointment of committees.

Financial/Economic Implications

There are no financial or economic implications identified for the subject of this report.

Legal/Statutory

There are no legal/statutory implications identified for the subject of this report.

Social

Community representatives on Council committees provide valuable advice and assistance to the Council. The Committees provides the opportunity for two way engagement between Council and community members in the agricultural and business sector.

Environmental/Sustainability Impacts

There are no environmental/ sustainability impacts identified for this subject of this report.

2017 – 2021 Council Plan (2020 Revision)

This report supports the 2017-2021 Council Plan:

Goal

We are Connected

We will focus on our business:

To ensure that we understand and plan for the long-term opportunities, challenges and priorities that face our growth potential.

Consultation/Communication

Level of public participation	Promises to the public/stakeholders	Tools/Techniques
Inform	Our commitment to communicate and engage with our community about local decision making in a way that is clear, accessible and easy to understand.	Expressions of interest were open to the public for a period of 4 weeks in August 2020. These were advertised through a number of media platforms including the local paper and Council website.

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

Options for Consideration

1. Council appoints the applicant to the Agriculture and Agribusiness Advisory Committee.
2. Council does not appoint the applicant to the Agriculture and Agribusiness Advisory Committee.

Conclusion

Following consideration of the application for Council's AAAC, it is recommended to appoint the applicant to the committee for a three-year term. This appointment will assist the committee in continuing to provide Council with advice, feedback and guidance on a range of matters in the agricultural and agribusiness sector.

Attachments

- 1 Application - AAC - Confidential
- 2 Application Review and Skills Matrix - AAAC - Confidential

16.2 DRAFT ENVIRONMENTAL SUSTAINABILITY STRATEGY 2021-2026

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: NRM Coordinator
File No: IC20/1871

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 detail the development of the draft Environmental Sustainability Strategy 2021-2026 and to seek endorsement of the draft strategy for public exhibition.

The Environmental Sustainability Strategy is a plan for a healthy, resilient, and 'green' future for our municipality. We recognise that climate change and degradation of natural environmental assets are defining issues of our time and the Strategy outlines a vision and action plan over the next five years to address these concerns in order to ensure sustainable social and economic prosperity for the Rural City of Wangaratta.

The draft Strategy builds upon the achievements of the previous Environmental Sustainability Strategy 2014 and seeks to learn from our past experiences; pulling together our existing work and delivering activities that we know have positive benefits.

RECOMMENDATION:

That Council:

- 1. Endorses the draft Environmental Sustainability Strategy 2021-2026.***
- 2. Places the draft Environmental Sustainability Strategy 2021-2026 on public exhibition for a period of at least 30 days.***
- 3. Considers the submissions received and a final Environmental Sustainability Strategy 2021-2026 at a future Council meeting.***
- 4. If no submissions requesting changes to the strategy are received, adopts the Environmental Sustainability Strategy 2021-2026 without further resolution.***

Background

The draft Environmental Sustainability Strategy 2021-2026 has been developed to replace the previous Environmental Sustainability Strategy 2014 in order to guide Council in planning for a healthy, resilient and green future for our municipality.

The strategy aims to protect and invest in our environment, natural assets and the health and wellbeing of our community through our environmental sustainability commitment, expertise and leadership. We will achieve this by working with internal and external stakeholders and the community.

Our environment not only provides valuable ecosystem services and natural habitat for our local wildlife, it also is integral for the health and wellbeing of our community and our economic prosperity. There are a number of environmental challenges that we face, that are shared amongst communities around the world, that will present both challenges and opportunities for our region. These are driven by climate change, increasing demand for resources and changes to land use.

Implications

Policy Considerations

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

Financial/Economic Implications

The draft Strategy identifies a significant amount of actions and targets to undertake over the five year lifespan of the strategy. Not all of these costs will be borne by Council, some will be targeted at future grant applications. The possible sources of funding are identified within the action tables of the strategy.

The actions within the strategy will be further scoped for consideration in future budget processes.

Legal/Statutory

There are no legal/statutory implications identified for the subject of this report.

Social

Under the Local Government Act 2020, Council's primary objective is to endeavour to achieve the best outcomes for the local community having consideration for the long term and cumulative effects of decisions. In seeking to achieve this objective, Council must promote the social, economic and environmental viability and sustainability of the municipality.

We acknowledge that we depend on our local environment for clean and plentiful water to drink, clean air to breathe, productive soils for food and energy sources. These environmental assets sustain our health, our lifestyle and our livelihoods.

Environmental/Sustainability Impacts

Due to climate change and changing environmental conditions, we face significant challenges to maintain environmental sustainability in the future, yet with challenges come opportunities. Opportunities to innovate, lead by example and inspire communities through demonstrating environmental leadership in our own operations.

2017 – 2021 Council Plan (2020 Revision)

This report supports the 2017-2021 Council Plan:

Goal

We are Sustainable

We will plan, research and advocate for the future:

- For a regional approach to waste management that has economic and environmental benefits
- To assist the community to reduce their impact on the environment
- By accurately understanding the constraints and opportunities that face our organisation, our community and our region
- To identify and promote options to maximise the use of environmentally sustainable design in new and retro fitted residential, industrial and commercial developments
- To make sure that everything we do – from building assets to delivering events – considers the physical, social, cultural and financial needs of our community members

We will create and deliver:

- Opportunities that promote conservation and assistance to community groups to undertake conservation projects
- Opportunities to assist the community to adopt sustainable building and living practices and to reduce energy and water use

We will focus on our business:

- Ensuring roadsides are appropriately used while conserving natural vegetation, through the implementation of Council's Conservation Roadside Management Plan

The non-negotiables

- Our team will make the best and most efficient use of Council's resources.
- Our buildings, facilities and assets will be utilised in an efficient and equitable way.
- Our protection of the environment underpins our development, projects and decisions.

Strategic Links

a) Rural City of Wangaratta 2030 Community Vision

The Community Vision was last completed in 2009, with a new Community Vision due to be completed in 2021. At which point the strategy will be reviewed to ensure it supports the new vision.

b) Other strategic links

Relationships with key Council Plans

We recognise that the strategy needs to co-exist and help deliver on other relevant strategies. The table below illustrates the relationship between the Environmental Sustainability Strategy and other key Council documents, including the Council Plan.

Key Council Plans	PURPOSE
2030 Community Vision	Our community is connected, sustainable and contemporary. We are the place where good things grow.
Council Plan 2017-2021	Council Plan 2017-2021 details Councils strategic objectives and the key strategic activities and actions we will be undertaking to achieve those objectives.
Municipal Health & Wellbeing Plan (MPHWP)	The MPHWP sets the broad mission, goals and priorities to enable people living in the municipality to achieve maximum health and wellbeing.
Conservation Roadside Management Plan	The Roadside Conservation Management Plan aims to conserve roadside native vegetation that often provides valuable habitat and is an important feature in local landscapes.
Waste Management Strategy (WMS)	The Rural City of Wangaratta's WMS was developed to provide a strategy for sustainable waste management over five years. The purpose of this document is to consolidate all the related issues and topics, to provide a complete picture of waste management within the municipality.
Economic Development and Tourism Strategy	The Economic Development and Tourism Strategy has been produced to fulfil Council's aspirations for a vibrant and prosperous community that offers residents and businesses a broad range of highly rewarding opportunities for work and investment.
Tree Management Strategy	The purpose of the strategy is to establish the Rural City of Wangaratta's

Key Council Plans	PURPOSE
	future strategic direction for tree planting, protection and maintenance.
Walking and Cycling Strategy	Council's Walking and Cycling Strategy is a significant strategic document that will guide the way Council delivers infrastructure that supports the ability of people within our community to be active, to safely move around, and to stay connected
Bush reserves management plans (Northern Beaches and Kaluna Park)	Both the Kaluna Park and Northern Beaches Plans are to provide practical and perceptive information which will assist management to protect, and where possible enhance the natural values of these areas.
Wangaratta Planning Scheme	The Planning Scheme is the governing document for use, development and protection of land in the Rural City of Wangaratta.

Consultation/Communication

Prior to commencing writing the draft strategy, Council's Natural Resource Management and Sustainability team consulted with the Wangaratta Landcare and Sustainability Network, Youth Council, Renewable King Valley and Waste Wise Wangaratta for initial feedback. Internal comments was also sought from all directorates. The feedback from this process has been incorporated into the draft strategy.

Further community consultation will occur when the draft strategy is placed on public exhibition. This will take the form of workshops and online submissions.

Officers believe that appropriate consultation has occurred to inform the development of the strategy draft and the matter is now ready for Council consideration.

Options for Consideration

1. That Council endorses the draft Environmental and Sustainability Strategy 2021-2026 and seek community feedback by placing the draft on public exhibition for a period of no less than 30 days. **(Recommended)**
2. That Council does not endorse the draft Environmental and Sustainability Strategy 2021-2026 and seek further adjustments prior to being returned to Council for endorsement at a future meeting. **(Not recommended)**

Conclusion

The draft Environmental and Sustainability Strategy 2021-2026 is an important document to guide Council in its future decision making.

Council has a crucial role to play to get the best results for our municipality by actively engaging and working with our community and stakeholders to:

- build awareness and progress towards environmental sustainability;
- ensure climate change is embedded within our business plans, strategies and policies; and
- to secure the future of Wangaratta, our region and beyond.

Attachments

- 1 DRAFT Environmental Sustainability Strategy 2021-26 [↓](#) 

17. SPECIAL COMMITTEE REPORTS

Nil.

18. ADVISORY COMMITTEE REPORTS

18.1 AUDIT & RISK COMMITTEE MEETING

Meeting Type:	Ordinary Council Meeting
Date of Meeting:	27 January 2021
Author:	Governance and Reporting Advisor
File No:	IC21/25

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


The Audit & Risk Committee held a meeting on 16 December 2021.

The minutes of the meeting are provided as **Attachment 1**.

RECOMMENDATION:

That Council notes this report.

Attachments

- 1 Audit and Risk Committee - Minutes - 16 December 2020 [↓](#) 

18.2 AUDIT ADVISORY COMMITTEE - ANNUAL REPORT

Meeting Type: Ordinary Council Meeting
Date of Meeting: 27 January 2021
Author: Governance and Reporting Advisor
File No: IC21/26

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

The Audit Advisory Committee (the committee) was dissolved on 25 August 2020. Under its charter it is required to provide council with a report of its activities annually.

The committee's last annual report is provided as **Attachment 1**. It covers the activities of the committee from 1 July 2019 to 25 August 2020.

RECOMMENDATION:

That Council notes this report.

Attachments

- 1 Audit Advisory Committee Annual Report 2020 [↓](#) 

19. MINUTES OF ADVISORY COMMITTEE MEETINGS

Nil.

20. NOTICES OF MOTION

Nil.

21. URGENT BUSINESS

22. PUBLIC QUESTION TIME

23. CONFIDENTIAL BUSINESS

Nil.

24. CLOSURE OF MEETING

ATTACHMENTS



Audit and Risk Committee Charter

Responsible Officer	Adoption Date	August 2020
Governance and Reporting Advisor	Approved By	Council
Authorising Officer	Review Date	August 2024
Director Corporate Services	Policy Type	Major Council Policy

Statement and Purpose

This policy provides the charter for the Audit and Risk Committee as required by, and in accordance with, section 54 of the *Local Government Act 2020*.

Scope

This policy applies to the Audit and Risk Committee appointed by the Wangaratta Rural City Council under section 53 of the Act.

Contents

Introduction.....	4
1. Authorising provision	4
2. Functions and Responsibilities	4
Governance rules.....	4
Constitution of the committee	4
3. Membership	4
3.1 Members	4
3.2 Remuneration.....	4
3.3 Induction of members	5
3.4 Insurance and indemnity.....	5
4. Chairperson	5
5. Terms of office	5
5.1 Councillors	5
5.2 Independent members.....	5
5.3 Chairperson.....	6
Meeting procedures	6
6. Date, time, and place of meetings	6
7. Attendance.....	6
7.1 Participation	6
7.2 Apologies and absences.....	6
7.3 Quorum	6
7.4 Non-members may attend meetings.....	6
8. Business at meetings	7
8.1 Order of business	7
8.2 Annual work program.....	7
9. Minutes.....	7
Functions and responsibilities	8

10. Risk management	8
11. Fraud prevention	8
12. Internal and external audit	8
13. Council policies and procedures	9
14. Council financial and performance reporting	9
Definitions	9
References	12
Review	12

Introduction

1. Authorising provision

The Audit and Risk Committee is appointed by the Wangaratta Rural City Council under section 53 of the Act.

2. Functions and Responsibilities

The functions and responsibilities of the committee are to:

- (a) monitor the compliance of Council policies and procedures with the overarching governance principles, and the Act and the regulations and any Ministerial directions; and
- (b) monitor Council financial and performance reporting; and
- (c) monitor and provide advice on risk management and fraud prevention systems and controls; and
- (d) oversee internal and external audit functions.

Governance rules

The governance rules established by the Council apply to the committee unless otherwise modified by this charter.

Constitution of the committee

3. Membership

3.1 Members

- (1) The committee must comprise 5 members, including:
 - (a) 2 members who are councillors; and
 - (b) at least 3 and up to 4 other members who are not councillors and who are not members of Council staff (independent members).
- (2) Members must be appointed by the Council in accordance with the *Appointment to Committees of Council Policy*.
- (3) Independent members must collectively have expertise in financial management and risk and experience in public sector management.

3.2 Remuneration

- (1) Independent members must be paid a fee for their membership of the committee.
- (2) The fee amount must be determined by Council resolution and reviewed annually.

- (3) The fee must be paid quarterly in arrears.
- (4) Councillors must not be paid a fee for their membership of the committee.

3.3 Induction of members

New and prospective members should be provided with access to the:

- (a) charter;
- (b) governance rules;
- (c) community vision;
- (d) financial plan;
- (e) asset plan;
- (f) council plan;
- (g) the most recent council plan performance report;
- (h) budget;
- (i) risk management policy & framework; and
- (j) the minutes of the most recent committee meeting.

3.4 Insurance and indemnity

Council must indemnify and keep indemnified each member of the committee, exercising any function or power on behalf of Council against all actions or claims (whether arising during or after the term of office or employment of that councillor or other member) in respect of any act or thing done or omitted to be done in good faith in the exercise or purported exercise of any function or power conferred on the committee or member of the committee under this or any other Act. Council's insurance policies shall cover members of the committee while engaged in the business of the committee.

4. Chairperson

- (1) The chairperson must be appointed by the committee by resolution.
- (2) The chairperson must be an independent member.

5. Terms of office

5.1 Councillors

Members who are councillors are appointed for a one-year term.

5.2 Independent members

- (1) Independent members may be appointed for a term of up to 3 years.
- (1) The terms of office of independent members may be arranged to avoid more than 2 independent members retiring at the same time.

- (2) An independent member may be appointed for up to 2 consecutive terms.

5.3 Chairperson

The chairperson may be appointed for a term of up to 2 years.

Meeting procedures

6. Date, time, and place of meetings

- (1) The committee must schedule 5 meetings each year.
- (2) The determination of the dates of meetings must consider the functions and responsibilities of the committee, the business to be transacted and the timing of related Council meetings or audit activities.

7. Attendance

7.1 Participation

Members may participate in meetings by attending in person, or by teleconference, or by video conference.

7.2 Apologies and absences

Where a member does not attend 2 meetings within a 12-month period without sufficient reason or without an approved leave of absence, the member may be removed from the committee by Council resolution subject to the Council:

- (a) being requested to do so by the committee; and
- (b) providing the member with adequate notice of the request to remove the member;
- (c) giving the member the opportunity to explain the reasons for the absences; and
- (d) considering any reasons provided prior to making a decision.

7.3 Quorum

A quorum for a meeting is at least 2 independent members and at least 1 councillor.

7.4 Non-members may attend meetings

- (1) The Chief Executive Officer or nominee should attend all meetings except when the committee chooses to meet without management in attendance.
- (2) Members of Council staff who have authored a report on an agenda must attend the meeting that the agenda relates to in person or through a nominee.
- (3) Other members of Council staff may attend to support the committee and provide advice and information.

- (4) A representative of the internal auditor should attend all meetings.
- (5) A representative of the external auditor:
 - (a) should attend all meetings; and
 - (b) must attend meetings where the draft annual financial report and results of an external audit are on the meeting agenda.

8. Business at meetings

8.1 Order of business

Unless otherwise agreed with the chairperson the order of business for meetings should follow the example set out below:

- (a) welcome;
- (b) acknowledgement of traditional owners;
- (c) present, absent and apologies;
- (d) granting of leave of absence;
- (e) confirmation of minutes of previous meetings;
- (f) conflict of interest disclosure;
- (g) risk management reports;
- (h) fraud prevention report;
- (i) internal and external audit report
- (j) Council policy and procedure compliance report;
- (k) Council financial and performance reporting;
- (l) notices of motion;
- (m) notices of rescission;
- (n) urgent business;
- (o) foreshadowed items;
- (p) closure of meeting.

8.2 Annual work program

- (1) An annual work program must be adopted at or before the last meeting each calendar year for the following calendar year.
- (2) The annual work program should set out a program of meetings, reports, internal audits, and committee activities including the timing of the committee annual committee performance assessment and biannual audit and risk reports to the Council.

9. Minutes

- (1) Unconfirmed minutes must be provided in draft form within 2 weeks after the meeting.

- (2) Unconfirmed minutes must not be published on Council's website.
- (3) A report summarising the meeting content will be included in the agenda of the next practicable Council meeting.

Functions and responsibilities

10. Risk management

- (1) The committee must monitor and provide advice on risk management systems and controls.
- (2) For the purpose of clause 10(1) monitoring processes may include:
 - (a) Reviewing significant strategic and emerging risks;
 - (b) Receiving reports on significant control failures;
 - (c) Monitoring major lawsuits;
 - (d) Reviewing compliance investigations;
 - (e) Monitoring the development and implementation of the risk management framework;
 - (f) Reviewing the risk profile and risk appetite annually.

11. Fraud prevention

- (1) The committee must monitor and provide advice on fraud prevention systems and controls.
- (2) For the purpose of clause 11(1) monitoring processes may include:
 - (a) Monitoring the development and implementation of the fraud prevention framework;
 - (b) Reviewing councillor expenses;
 - (c) Reviewing credit card expenditure;
 - (d) Receiving reports on major fraud incidents.

12. Internal and external audit

- (1) The committee must oversee internal and external audit functions.
- (2) For the purpose of clause 12(1) oversight processes may include:
 - (a) Facilitating discussion between the internal and external auditors to promote compatibility, to the extent appropriate, between their audit programs;
 - (b) Discussing the external audit strategy;
 - (c) Reviewing the interim management letter;
 - (d) Reviewing the final management letter;

- (e) Monitoring the status of external audit actions;
- (f) Recommending to the Chief Executive Officer the appointment of an internal auditor;
- (g) Endorsing the internal audit program;
- (h) Reviewing internal audit project reports;
- (i) Monitoring the status of internal audit actions;
- (j) Monitoring the status of committee meeting actions.

13. Council policies and procedures

- (1) The committee must monitor the compliance of Council policies and procedures with the overarching governance principles and with the Act and the regulations and any Ministerial directions.
- (2) For the purpose of clause 13(1) monitoring processes may include receiving reports on the level of compliance of major council policies and procedures with the overarching governance principles, the Act, the regulations, and Ministerial directions.

14. Council financial and performance reporting

- (1) The committee must monitor Council financial and performance reporting.
- (2) For the purpose of clause 14(1) monitoring processes may include:
 - (a) Reviewing the most recently reported financial statements;
 - (b) Reviewing the most recently reported council plan project status report;
 - (c) Reviewing the most recently reported council plan measures report;
 - (d) Review the annual financial statements and performance statement having considered implications of accounting standards, policies, and practices, processes used to make material accounting estimates, material adjustments arising from the external audit process and material variances from prior years.
 - (e) Recommending adoption of the annual financial report, financial statements, and performance statement to Council.

Definitions

Act	<i>Local Government Act 2020</i>
Agenda	A document containing the date, time and place of a meeting and a list of business to be transacted at the meeting

Associates of Council	Contractors working in-house, staff on exchange, members of Special Committees, members of Advisory Committees, volunteers, work experience students or graduate placements who perform work for Council as well as external suppliers and other contractors and subcontractors.
Chairperson	The chairperson of a meeting and includes an acting, temporary and substitute chairperson.
Chief Executive Officer	The person occupying the office of Chief Executive Officer of the Council, and includes a person acting in that office.
Committee	The Audit and Risk Committee established by the Council under section 53 of the Act.
Committee meeting	A meeting of the committee convened in accordance with the governance rules and includes a scheduled meeting and an unscheduled meeting.
Compliance investigations	Investigations conducted by the Independent Broad-based Anti-corruption Commission, Victorian Ombudsman, Victoria Auditor General's Office, Victoria Police, other regulatory authorities or by a monitor or commission of inquiry established under the Act.
Council	The Wangaratta Rural City Council comprised of elected councillors and led by the Mayor.
Council	The Rural City of Wangaratta, led by the Chief Executive Officer.
Councillor	A councillor of the Council.
Council meeting	A meeting of the Council convened in accordance with the governance rules.

Delegate	A member of Council staff to whom powers, functions and duties have been delegated by an instrument of delegation.
Independent member	A member of the committee who is not a councillor or a member of Council staff.
Major council policies and procedures	Policies and procedures which set out Council's position on an issue or set of issues to guide decision-making and the exercise of power in respect of decisions that impact on the lives and wellbeing of residents, ratepayers, visitors, and businesses. Examples may include policies regarding access to services, funding of capital works, allocation of community resources, allocation of Council grant funding, management of risks and policies related to councillors, councillor support arrangements, committees of Council and councillor conduct.
Major lawsuits	Lawsuits that that have a consequence rating of major or catastrophic and have a likelihood rating of likely or almost certain and that are not effectively transferred to a third party or parties.
Meeting	A Council meeting or a committee meeting.
Member	A member of the committee.
Minutes	The official record of the proceedings and decisions of a meeting.
Significant control failure	A failure of a control that has, or has the potential, effect of changing a consequence rating to major or catastrophic and a likelihood rating to likely or almost certain.
Significant strategic and emerging risk	Strategic and emerging risks assessed with a high or extreme risk rating.

References

Legislation

- *Local Government Act 2020*

Internal policies

- Appointment to Committees of Council Policy

Review

This charter must be reviewed by Council, and amended if necessary, at least once in each Council term.



Councillor Gift Policy

Responsible Officer	Adoption Date	April 2021
Governance and Reporting Advisor	Approved By	Council
	Review Date	April 2025
Authorising Officer	Policy Type	Major Council Policy
Director Corporate Services		

Statement and Purpose

This policy supports the Council to maintain public trust, good governance, integrity and open and accountable decision-making:

It establishes the way gift offers are to be treated so as to avoid potential, actual or perceived conflicts of interest.

Council must adopt a Councillor gift policy, which must include procedures for the maintenance of a gift register and any other matters prescribed by the regulations, under section 138 of the *Local Government Act 2020*.

Scope

The policy applies to councillors and gifts made personally to them or others as a consequence of their role as a councillor

The policy does not apply to council election candidates and their election campaign donations.

The policy does not apply to the receipt of official gifts on behalf of council.

Contents

Policy	3
1. Gifts must not be solicited	3
2. Gifts that must not be accepted.....	3
3. Gifts that may be accepted.....	3
4. Declaring, reporting and approving gift offers.....	4
Procedures	4
5. Gift offer declaration form.....	4
6. Gift register	5
Monitoring and review	5
Definitions	5
References.....	7
Review	7

Policy

1. Gifts must not be solicited

A councillor must not, for themselves or others, seek, request or solicit gifts.

2. Gifts that must not be accepted

A councillor must not accept a gift that is:

- (a) not provided for by this policy; or
- (b) made anonymously; or
- (c) likely to be a bribe or inducement to make a decision or act in a particular way
- (d) money, an item used in a similar way to money, or an item easily converted to money; or
- (e) likely to influence them, or be perceived to influence them, in the course of their duties; or
- (f) likely to give rise to an actual, potential or perceived conflict of interest; or
- (g) made by a person or organisation about which they will likely make or influence a decision; or
- (h) made by a current or prospective supplier; or
- (i) made during a procurement or tender process by a person or organisation involved in the process; or
- (j) likely to be perceived as endorsement of a product or service; or
- (k) likely to lead to providing an unfair advantage for the gift giver in future procurement decisions; or
- (l) likely to adversely affect a person's standing as a councillor or which may bring the council or the local government sector into disrepute; or
- (m) hospitality or attendance at an official business event where council will already be sufficiently represented to meet its business needs; or
- (n) a non-token gift which does not have a legitimate business benefit; or
- (o) a token gift offered repeatedly or on a regular basis

3. Gifts that may be accepted

- (1) A councillor may accept a token gift provided it:
 - (a) has not been sought, requested or solicited; and
 - (b) is not a gift that must not be accepted
- (2) A councillor may accept a non-token gift provided it:
 - (a) has not been sought, requested or solicited; and
 - (b) is not a gift that must not be accepted; and

- (c) is offered with a legitimate business benefit, in the course of the councillor's official duties, relating to the councillor's responsibilities and is a benefit to the council; and
- (d) is approved in writing by the Mayor in the case of a councillor who is not the Mayor; or
- (e) is approved in writing by the Chief Executive Officer in the case of the Mayor.

4. Declaring, reporting and approving gift offers

- (1) A councillor must declare all gift offers whether accepted or not.
- (2) Bribes and inducements must be reported to the Independent Broad-based Anti-corruption Commission.
- (3) A councillor must seek approval to accept any non-token gift offer.
- (4) Where a councillor does not receive approval to accept a non-token gift offer the gift offer:
 - (a) if not received, may be declined; or
 - (b) if received, may be returned to the gift giver, transferred to a not-for-profit community group or destroyed.
- (5) Gift offer declarations must be placed on the gift register.

Procedures

5. Gift offer declaration form

- (1) A gift offer declaration form is used to declare gift offers.
- (2) A gift offer declaration form must be completed and submitted within 14 days of receiving a gift offer unless the gift offer was received overseas, in which case it must be completed within 14 days of returning to Australia.
- (3) The gift offer declaration form should at a minimum contain the following information:
 - (a) date gift offer received
 - (b) name of councillor who received the gift offer
 - (c) description of the gift
 - (d) estimated value of the gift
 - (e) name of the person or organisation making the gift offer
 - (f) whether the gift is a token gift or non-token gift
 - (g) if a non-token gift, a description of the legitimate business benefit accruing from accepting the gift including the related councillor official duties, relevant councillor responsibilities and the specific benefit to council

5

Councillor gift policy

- (h) approval or non-approval of acceptance of a non-token gift (decision, name of approver and date of decision)
- (i) disposition of the gift - gift accepted or not accepted

6. Gift register

- (1) A register of gift offer declarations must be maintained.
- (2) The register of gift offer declarations must be reviewed by the Audit & Risk Committee once each financial year.

Monitoring and review

A periodic review of this policy will be undertaken to ensure any changes required to strengthen or update the policy are made in a timely manner.

Definitions

Act	<i>Local Government Act 2020.</i>
Audit & Risk Committee	The audit and risk committee established by the Council under section 53 of the Act.
Bribe	Money, reward or service offered to procure action, decision, or preferential treatment in favour of the giver or another person
Chief Executive Officer	The person occupying the office of Chief Executive Officer of the Council, and includes a person acting in that office.
Conflict of interest	Any private or personal interest, which could prejudicially influence, or be perceived to influence, a person in the performance of his or her public or professional duties. Refer to the Act or a comprehensive definition
Council	The Wangaratta Rural City Council comprised of elected councillors and led by the Mayor.
Council organisation	The Rural City of Wangaratta organisation, led by the Chief Executive Officer.

6

Councillor gift policy

Councillor	A councillor of the Council.
Gift	A gift is a free or discounted item or service that is offered to a councillor for themselves or others but does not include the value of any reasonable hospitality received by the councillor at an event or function that the councillor attended in an official capacity as a councillor
Mayor	The Mayor of the Council and any person appointed by the Council to be acting as Mayor.
Money	Is a gift of cash, cheques, money orders, travellers' cheques, direct deposits, store vouchers or items which can be easily converted to cash
Non-token gift	A gift that is not a token gift
Official business event	Is an event directly connected to a councillor's role hosted by external organisation where it is for a business purpose consistent with council's role, functions and objectives. Examples include observing council-grant funded program or project delivery, stakeholder engagement, collaboration opportunities, sector knowledge, professional knowledge, state and local government functions, accompanying a government representative, government events.
Official gift	Is a gift presented to the Council. Examples include gifts received from individuals, a Sister City, organisations or corporations that are bestowing a corporate gift (plaques, vases, trophies, artwork) or a souvenir of an official visit or event.
Official capacity	Representing council for an official purpose that is related to duties as a councillor and council's role

7

Councillor gift policy

Reasonable hospitality

Sensible in the circumstances and not excessive; consistent with community expectations and able to withstand public scrutiny; examples include a meal at a conference; a working lunch; refreshments that constitute a basic courtesy

Token gift

Is a gift with a face or estimated value of less than \$50. Examples include promotional items, souvenirs or corporate gifts such as pens, mugs, single bottles of alcohol, meals of a modest nature, invitations to corporate or social functions, door prizes at conferences, trade shows.

References**Guidelines**

- DELWP (2018) Model policies for agencies and boards - Gifts, benefits and hospitality

Integrity agency reports

- IBAC (2019) Local government integrity frameworks review
- IBAC (2019) Managing corruption risks associated with conflicts of interest in the Victorian public sector

Legislation

- *Local Government Act 2020*

Review

The policy may be amended by the Council at any time.

It must be reviewed by the Council, and amended if necessary, at least once in each Council term.



Major Council Policy Community Impact Statement

Councillor Gift Policy

Council provides the following information to the community in respect of this major council policy.

PART A – General

Council must adopt a new councillor gift policy (the policy) because of the commencement of the *Local Government Act 2020* (the Act).

The policy will replace the Gifts, Benefits and Hospitality Policy adopted by council in 2018.

Council must adopt the policy within 6 months of the commencement of section 138 of the Act. Section 138 of the Act commenced on 24 October 2020. Consequently, the policy must be adopted by 24 April 2021.

The policy is a major council policy which means that the process of community consultation set out in the Major Council Policy Local Law applies.

This community impact statement has been prepared to inform the community about the policy and to assist any member of the public who may wish to make a submission to Council.

PART B – Background

The policy must include procedures for the maintenance of a gift register and any other matters prescribed by the regulations.

PART C – Proposed policy

The policy has been developed with reference to the following documents:

- Wangaratta Rural City Council (2018) Gifts, Benefits and Hospitality Policy
- Department of Environment, Land, Water and Planning (DELWP) (2018) Model policies for agencies and boards - gifts, benefits and hospitality
- Independent Broad-based Anti-corruption Commission (IBAC) (2019) Local government integrity frameworks review
- IBAC (2019) Managing corruption risks associated with conflicts of interest in the Victorian public sector

The purpose of the policy is to support the Council to maintain public trust, good governance, integrity and open and accountable decision-making:

It establishes the way gift offers are to be treated so as to avoid potential, actual or perceived conflicts of interest.

The policy is based on a simple structure that includes the following sections:

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- Gifts must not be solicited
- Gifts that must not be accepted
- Gifts that may be accepted
- Declaring, reporting and approving gift offers

The policy includes procedures for declaring, approving and registering gift offers.

The following changes have been made to the previous policy:

- A prohibition on accepting gifts in the following circumstances:
 - made anonymously
 - likely to be a bribe or inducement to make a decision or act in a particular way
 - made by a person or organisation about which they will likely make or influence a decision
 - made by a current or prospective supplier
 - made during a procurement or tender process by a person or organisation involved in the process
 - likely to be perceived as endorsement of a product or service
 - likely to lead to providing an unfair advantage for the gift giver in future procurement decisions
 - likely to adversely affect a person's standing as a councillor or which may bring the council or the local government sector into disrepute
 - hospitality or attendance at an official business event where council will already be sufficiently represented to meet its business needs
 - non-token gift which does not have a legitimate business benefit
- A requirement for a councillor to seek approval to accept any non-token gift offer
- A requirement that bribes and inducements are reported to IBAC

PART D – Consultation

Under the provisions of the major council policy consultation local law, Council is required to give public notice of the proposed policy and invite submissions for a period of at least 28 days.

Anyone who makes a written submission can request to be heard in support of their submission by a committee of council.

A copy of the proposed policy is available from the council's website..

PART E – Overall impact assessment

Legislative context

There is no overlap with existing legislation.

The proposed policy has no relevance to the Planning Scheme.

Risk assessment

The proposed policy, upon adoption, enhances Council's arrangements for good governance and decision-making by mitigating reputational and governance risks associated with councillor gifts.

The policy ensures that the Council is compliant with the Act.

Policy approach adopted

No other legislation can be used. The policy must be adopted.

The proposed policy is a standalone instrument that effectively addresses the issue and of the prescribed elements of the Act.

The proposed policy does not impose any increased costs on the community as it relates to councillor gifts, decision-making and governance.

Restriction of competition

Council has conducted a review of the proposed policy in accordance with National Competition Principles. The results of that review are attached.

The proposed policy relates to the Council's conduct, decision-making and governance arrangements.

There are no National Competition Policy implications associated with the proposal.

Permits

The proposed policy does not make provision for the issue of permits.

Fees

The proposed policy does not prescribe any fees.

Comparison with neighbouring and like Councils

Other councils are following this approach.

Charter of Human Rights

Council has assessed the proposed policy for compatibility with the Charter of Human Rights and Responsibilities. A report of this assessment is attached.

The proposed policy is compatible with the Charter of Human Rights.

Consultation

In the process of developing the policy, consultation will be undertaken in accordance with the major council policy consultation local law.

All submissions and any proposed changes will be considered by Council prior to the policy being adopted.

Submissions

Submissions are invited from the community regarding the policy in accordance with the major council policy consultation local law.

A notice to this effect will be advertised in a local newspaper on 5 February 2021 and on Council's website indicating that submissions will be received up to 5.00pm on 5 March 2021.

Persons making submissions can request an opportunity to be heard in respect of their written submission. A special committee of Council will be established to hear submissions on the proposed policy if required.

All submissions will be considered by Council when deciding to adopt the policy at a meeting of Council.



Proposed Policy Human Rights Charter Assessment

As from 1 January 2008 Council is required to act in accordance with the Human Rights Charter, and to consider human rights when making a decision.

The Charter is a law that protects the rights of all people in Victoria. It introduces standards and a framework to assist public authorities to consider the rights of all interested parties, and to be better able to strike a balance between an individual's rights and those of competing public interests.

The rights in the Charter may be subject to reasonable limitations to achieve this balance. As with all discerning decision making, if limitations are applied, this must be documented.

There are twenty rights listed in the Charter that promote the principles of freedom, respect, equality, and dignity. These are listed at the end of this document.

Section	Rights impacted positively	Rights impacted negatively
Gifts must not be solicited	Right to a fair hearing	
Gifts that must not be accepted	Right to a fair hearing	
Declaring, reporting and approving gift offers	Right to a fair hearing	

The proposed policy is compatible with the Charter of Human Rights as it positively impacts a person's right to a fair hearing when councillors make decisions. The policy does not negatively impact any rights.

Victoria's Charter of Human Rights and Responsibilities

The Charter sets out the rights, freedoms and responsibilities that are shared by all Victorians and protected by law.

The Charter protects the following rights in Victoria:

- Right to be recognised and treated equally before the law;
- Right to life and to not have your life taken without a lawful reason;
- Protection from cruel treatment or punishment, including torture and medical treatment without consent;
- Freedom from forced work or slavery;
- Right to move freely within Victoria, to come into and leave Victoria, and to choose where to live;
- Right to privacy and to protect your reputation;
- Freedom of thought, conscience, religion, and belief;
- Right to hold an opinion and freedom of expression;

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- Right to gather together, take part in a peaceful demonstration or protest, and to join groups such as political, sport or union groups;
- Protection of families and children;
- Right to take part in public life, including the right to vote;
- Right to enjoy your culture, practise your religion, and speak your language;
- Right not to have your property taken away, unless the law says it can be taken;
- Right not to be arrested or detained unfairly, and right to the security of person, such as protection from harassment and threats in everyday life;
- Right to be treated humanely when arrested or detained;
- Protection of children in the criminal process;
- Right to a fair hearing;
- Rights in criminal proceedings including the right to be presumed innocent until proved guilty; and
- Right not to be tried or punished more than once for the same crime.



Proposed Policy National Competition Policy Assessment

The policy must not restrict competition unless it can be demonstrated that: -

- The benefits of the restrictions to the community outweigh the costs; and
- The objectives of the policy can only be achieved by restricting competition.

This report applies the competition test to the proposed policy.

The proposed policy does not contain any restriction on competition.

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Rural City of Wangaratta	20/21 Adopted Budget	20/21 Adopted Q1 Full Year Forecast	20/21 Q2 Full Year Forecast Review	Q2 to Q1 Forecast Variance	Commitments	20/21 YTD Actual	20/21 YTD Adopted Q1 Full Year Forecast	YTD Variance	YTD Variance	Ref
31st December 2020	\$	\$	\$	\$	\$	\$	\$	\$	%	
Income										
Rates and charges	35,299,508	35,299,508	35,299,508	0	0	35,235,927	35,257,061	(21,134)	(0%)	
Statutory fees and fines	1,241,138	1,241,138	1,236,992	(4,146)	0	425,234	442,422	(17,188)	(4%)	
User fees	11,418,909	9,900,405	10,225,860	325,455	44,198	5,307,229	5,879,225	(571,996)	(10%)	1
Contributions - cash	610,000	995,935	1,006,951	11,016	0	1,098,422	217,397	881,075	405%	2
Grants - Operating	17,336,167	19,448,789	19,644,391	195,601	(4,957)	10,259,138	8,423,408	1,835,730	22%	3
Grants - Capital	7,503,392	9,420,902	10,868,257	1,447,355	(0)	5,129,058	3,518,012	1,611,046	46%	4
Reimbursements	2,690,141	3,029,899	2,429,761	(600,138)	(5,940)	1,897,667	2,879,741	(982,074)	(34%)	5
Other revenue	254,900	129,900	159,081	29,181	0	67,695	66,424	1,271	2%	
Net gain/(loss) on sale/disposal of property, infrastru	103,861	103,861	103,861	0	(2,400)	(116,621)	(730,738)	614,117	(84%)	
Total Income	76,458,016	79,570,337	80,974,662	1,404,325	30,901	59,303,800	55,952,952	3,350,848	6%	
Expenses										
Employee benefits	27,456,882	28,232,290	28,232,290	(0)	13,239	12,747,866	14,804,406	2,056,540	14%	
Materials and services	24,720,604	26,005,286	25,890,530	(114,756)	2,058,150	11,123,644	15,647,590	4,523,947	29%	6
Depreciation and amortisation	17,226,940	17,226,940	17,226,940	0	0	8,635,839	8,610,024	(25,815)	(0%)	
Finance costs	555,711	746,711	746,711	0	0	336,206	366,704	30,498	8%	
Other expenses	436,981	449,981	434,539	(15,442)	250,110	199,823	275,428	75,605	27%	7
Total Expenses	70,397,118	72,661,208	72,531,010	(130,198)	2,321,499	33,043,377	39,704,152	6,660,775	17%	
Surplus / (deficit) for the year	6,060,898	6,909,130	8,443,652	1,534,523	(2,290,597)	26,260,423	16,248,800	10,011,623	62%	

Rural City of Wangaratta	30 June 2019	30 June 2020	31st December 2021	Variance	Variance		Ref
	A	B	C	C - B			
Balance Sheet as at 31st December 2020	\$	\$	\$	\$	%		
Assets							
Current assets							
Cash and cash equivalents	20,938,737	19,744,504	42,475,890	22,731,386	54%	●	1
Rate receivables	1,020,861	1,833,056	16,944,966	15,111,910	89%	●	2
Other receivables - current	6,064,419	5,157,874	5,199,861	41,987	1%		
Inventories	104	1,164	(940)	(2,104)	224%		
Assets held for sale	2,110,462	2,386,476	2,386,476	0	0%		
Other assets - current	641,497	426,080	96,320	(329,761)	(342%)	●	3
Total Current assets	30,776,082	29,549,155	67,102,574	37,553,419	56%	●	
Non-current assets							
Receivables non-current	3,600	0	0	0			
Financial assets non-current	10,000	10,000	10,000	0	0%		
Property, plant and equipment and infrastructure	555,344,766	577,298,991	584,110,434	6,811,444	1%		
Book collection	746,326	529,182	616,985	87,803	14%	●	4
Intangible Assets - Landfill	1,880,390	1,368,463	1,368,463	0	0%		
Right of Use Assets	0	956,182	834,101	(122,081)	(15%)	●	5
Total Non-current assets	557,985,083	580,162,818	586,939,984	6,777,166	1%		
Total Assets	588,761,164	609,711,973	654,042,557	44,330,584	7%		
Liabilities							
Current liabilities							
Payables - current	8,174,912	9,970,230	15,477,942	5,507,712	36%	●	6
Trust funds and deposits	1,487,532	1,577,829	3,940,068	2,362,239	60%	●	7
Provisions - current	5,198,217	5,493,429	6,347,097	853,668	13%	●	8
Interest bearing loans and borrowings - current	442,148	1,170,457	331,330	(839,127)	(253%)	●	9
Lease liabilities - current	0	230,645	230,645	0	0%		
Total Current liabilities	15,302,809	18,442,589	26,327,081	7,884,492	30%	●	
Non-current liabilities							
Provisions non-current	16,503,352	20,572,880	19,844,656	(728,224)	(4%)	●	10
Interest bearing loans and borrowings - non-current	7,744,117	15,557,661	26,849,323	11,291,662	42%	●	
Lease liabilities - non-current	0	725,721	610,398	(115,322)	(19%)	●	11
Total Non-current liabilities	24,247,469	36,856,262	47,304,377	10,448,116	22%	●	
Total liabilities	39,550,279	55,298,851	73,631,459	18,332,608	25%	●	
Net assets	549,210,886	554,413,122	580,411,098	25,997,976	4%		
Equity							
Accumulated surplus	174,941,752	170,058,646	176,231,364	6,172,718	4%		
Other reserves	12,067,840	19,494,196	19,238,975	(255,221)	(1%)		
Asset revaluation reserve	358,358,073	358,687,562	358,680,337	(7,225)	(0%)		
Accumulated surplus - current year	3,843,221	6,172,718	26,260,423	20,087,705			
Total Equity	549,210,886	554,413,122	580,411,098	25,997,976	4%		

Notes

- Council's cash and cash equivalents are strong at 31 December 2020, with the draw down of \$11.3m of loan principal occurring during August 2020.
- Council's rate receivables at 31 December 2020 include the balance of the third and fourth instalments, for which payment is not yet due. Council's rate collections remain strong in the face of Covid-19 economic pressures, though Council has recommenced recovery activity and encourages ratepayers facing difficulty to contact Council to enter into a payment arrangement.
- Council's prepayment assets typically reduce during the financial year as the prepaid assets are expensed to the income statement. The prepayment assets are expected to increase in value in line with a range of budgeted prepayments occurring in May and June 2021.
- Movement in the book collection is reflective Council's 2020/2021 contribution to Library book additions.
- Right of use assets are amortised over their life and therefore the balance will continue to reduce over the course of the year.
- Movement in payables is not unusual throughout the year and the December 2020 balance is in line with expectations.
- Council holds in trust amounts collected for the Fire Services Property Levy. Payments are typically made to the State Revenue Office in the month after the rates instalment is collected.
- Movement in the provision is reflective of increased employee provisions. It is anticipated that employee provisions will decrease as COVID-19 travel restrictions are eased.
- Interest bearing loans and borrowings will decrease over the course of the year as principal payments occur.
- The increase to non-current interest bearing loans and borrowings reflects the new loan of \$11.3m drawn down in August 2020.
- Lease liabilities will decrease over the life of the lease agreement as lease payments occur.

Rural City of Wangaratta	20/21 Adopted Budget	20/21 Adopted Q1 Full Year Forecast	20/21 Q2 Full Year Forecast Review	Q2 to Q1 Forecast Variance	Commitments	20/21 YTD Actual	20/21 YTD Adopted Q1 Full Year Forecast	YTD Variance	YTD Variance
Statement of Capital Works 31st December 2020	\$	\$	\$	\$	\$	\$	\$	\$	%
Property									
WIP Land Improvements	5,538,098	4,612,556	4,612,556	(0)	1,269,477	3,001,651	3,147,477	(145,826)	(5%)
Total Land	5,538,098	4,612,556	4,612,556	(0)	1,269,477	3,001,651	3,147,477	(145,826)	(5%)
WIP Buildings	1,207,613	1,493,254	1,493,254	0	325,019	726,071	539082	186,989	26%
Total buildings	1,207,613	1,493,254	1,493,254	0	325,019	726,071	539,082	186,989	26%
Total Property	6,745,711	6,105,810	6,105,810	0	1,594,496	3,727,722	3,686,559	41,163	1%
Plant and equipment									
Plant and equipment	1,853,780	1,836,236	1,836,236	(0)	711,671	909,131	841,120	68,011	7%
Furniture and fittings	50,000	50,000	50,000	0	11,710	2,120	35,000	(32,880)	(1551%)
Computers and telecommunications	756,000	854,625	854,625	0	385,491	262,692	451,625	(188,933)	(72%)
Artworks	6,500	8,813	8,813	0	0	360	0	360	100%
Book collection	198,533	198,533	198,533	0	7,662	160,212	172,047	(11,835)	(7%)
Total Plant and equipment	2,864,813	2,948,207	2,948,207	(0)	1,116,533	1,334,515	1,499,792	1,613,692	121%
Infrastructure									
WIP Waste management	2,200,000	3,024,873	3,024,873	(0)	2,628,276	533,369	1,290,160	(756,791)	(142%)
WIP Sealed roads and substructure	1,546,504	2,792,980	2,463,251	329,729	312,352	582,398	1,193,598	(611,200)	(105%)
WIP Gravel Roads and substructure	1,828,594	1,816,556	1,816,556	0	164,307	1,168,076	977,942	190,134	16%
WIP Bridges	1,019,456	975,400	825,400	150,000	442,807	109,868	342,700	(232,832)	(212%)
WIP Kerbing	156,250	156,250	0	156,250	0	0	0	0	
WIP Drainage	1,881,188	1,726,112	1,826,112	(100,000)	1,104,722	301,899	1,324,858	(1,022,959)	(339%)
WIP Footpaths	749,288	511,218	611,218	(100,000)	65,058	162,572	345,604	(183,032)	(113%)
WIP Parks, Open Spaces and Streetscapes	850,000	1,427,418	2,127,418	(700,000)	1,103,042	832,514	810,318	22,196	3%
WIP Recreation, Leisure and Community Facilities	7,203,037	9,585,553	9,585,553	(0)	3,123,451	6,220,537	4,153,329	2,067,208	33%
WIP Aerodromes	629,244	475,791	744,445	(268,654)	72,732	416,133	475,791	(59,659)	(14%)
WIP Other Infrastructure	4,002,238	3,290,129	2,645,975	644,154	249,575	426,111	1,201,833	(775,722)	(182%)
Total Infrastructure	22,065,799	25,782,280	25,670,802	111,477	9,266,321	10,753,477	12,116,133	(1,362,656)	(13%)
Total capital works expenditure	31,676,323	34,836,297	34,724,819	111,477	11,977,350	15,815,714	17,302,484	(1,486,770)	(9%)
Represented by:									
Renewal expenditure	8,646,039	8,306,114	8,199,863	106,251	2,056,929	3,670,674	4,329,588	(658,914)	(18%)
Upgrade expenditure	5,610,191	7,202,068	6,128,187	1,073,881	2,965,056	1,053,985	2,739,574	(1,685,589)	(160%)
New Assets expenditure	15,620,093	16,743,578	17,812,233	(1,068,655)	4,605,796	10,939,223	9,153,322	1,785,901	16%
Rehabilitation expenditure	1,800,000	2,584,536	2,584,536	0	2,349,568	151,832	1,080,000	(928,168)	(611%)
Total capital works expenditure	31,676,323	34,836,297	34,724,819	111,477	11,977,350	15,815,714	17,302,484	(1,486,770)	(9%)

Deed of Variation

Wangaratta Rural City Council
(ABN: 67 784 981 354)

and

Wangaratta Livestock Exchange Pty Ltd
(ACN: 626 999 308)

Details

THIS DEED OF VARIATION IS MADE ON THE DAY OF 20
BETWEEN

WANGARATTA RURAL CITY COUNCIL (ABN: 67 784 981 354) of 62-68 Ovens Streets Wangaratta in the State of Victoria

(Council)

and

Wangaratta Livestock Exchange Pty Ltd (ACN: 626 999 308) of 99 Shanley Street Wangaratta South in the State of Victoria

(WLE)

Background

- A. On 19 July 2019 Council and WLE executed the *Wangaratta Livestock Exchange Management Services Agreement (Agreement)*.
- B. Pursuant to the Agreement, Council engaged WLE to provide Management Services to Council in respect of the Saleyards. Further, Council granted to WLE a licence to use the Saleyards for the purpose of providing the Management Services.
- C. Council and WLE have agreed to amend the Agreement to include provision for the payment of a non exclusive licence fee from WLE to Council. Application and payment of the licence fee commenced in January 2020, with the first two Quarters being paid in one sum and the last two Quarters being paid separately. The Parties intend for the payment of the licence fee to continue for the duration of the Agreement.
- D. Details of the amendments as agreed by the Parties are set out in this Deed.

Agreed Terms

IT IS AGREED AS FOLLOWS:

1 Definitions

- 1.1 In this Deed, the following words shall have the corresponding meanings:

Agreement means the *Wangaratta Livestock Exchange Management Services Agreement* executed as an Agreement by Council and WLE on 19 July 2019.

Deed means this Deed of Variation, as amended from time to time.

Parties means the parties to this Deed identified under Details above.

1.2 Capitalised terms used but not defined in this Deed have the meanings given in the Agreement.

2 Authority to Vary the Agreement

This Deed is made in accordance with clause 28.1 of the Agreement, which provides that the Agreement may only be varied by a document duly executed by the Parties.

3 Retrospective Application

The Parties acknowledge that this Deed imposes retrospective obligations on the Parties and agree that those obligations, to the extent that they are retrospective, have been met.

4 Amendment of the Agreement

On and from the date of this Deed, the Agreement is amended as follows:

4.1 In clause 15 of the Agreement, insert the following definition:

“Licence Fee means the amount agreed by Council and WLE specified in clause 19.3 and payable by WLE to Council.”

4.2 After clause 19.2 insert:

“19.3 Licence Fee

19.3.1 *WLE must pay the Licence Fee to Council within 30 days of receipt of a valid invoice.*

19.3.2 *The Licence Fee for the 2020 calendar year is \$15,000 plus GST.*

19.3.3 *The Licence Fee shall be payable in four equal installments, due quarterly in advance. The first installment shall be due in January 2020 for the January-March 2021 Quarter.*

19.3.4 *The Licence Fee will increase by 2% on 1 January 2021 and an additional 2% for each year thereafter, for the Term.”*

5 Continuation of Agreement

The Parties acknowledge and agree that the Agreement continues in full force and effect and is varied only to the extent set out in clause 3 above.

6 Interpretation

This Deed must be interpreted in accordance with the ordinary rules of interpretation including those set out in clause 29 of the Agreement.

7 General

7.1 **Governing Law:** This Deed is governed by the laws of the State of Victoria and each Party submits to the non-exclusive jurisdiction of its courts and courts of appeal therefrom.

- 7.2 **Construction:** When interpreting this Deed, no rule of construction will apply to the disadvantage of a Party, on the basis that the Party prepared this Deed.
- 7.3 **Severability:** If any provision of this Deed is held by a court of competent jurisdiction to be illegal, unenforceable or invalid, such provision shall be varied and interpreted so as to best accomplish the objectives of the original provision to the fullest extent allowed by law and the remaining provisions of this Deed shall remain in full force and effect.
- 7.4 **Waiver:** No failure or delay by a Party to exercise or enforce a right, power or remedy under this Deed will operate as a waiver of that right, power or remedy. A waiver under this Deed will only be effective if in writing and signed by the waiving party.
- 7.5 **Variation:** A variation to this Deed must be in writing and signed by all Parties.

EXECUTED as a DEED

THE COMMON SEAL OF WANGARATTA RURAL CITY COUNCIL

was hereunto affixed in the presence of:

.....
Chief Executive Officer

.....
Councillor

Signed by those persons authorised to sign for the
Wangaratta Livestock Exchange Pty Ltd
(ACN: 626 999 308)

.....
Print Name of Office Holder

.....
Signature of Office Holder

.....
Print Name of Witness

.....
Signature of Witness



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Valuation Report

Wangaratta Livestock Exchange

99 Shanley Street

Wangaratta, Victoria 3677

File Ref: 9880312



VALUATION REPORT



Wangaratta Livestock Exchange, 99 Shanley Street Wangaratta, Victoria 3677

Prepared For	Rural City of Wangaratta
Report Purpose	Rental purposes
Valuation Date	7 November 2019
Our Reference	9880312
Client Reference	P124038

Opteon (Goulburn North East Vic) Pty Ltd
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Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Table of Contents

1.0	Executive Summary	5
1.1	Instructions	5
1.2	Property Details	5
1.3	Property Profile	6
1.4	Valuation	7
2.0	Instructions	8
3.0	Basis of Valuation & Definitions	8
4.0	Date of Valuation	8
5.0	Location	9
6.0	Tenure.....	10
6.1	Title Particulars:.....	10
7.0	Planning	11
8.0	Site	11
8.1	Site Details.....	11
8.2	Services.....	11
9.0	Description of Premises.....	11
10.0	Improvements.....	12
10.1	Main Building.....	12
10.2	Saleyards	12
10.3	Plant & Equipment	13
10.4	Building Areas.....	13
10.5	Other Improvements	13
10.6	Condition and Repairs	13
11.0	Photography	14
12.0	Environmental Issues	20
12.1	Environmental Hazards	20
12.2	Contamination Commentary	20
12.3	Asbestos	20
13.0	Occupancy and Lease Details.....	21
14.0	General Comments.....	22
15.0	Financial Details & Analysis	23
16.0	Saleyard Industry Background & Market Commentary	25
17.0	Leasing Analysis	26
17.1	Market	26
18.0	Valuation Methodology	27
18.1	Adopted Valuation Method.....	27
18.2	Valuation Calculations & Rationale	27
18.3	Conclusion	28
19.0	Goods & Services Tax	28
20.0	Rental Value.....	29
20.1	Market Rental Value - Vacant Possession	29
21.0	Assumptions, Conditions & Limitations	30

SOLUTIONS WITH EXCELLENCE

Page 3

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Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Appendices:

1. WLE Imagery
2. Planning Property Report
3. Management Services Agreement
4. 2019 Financial Statements
5. Three Year Financial History

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Page 4

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



1.0 Executive Summary

1.1 Instructions

Instructing Party	Jon Steele, Rural City of Wangaratta.
Client / Authorised Party	Rural City of Wangaratta.
Client Reference	P124038.
Valuation Purpose	Rental purposes - <i>Please note, this report does not meet Practice Standards for valuations for mortgage/finance purposes and is specifically unsuitable for this purpose.</i>

1.2 Property Details

Property Address	Wangaratta Livestock Exchange, 99 Shanley Street, Wangaratta, Victoria 3677.
Property Description	<p>The land relevant to this rental assessment comprises a 55.06 hectare site on the south-west periphery of Wangaratta. The site is partly developed with the Wangaratta Livestock Exchange Saleyards complex (WLE) and associated improvements, including a canteen, hayshed, storage shedding, car parking areas and a truck wash facility. Residual land is used as stock holding paddocks and larger grazing paddocks.</p> <p>The yards are currently operated as Wangaratta Livestock Exchange, under a Management Services Agreement. Although a relatively small scale complex in comparison to large centralised livestock complexes, the WLE facility still plays an important role for servicing many of the small producers in the North-East region.</p> <p>We note that WLE does not have exclusive use of the property, with small portions occupied by other community groups each with their own shed, including a Men's Shed, a Cycling Club and an Aeroclub. The CFA training operations are located to the east of the yards, outside of the facilities designated area, however, utilises the same access.</p>
Demised Premises	As detailed above.

Title Reference	Title Area
Lot 2 Plan of Subdivision 436313	
Part of CA23A Section 31 Parish of Wangaratta South	
Part of Lot 1 Title Plan 942354	
Lot 3 Plan of Subdivision 211117	
Total Site Area (as advised)	55.060 ha
Lettable Area	13,365 sqm.
Zoning	Public Use & Farming.

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Page 5

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



1.3 Property Profile

Market

Stock Levels	There are comparatively few comparable properties currently available for lease, with this asset class usually owner occupied and rarely offered to the open market for lease.
Leasing Volumes	Saleyard complexes are usually owner occupied and therefore there are comparatively few lease transactions of comparable premises.
Leasing Demand	Due to the changing nature of the livestock industry towards larger centralised complexes, leasing demand for the property is currently soft/weak.

Assumptions & Recommendations:

Verifiable Assumptions	<ul style="list-style-type: none"> <input type="checkbox"/> The instructions and information supplied contain a full disclosure of all information that is relevant. <input type="checkbox"/> We have relied on the advised Lease area of 55.06 hectares and have not sighted any title plans or alternate information to confirm the advised land area. <input type="checkbox"/> We have searched the Priority Sites Register (contaminated sites register) on the EPA Victoria web site and the subject property is listed. The issue that the property is registered for is Current Industrial Site. Requires assessment and/or clean up, under notice number 0090007165. Our rental assessment is on the basis that the current listing does not impact on the current use of the site for livestock saleyards.
-------------------------------	--

SOLUTIONS WITH EXCELLENCE

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Page 6

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



1.4 Valuation

Market Rent

Market Net Rent:	\$15,000 pa
-------------------------	--------------------

This valuation is exclusive of GST

Date of Inspection	7 November 2019.
Date of Valuation	7 November 2019.
Currency of Valuation	90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
Pecuniary Interest	We confirm that the valuer does not have any pecuniary interest that would conflict with the proper valuation of the property.

Signatory

William Read AAPI CPV
Director
API No: 62954
Primary Valuer

william.read@opteonsolutions.com

Important	<i>This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.</i>
Third Party Disclaimer	<i>This report has been prepared for the private and confidential use of our client, Rural City of Wangaratta for the specified purpose. It should not be reproduced in whole or part without the express written authority of Opteon (Goulburn North East Vic) Pty Ltd or relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. Our warning is registered here, that any party, other than those specifically named in this paragraph should obtain their own valuation before acting in any way in respect of the subject property.</i>
Digital Copies of Reports	<i>Where a report has been provided in digital copy and has not been received directly via our firm, the report contents, especially the valuations and critical assumptions, should be verified by contacting the issuing office to ensure the contents are bona fide. In particular if the reader of this report has suspicions that the report appears to be tampered or altered then we recommend the reader contact the issuing office.</i>
Reliance on Whole Report	<i>This valuation should be read in its entirety, inclusive of any summary and annexures. The valuer and valuation firm does not accept any responsibility where part of this report has been relied upon without reference to the full context of the valuation report.</i>

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Page 7

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



2.0 Instructions

Instructions have been received to undertake a valuation of the property as per the details below.

Instructing Party	Jon Steele, Rural City of Wangaratta.
Property Address	Wangaratta Livestock Exchange, 99 Shanley Street, Wangaratta, Victoria 3677.
Date of Instructions	17 October 2019.
Client / Authorised Party	Rural City of Wangaratta.
Valuation Purpose	Rental purposes - <i>Please note, this report does not meet Practice Standards for valuations for mortgage/finance purposes and is specifically not suitable for this purpose.</i>
Specific Instructions	Assessment of the Market Value of the property as at the Date of Valuation.
Documentation Provided	Information we have been provided with and relied upon in undertaking our valuation includes: <ul style="list-style-type: none"> <input type="checkbox"/> Management Services Agreement; <input type="checkbox"/> Area of Occupancy & Site Area; <input type="checkbox"/> Financial Statements; and <input type="checkbox"/> Planning Ordinance.
Scope of Work	The scope of work undertaken by the valuer in completing the valuation has included: <ul style="list-style-type: none"> <input type="checkbox"/> Collation of information from relevant parties regarding the subject property; <input type="checkbox"/> Undertaking our own research regarding the subject property; <input type="checkbox"/> An inspection of the property and measurement of buildings where required; <input type="checkbox"/> Undertaking market research of similar properties; <input type="checkbox"/> Preparation of valuation calculations; and <input type="checkbox"/> Preparation of this report.
Compliance	Our valuation has been prepared with reference to the Australian Property Institute Practice Standards and Guidance Notes.

3.0 Basis of Valuation & Definitions

This valuation has been prepared in accordance with definitions and Valuation Applications of the International Valuation Standards Council (IVSC) and endorsed by the Australian Property Institute.

Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Face Rent	<i>"The rent shown on a lease document which may include incentives."</i>
Effective Rent	<i>"The actual liability for rent after adjustments for any incentives and costs to the face rent are taken into account."</i>

4.0 Date of Valuation

Valuation Date	7 November 2019.
Date of Inspection	7 November 2019.
Currency of Valuation	90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

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Page 8

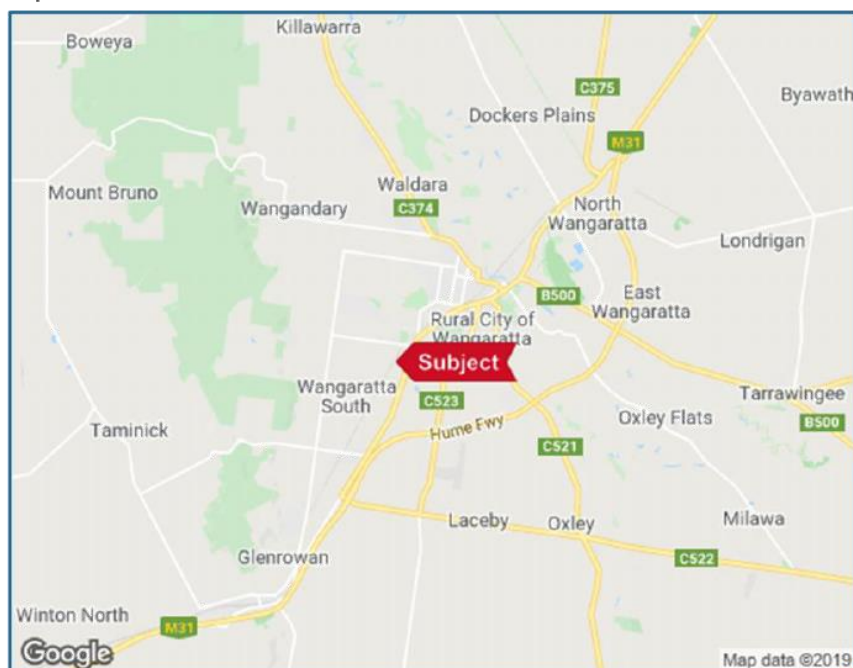
Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



5.0 Location

Location	The property is located around 5 kilometres south-west of Wangaratta CBD. Wangaratta; often known as the gateway to the snowfields, is situated at the beginning of the Great Alpine Road approximately 250 kilometres north east of Melbourne and approximately 70 kilometres south west of Wodonga. The Ovens and King Rivers pass through the city of approximately 17,000 people, as well as the Hume Freeway. Wangaratta is within close proximity to the gourmet food and wine regions of Milawa and King Valley. The city has around a number of primary schools and secondary schools as well as a fully established commercial CBD.
Neighbourhood	The property is located in a mixed use area, which includes industrial properties, public use infrastructure, rural residential and hobby farming in the broader area.
Access	The subject is located on the southern side of the road, and has good access to a sealed road.
Parking	The property comprises on site mostly unsealed car parking.
Transport & Infrastructure	The property has good access to major arterial roads including, both the north and south bound lanes of the Hume Freeway, accessible around 6 kilometres from the property.

Location Map



Sourced from maps.googleapis.com

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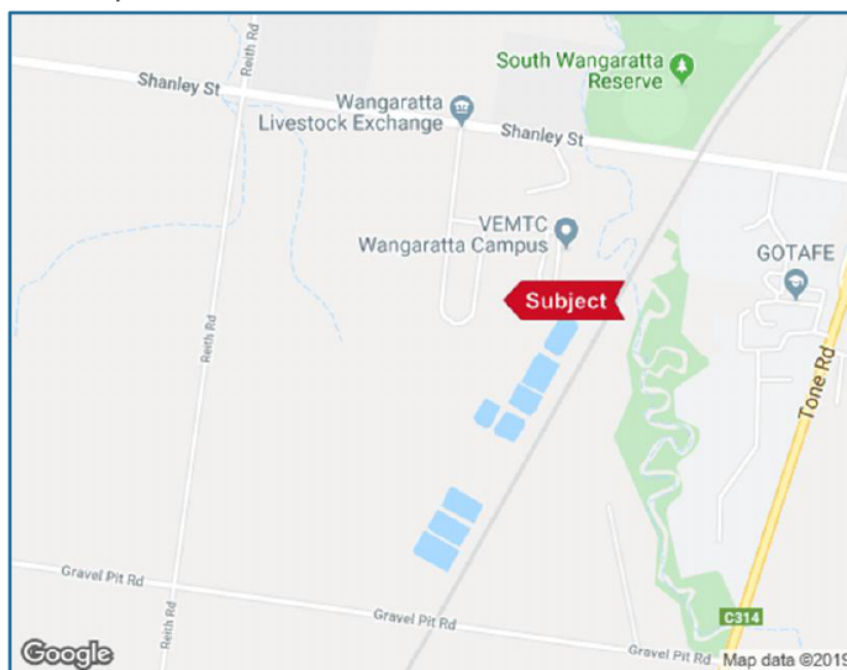
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Page 9

Wangaratta Livestock Exchange, 99 Shanley Street
 Wangaratta, Victoria 3677
 Our Reference: 9880312



Specific Location Map



Sourced from maps.googleapis.com

6.0 Tenure

6.1 Title Particulars:

Title Reference	Title Area
Lot 2 Plan of Subdivision 436313	
Part of CA23A Section 31 Parish of Wangaratta South	
Part of Lot 1 Title Plan 942354	
Lot 3 Plan of Subdivision 211117	
Total Site Area (as advised)	55.060 ha

SOLUTIONS WITH EXCELLENCE

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Page 10

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



7.0 Planning

Local Government Area	Wangaratta Rural City Council.
Planning Scheme	Wangaratta Planning Scheme.
Current Zoning	Public Use & Farming.
Overlays	Floodway Overlay to part and Land Subject to Inundation Overlay to part.
Existing Use	Livestock Saleyards.
Permitted Uses	Various uses within the zoning are permissible subject to obtaining Council approval.
Zoning Effect	Existing use conforms.
Heritage Issues	The subject property is within a Heritage Conservation Area as per Councils on line mapping, see General Comments for further commentary.

8.0 Site

8.1 Site Details

Site Description	The site comprises an irregular shaped allotment, that is mostly level throughout. The site has some profile to vehicular traffic.
Source of Site Area	The site area has been obtained from information provided.
Site Area	55.060 ha .
Identification	Street number in conjunction with online Cadastral Plan.

8.2 Services

Services	Electricity, town water, sewerage, gas, and telephone services are connected. Solar power is also used. The saleyard complex has two attached 400,000 litre rainwater tanks. A bore has also recently been installed, however, is not yet in use.
-----------------	---

9.0 Description of Premises

The premises comprise a Livestock Saleyard complex and associated improvements, including a canteen.

In addition to the improvements noted below, also located on the property are sheds occupied for other Community Groups, including the Men's Shed, a Cycling Club and an Aeroclub. These sheds have been excluded from our rental assessment.

SOLUTIONS WITH EXCELLENCE

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Page 11

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



10.0 Improvements

10.1 Main Building

Main Building Type	Canteen.
Level / Style	Single storey, conventional.
Accommodation	Main canteen area, kitchen managers offices, open plan office, bedroom or additional office, store room and amenities.
Construction:	
Floors	Concrete slab.
Main External Walls	Concrete block.
Windows	Aluminium.
Roof	Colorbond metal deck.
Main Interior Linings	Plaster.
Ceilings	Acoustic tile.
Construction Year	Circa 1978.
Building Services	
Lighting	Fluorescent.
Air-conditioning / Ventilation	Wall mounted split system units.
Electrical	The building has standard electrical services.

10.2 Saleyards

Main Building Type	Saleyards.
Accommodation	The yards are all steel post and rail, however, with some timber rails. Stock troughs are provided to all pens, excluding some of the holdings pens. There is a total of 155 selling pens; 15 pre and post weigh pens; 5 bull pens; five holding pens; 14 delivery/load out pens; three delivery/feed pens; 9 cable yards (outside uncovered yards) and additionally some uncovered converted sheep yards which are only occasionally used. The covered complex includes a Clipex air driven crush and weigh scales with a livestock exchange computer program. The yards have suspended industrial lighting and laser panels to part of the roof. The roof is tiered for improved ventilation.
Construction:	
Floors	Concrete with sawdust over.
Main External Walls	Open sided.
Windows	
Roof	Metal deck.
Construction Year	Circa 1978.
Additions	2016.

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 12

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



10.3 Plant & Equipment

Included within our valuation is all plant and equipment (such as air-conditioning plant and equipment, fire services, or the like) which forms an integral part of the property. Our valuation excludes all non-integral plant and equipment, fit-out, furniture and equipment and personal items/contents.

10.4 Building Areas

Total Lettable Area	13,365 sqm (approximately).
Building Area	IPMS 1 (Gross Building Area).
Measurement Basis	

Accommodation:	Measurement Basis:	Lettable Area:
Canteen (approx.)	IPMS 1 – (Gross Building Area)	250 sqm
Saleyards (approx.)	IPMS 1 – (Gross Building Area)	13,000 sqm
Hayshed (approx.)	IPMS 1 – (Gross Building Area)	115 sqm
Total Lettable Area:		13,365 sqm

Tenancy Configuration	The above areas have been calculated based on the current building configuration. If the premises are occupied by multiple occupants or tenancy boundaries are varied, the lettable areas may vary due to the inclusion or exclusion of common areas.
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10.5 Other Improvements

Saleyards:	Bitumen sealed vehicle and truck access; Open onsite unsealed car parking; Steel framed hayshed of 115 square metres; Carport and two metal deck double car garages/storage sheds; and Stock holding paddocks with post and wire fencing.
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10.6 Condition and Repairs

Internal Condition	Generally appears in average condition.
External Condition	Generally appears in average condition.
Repairs & Maintenance	At the time of inspection the building appeared to be in reasonable condition with no significant requirements for repairs being noted other than items which would normally be undertaken as part of regular repairs and maintenance.
Essential Health & Safety	Annual maintenance certificate not sighted.
Pest Infestation	Our inspection of the subject property did not reveal any visible signs of pest infestation. It is recommended that regular inspections (and chemical treatments if necessary) are undertaken by a suitably certified pest control firm to ensure the property remains free of any pests.

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 13

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



11.0 Photography



Yards



Yards



Yards



Yards



Yards



Yards



Yards



Yards

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 14

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Yards



Yards



Yards



Weigh Room



Crush



Crush



Scales



Scales

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 15

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Weigh Room



Hayshed



Cable Yards



Cable Yards



Yards



Yards



Yards



Truck Delivery

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 16

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Access



Canteen



Canteen



Canteen



Canteen



Office



Amenities



Amenities

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 17

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Car Parking



Store Sheds



Access



Canteen



Car Park



Car Park



Canteen



Holding Paddocks

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 18

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Holding Paddocks



Laneway



Grounds



Grounds



Truck Delivery



Rainwater Tank

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 19

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



12.0 Environmental Issues

12.1 Environmental Hazards

Flooding/Inundation	The property is partly within a Floodway Overlay and therefore, flooding is possible, however, occurrences are infrequent .
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12.2 Contamination Commentary

Current Use	Livestock Saleyards.
Past Use	Unknown, but likely to be farming.
Site Contamination	<p>The use of the site and its associated activities, has a potential to cause soil contamination.</p> <p>Based on our site observations, current and past uses along with surrounding uses, contamination of the site is considered probable but unlikely to impact on the continued use of the property for commercial uses.</p> <p>The property does incorporate an EPA approved waste water treatment facility and includes two settling ponds at the rear of the yards and truck wash facility.</p>
API List of Potentially Contaminating Activities	The current and past uses are not listed on the API List of Potentially Contaminating Activities, Industries and Land Uses.
Contaminated Sites Register	We have searched the Priority Sites Register (contaminated sites register) on the EPA Victoria web site and the subject property is listed. The issue that the property is registered for is Current Industrial Site. Requires assessment and/or clean up, under notice number 0090007165.
Environmental Audit	We have not been provided with an environmental audit, nor are we aware of the property being affected by soil contamination. We have not investigated the site beneath the surface or undertaken vegetation or soil sampling.

12.3 Asbestos

Asbestos Register	Based on our observations on site (albeit we have not inspected cavities or inaccessible parts of buildings) it would appear that an asbestos register is not required.
Inspection Observations	Given the construction era of the improvements or subsequent alterations, asbestos material may be present. We have not inspected concealed sections of improvements (wall cavities, roof space etc). Our valuation reflects the construction type and condition of the building having regard to sales evidence of similar type property, but has been prepared without the benefit of an expert's report on asbestos.

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



13.0 Occupancy and Lease Details

Occupancy Status	The property is occupied a Wangaratta Livestock Exchange (WLE), under a Management Services Agreement. We have been advised that there is currently no rental paid.
Management Services Agreement	We have been provided with a copy of the Management Services Agreement, as summarised below (complete copy appended).

Background

- A. Council is owner of the Saleyards.
- B. WLE is a company registered under the *Corporations Act 2001 (Cth)* and is wholly owned by Council.
- C. Council has resolved to implement a commercial management framework for the Saleyards under which Council appoints WLE to provide agreed Management Services to Council in respect to the Saleyards.

Management Services means the management services to be provided by WLE to Council in respect of the Saleyards, including:

- (a) To operate the Saleyards as a going concern for the purpose of providing livestock auction facilities and related services, and other facilities or services authorised by Council.

Term

This Agreement and the appointment of WLE commences with effect from 1 August 2018 and continues until 30 June 2028 unless extended pursuant to Clause 17.2 or terminated sooner under clause 23.

Financial Matters

Right to Receive Rent and Income

19.1.1 Council assigns to WLE the right to receive all rent and income derived in respect of the Saleyards during the Term.

19.1.2 Council must provide all reasonable assistance to WLE including providing such payment directions as are necessary to enable WLE to receive all rent and income derived in respect of the Saleyards during the Term.

Payment to Council

19.2.1 WLE must pay within 30 days of the approval of the auditor of its annual accounts:

- (a) An 8% dividend on net profit as at 30 June in that financial year; and
- (b) After WLE has established a cash reserve equalling \$500,000, an additional dividend equal to all additional cash held as at 30 June in that financial year.

19.2.2 The parties agree to review the dividends provided for in clause 19.2.1 on the second anniversary of the Commencement Date and every two years thereafter for the duration of this Agreement, and may agree to adjust the dividend following that review.

Occupancy and Responsibilities

21.1 Non Exclusive Licence

21.1.1 Council grants WLE a non-exclusive licence to occupy all parts of the Saleyards for the term.

21.1.2 WLE may grant users of the Saleyards a non-exclusive sub-licence to enter and use the Saleyards in accordance with terms and conditions determined by WLE and Council will not grant such licences itself.

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



14.0 General Comments

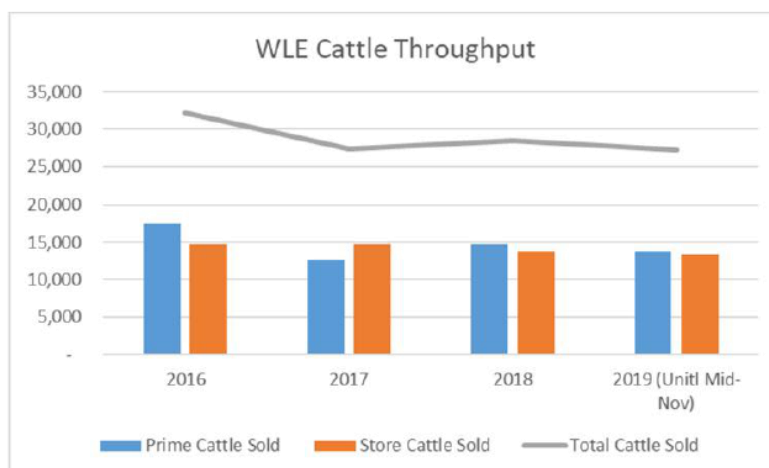
The Wangaratta Livestock saleyards were developed in 1978 and originally designed to cater for both sheep and cattle. The sale of sheep ceased some years ago, however, sales of cattle have been ongoing. In early 2016 a roof was constructed over the yards, creating an 'all-weather' facility and significantly improving operating conditions and enabling the catchment of rainwater for re-use. Around the same time other upgrades were undertaken, including improvements to operating efficiencies, creation of all ability access and lighting, among other improvements.

Up until around August 2018, the Wangaratta Council was operating the yards, following which operations were handed over to WLE under the previously summarised Management Services Agreement. WLE has five board members, made up of two local livestock agents (one from Corcoran Parker and one from Landmark), two local farmers and the owner of a major local livestock transport business. Employees comprise a fulltime manager and a fulltime worker.

Market days at the yards comprise a Prime Cattle sale every Thursday, Special Store Sale on the first Friday of the month and a feature sale in February and August. From our inspection of the yards, they appear well maintained and feedback from one of the board members, has revealed they functional well in all aspects required in livestock complexes, including for market days, stock weighing and crush handling facilities. The yards have National Saleyards Quality Accreditation, an EPA approved waste water treatment facility and the weighing system links with Australian Quarantine and Inspection Service (AQIS).

Income generated from the facility includes a range of sources, which includes yard dues on market days; weighing cattle; scanning cattle; agents fees; agistment from holding paddocks; truck wash facilities in addition to other miscellaneous items associated with handling cattle.

The WLE complex manager has provided us with data of cattle throughput at the yards. A summary of the throughput is shown graphically below for the last four calendar years. The graph shows that cattle sales peaked in 2016, dropped off notably in 2017, recovered slightly in 2018 and appears likely to increase slightly again for the full 2019 calendar year.



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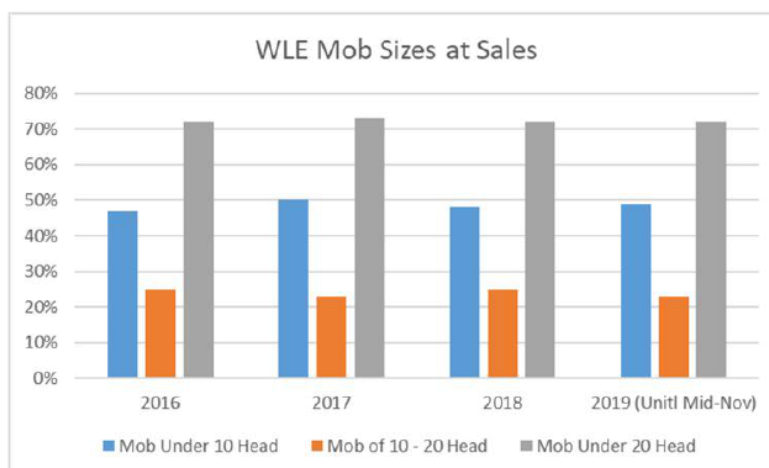
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Page 22

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Additional data provided and shown graphically provides an insight into the type of producers the WLE caters for. The graph below shows data for mob sizes on sale market days. For the four year period, close to 50% of mob sizes are less than 10 head, 23% – 25% are between 10 and 20 head and therefore slightly over 70% are mob sizes of less than 20 head. The data and graph reveal the WLE is principally supported by small scale local producers, typical of a large proportion of farms in the Wangaratta region.



The property is within a designated "Bushfire Prone Area". Special bushfire protection requirements for construction of new buildings or extensions apply. Our valuation reflects the location of the subject property. Any extensions or if the building is destroyed would require a bushfire assessment and compliance with bushfire protection building regulations.

All or part of this property is an 'area of cultural heritage sensitivity'. 'Areas of cultural heritage sensitivity' are defined under the Aboriginal Heritage Regulations 2007, and include registered Aboriginal cultural heritage places and land form types that are generally regarded as more likely to contain Aboriginal cultural heritage. Under the Aboriginal Heritage Regulations 2007, 'areas of cultural heritage sensitivity' are one part of a two-part trigger which require a 'cultural heritage management plan' be prepared where a listed 'high impact activity' is proposed. If a significant land use change is proposed (for example, a subdivision into 3 or more lots), a cultural heritage management plan may be triggered. One or two dwellings, works ancillary to a dwelling, services to a dwelling, alteration of buildings and minor works are examples of works exempt from this requirement. Under the Aboriginal Heritage Act 2006, where a cultural heritage management plan is required, planning permits, licences and work authorities cannot be issued unless the cultural heritage management plan has been approved for the activity. This report and valuation has been prepared on the basis the extent of the cultural impact does not critically affect the highest and best use of the subject property (in this case livestock saleyards) and the saleability of the asset.

15.0 Financial Details & Analysis

We have been provided with profit and loss statements for the saleyards, which appear to have been prepared from two different sources. The most recent financials for the financial year 2018-19 have been whilst the yards were operated by WLE (excluding the month of July 2018) and the previous two financial years were when Council operated the yards.

The statements have not been audited, therefore we are not able to verify the accuracy or reliability of the trading figures. The figures have been relied upon for the purpose of this valuation, however, we request that this valuation be referred back to us should a subsequent audit reveal any irregularities.

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 23

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



In analysing the trading figures to assess the value of the property, the profitability is calculated by adjusting expenses which are related to personal or non-operating expenditure which are considered not necessary or excessive under good average management principles.

In addition our net profit is assessed on a before interest, tax and amortization basis, and therefore excludes interest, finance costs, and depreciation. This measure of net profit is commonly referred to as Earnings Before Interest, Tax, Depreciation and Amortisation, or EBITDA.

Current income for the complex, is generated from the sale of livestock and associated activities as previously noted. A complete copy of the financials are appended.

Analysis of Trading Performance - Actual and Adopted Financials				
Trading period:	2016-17	2017-18	2018-19	Adopted
Revenue:				
Sales	\$531,458	\$514,924	\$573,332	\$570,000
Other Income	\$0	\$0	\$0	\$0
Total Revenue:	\$531,458	\$514,924	\$573,332	\$570,000
Percentage Change on Prior Year:		-3.1%	11.3%	-0.6%
Expenses:				
Expenses:	\$528,689	\$550,414	\$369,534	\$370,000
Total Expenses:	\$528,689	\$550,414	\$369,534	\$370,000
Reported Net Profit:	\$2,769	-\$35,490	\$203,798	\$200,000
Addbacks:	\$132,698	\$128,102	\$5,286	\$0
Net Profit:	\$135,467	\$92,612	\$209,084	\$200,000
Percentage Change on Prior Year:		-31.6%	125.8%	-4.3%
Overall Net Profit Margin:	25.5%	18.0%	36.5%	35.1%

The financials for the most recent financial year 2018-19 exclude interest charges, which explains a significant variation in expenses compared with the previous two financial years, for which the interest has subsequently been added back in the above analysis. The financials reveal a notable increase in total revenue for the 2018-19 financial year, which corresponds with the management of the yards by WLE under the new Management Services Agreement.

Additionally, once addbacks are considered, total expenses from the operations have reduced under the new Management Agreement. It appears under the Management Agreement, the complex is financially benefiting from the involvement and management of the WLE Boards members, which combined have considerable experience in the livestock industry. However, we note, as far we understand they receive no payment for the time overseeing the yards.

With regard to the current operation of the yards under the new Management Services Agreement, the most recent financial years financial performance is considered the best guide to Net Profit and after rounding has been adopted as the assessed net profit for the purposes of our rental assessment.

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



16.0 Saleyard Industry Background & Market Commentary

Saleyard Industry

There has been a major rationalisation of the saleyard industry over the last 15 years, in particular of older and small scale Local Government owned and operated facilities. Saleyard were and still are considered an important community asset not just to the local farming community but also the business community with the extra business enticed to the town on sale days. The rationalisation and restructuring of the industry has followed a similar change in the agricultural sector generally, to larger scale and more efficient operations. Saleyards have become centralised and service a significantly larger geographic area, relative to the traditional smaller Council owned yards. The change in the industry has also been influenced by the following:

- ☐ Animal husbandry reasons
- ☐ Environmental controls
- ☐ Local Government reform
- ☐ Workplace health and safety requirements
- ☐ Market factors including changes in market demand and buyer and seller expectations
- ☐ Vertical integration within the agricultural industry – producers and processors
- ☐ Regional livestock production
- ☐ Alternative selling practices, and
- ☐ Environmental factors including climatic variation and weather conditions.

Smaller, older yards not able to meet modern saleyard requirements have gradually disappeared and the larger regional yards have either relocated to a new site or been totally redeveloped. The cost of establishing new modern yards or undertaking a significant redevelopment of the yards has become such that few local Councils could command the capital required to undertake such a development or redevelopment. Consequently, Councils servicing large geographic areas, have looked to private operators to run saleyards and in the main local Councils have had a declining involvement in the industry.

The livestock industry includes a number of selling options, which include following:

- ☐ Saleyard Auction - Livestock are transported to central saleyards and sold to the highest bidder. Prices reflect supply and demand in the market on the day.
- ☐ Meat Standards Australia (MSA) eligible sales - Cattle can only be sold only through MSA licensed saleyards or livestock exchanges. Producers and agents must be registered.
- ☐ Paddock sales - Livestock are inspected on the vendor's property by a buyer or agent and sold from the paddock.
- ☐ Stockyard sales - Livestock are weighed, graded and priced for sale.
- ☐ Over the hooks (OTH) - Livestock are delivered directly to the abattoir with change of ownership taking place at the abattoir scales. Terms of sale vary between abattoirs. Livestock must be accurately assessed for sale to avoid price penalties.
- ☐ AuctionsPlus - An electronic online auction for the sale of livestock by description (previously CALM). Combines the best features of the saleyard system and allows direct consignment to the abattoir or buyer.
- ☐ Forward contracts - A contractual agreement between a seller (eg producer) and buyer (eg processor) to supply a given product at a future point in time for a given price. In some cases, the price is fixed, thereby reducing the producer's exposure to a fall in market price.
- ☐ Producer alliances - A group of producers working together to service marketplace requirements.
- ☐ Value-based marketing - Based on the principle of being paid for the inherent value (quality and quantity) of the product to the buyer and the end user, such as systems that provide clear feedback from the consumer to the producer and has a pricing system supporting these signals.

SOLUTIONS WITH EXCELLENCE

Page 25

Liability limited by a scheme approved under Professional Standards Legislation

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



In recent years, alternate methods have increased in popularity, in particular online methods, however, the traditional saleyards method is still the most preferred and dominant method, by both stock buyers and sellers.

Livestock saleyards in the local area, include the Northern Victoria Livestock Exchange (NVLX) (Barnawartha North /Wodonga), Shepparton Saleyards, Euroa and Yea Saleyards. The NVLX is a substantial facility, which was relocated from the former site at Bandiana to Barnawartha North in February 2015 with a reported development cost of \$24M. These yards are well supported and are supplied by larger producers throughout North-East Victoria, in addition to a significantly broader catchment, depending on seasons and market conditions in different locations. We understand the NVLX complex is owner operated by Palisade Investments. The Shepparton saleyards which is one of the larger facilities in regional Victoria is Council owned and have been managed under a Council Contract. The Euroa and Yea saleyards are smaller facilities and are both Council owned.

We understand the Yea and Euroa facilities operate on the basis of private users paying a flat rate for utilising the yards and/or other facilities such as weigh scales, with primary income from yard dues on sale days and livestock agents also pay a set fee.

Local Context

Generally speaking the market for industrial property in Wangaratta has remained relatively stable in recent years. The regional City industrial market commands demand from a mixture of owner occupiers and investors for leased premises, however, leased properties represent a significantly smaller portion of the market. Occupiers include a large proportion of small to mid-sized businesses and then some larger scale manufacturing organisations.

The rental market has also remained stable in recent years. Those properties with good fundamentals, including location and functional improvements are well received by the market when appropriately priced. Conversely, poorly located properties and/or with buildings of older style design are usually subject to softer demand.

17.0 Leasing Analysis

17.1 Market

Research into the saleyard industry has revealed most complexes are owner occupied, with very few leased at arms-length to an independent party. Anecdotally, we understand the few that are leased are on the basis of \$ per head of throughput. With rates for large scale complexes ranging from somewhere around \$2.50 to \$5.50 per head of cattle throughput. Additionally, we understand a small scale less efficient Council owned facility in Victoria, works on a rate of around 40 cents per head of throughput. However, we have been unable to confirm the specific details of these arrangements.

In terms of livestock complexes available for Lease, there are no known properties currently available for lease, due to the small size of asset class and because they are usually owner occupied and rarely offered to the open market. Due to the changing nature of the livestock industry towards larger centralised complexes, leasing demand of a small scale complex like the subject is currently considered soft/weak.

Our instructions, requested we 'consider the limited use of the complex if it were not occupied by the WLE'. On this basis, the grazing component of the demised property, following the exclusion of areas occupied by the yards, plus a curtilage area, in addition to the Aeroclub which is located in one of the paddocks, would command demand from local farmers and would be readily leasable. The Canteen has potential for occupation by a Community Group or as an office for a business which does not need to be located within a CBD. Demand for this is likely to be moderate.

In terms of the yards, 'as is' we consider them to have very limited utility for alternate uses. The internal yarding restricts movement and utility and even if the internal pens were removed, there are steel roof support posts scattered throughout the yards. The yards are elevated for truck loading and unloading and therefore makes access under the roof space, difficult for either vehicles, people or for storage of items. However, alternate uses could include partitioning for storage unit space, removal of yards for a covered Community Farmers Market space or other livestock sales. If ever offered to the market a prospective purchaser, may look to modify the roof structure to enable a clearspan space below, a significantly improve utility.

SOLUTIONS WITH EXCELLENCE

Page 26

Liability limited by a scheme approved under Professional Standards Legislation

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



18.0 Valuation Methodology

18.1 Adopted Valuation Method

The most appropriate method of valuation for a property of this nature is by market comparison whereby the subject property is compared with rentals of comparable properties and adjustments made for points of difference. As noted, the small size of the livestock saleyard industry and the dominance of owner occupiers and therefore the limited available confirmed comparable rental evidence makes this approach less reliable. We have, however, have regard to the noted evidence as previously discussed.

Additionally, we have had regard to the Financial returns for the WLE operations and the net returns and therefore the ability of the business operations to pay a commercial rent. Our assessment and rationale are detailed below.

18.2 Valuation Calculations & Rationale

As previously noted, there is very limited information available that we have been able to confirm of rental rates for saleyards, partly due to it representing a small portion of the what is a relatively small industry. Anecdotal information indicates that that larger scale facilities are leased on a throughput basis, of somewhere around \$2.50 to \$5.50 per head. This is for large facilities with very high throughput of cattle and where economics of scale can be achieved. We have also been quoted a rate of around 40 cents per head of throughput for a small scale Council livestock complex. This, would be considered more comparable for a complex, such as the WLE, which caters largely for small scale producers and mob sizes, involving higher operating costs per head due to increased handling of multiple head.

The adopted rental also needs to somewhat align with the net revenues, indicating the capacity/ability of the complex to pay rent. Under the Management Services Agreement, the current success of the facility is reliant on a Board of five Directors which receive no known direct financial payment for their time. If the property was offered to the open market for a private operator or consortium to Lease and operate, any prudent Lessee, is likely to factor in additional wages before payment of rent. Therefore reducing net profit and the capacity to pay rent. We also note, with regard to the other Community Groups which use part of the site, the site does not provide a Tenant with exclusive use.

Having regard to all of the above, if we initially work on the basis a rental per head of throughput, the lower end of the range of anecdotal evidence if considered more relevant for the size and scale of the subject yards. As tabled below, between 2016 to 2018, the WLE has averaged sales slightly over 29,000 per annum, with the current year on target to be around this level.

	2016	2017	2018	2019 (Unitl Mid-Nov)
Prime Cattle Sold	17,505	12,690	14,692	13,852
Store Cattle Sold	14,692	14,691	13,792	13,408
Total Cattle Sold	32,197	27,381	28,484	27,260

With regard to the small scale of the subject yards, however, also with consideration of the good condition and high functionality, as shown below, we have adopted a rate of 50 cents per head of throughput, which we have rounded to \$15,000 per annum.

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Market Rental Assessment		
Cattle Throughput Per Annum	Rate per Head of Throughput:	Rental:
29,000	@ \$0.25 phead	\$7,250
29,000	@ \$0.50 phead	\$14,500
29,000	@ \$0.75 phead	\$21,750
Indicated Total Market Rental		\$14,500
Adopt Total Market Rental:		\$15,000

A rental of \$15,000 per annum, based on our assessed Net Profit of around \$200,000 per annum, if offered to the open market would enable a private commercial operator to run the yards, pay additional wages, given the current services of the five board members would need to somehow be replaced and also possibly retain some residual profit.

18.3 Conclusion

Having regard to the above calculations, and after taking into account both the positive and negative attributes of the property, from an objective and unbiased, yet balanced point of view, we are of the opinion that the Market Rental Value of the property is \$15,000 per annum.

Variance in Market Value

Due to the unique characteristics of the property and limited amount of available, confirmed, comparable market evidence we advise that there is likely to be a greater degree of variation in the price prospective purchasers may offer to pay for the property. This volatility is likewise demonstrated within our valuation calculations which show a comparatively higher degree of variation of possible values.

19.0 Goods & Services Tax

Treatment of GST	All amounts and values expressed in this report are exclusive of GST unless otherwise specified.
Recommendation	If there is any uncertainty as to the treatment of GST then we recommend you seek advice from a qualified accountant regarding the nature of any potential transaction or services supplied, the GST status of the parties involved, and confirmation of any potential GST liability.

SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 28

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312




20.0 Rental Value

20.1 Market Rental Value - Vacant Possession

We are of the opinion that the Market Net Rental Value of the tenancy/property with vacant possession, as at 7 November 2019 subject to the comments in this report, is:

\$15,000 pa
(Fifteen Thousand Dollars) pa

Date of Inspection	7 November 2019
Date of Valuation	7 November 2019
Currency of Valuation	90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
Signatory	<div> William Read AAPI CPV Director API No: 62954 Primary Valuer william.read@opteonsolutions.com</div>

Important	<i>This valuation is subject to the definitions, qualifications and disclaimers and other comments contained within this report.</i>
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SOLUTIONS WITH EXCELLENCE

Liability limited by a scheme approved under Professional Standards Legislation

Page 29

Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



21.0 Assumptions, Conditions & Limitations

Area Disclaimer	<i>In the event actual surveyed areas of the property are different to the areas adopted in this valuation the survey should be referred to the valuer for comment on any valuation implications. We reserve the right to amend our valuation in the event that a formal survey of areas differs from those detailed in this report.</i>
Asbestos Disclaimer	<i>We are not experts in the identification of Asbestos and therefore, in the absence of an environmental consultant's report concerning the presence of any asbestos fibre within the subject property, this valuation is made on the assumption that there is no: asbestos material present; health risk from asbestos within the property; or there is any material expense relating to the repair, management or replacement of asbestos materials in the foreseeable future. Should an expert's report establish that there is an asbestos related health risk or a requirement to undertake asbestos remediation works then we reserve the right to review this valuation.</i>
Building Services Disclaimer	<i>No documentation or certification has been sighted to verify the condition of building services, and we have assumed that all building services are: adequate in specification; in good operational condition; and satisfactorily maintained.</i>
Environmental Disclaimer	<i>This report is not an environmental audit and no advice is given in any way relating to environmental or pollution matters. Any comments given as to environmental or pollution factors in relation to the property are not given in the capacity as an expert. This assessment of value is on basis that the property is free of contamination or environmental issues affecting the property not made known to the valuer. In the event the property is found to contain contamination the matter should be referred to this office for comment. Given contamination issues can have an impact on the Market Value of the property, we reserve the right to review and if necessary vary our valuation if any contamination or other environmental hazard is found to exist.</i>
Full Disclosure Disclaimer	<i>Whilst we have attempted to confirm the veracity of information supplied, the scope of work did not extend to verification of all information supplied or due diligence. Our valuation and report has been prepared on the assumption the instructions and information supplied has been provided in good faith, is not in any way misleading or deceptive, contains a full disclosure of all information that is relevant, there are no undisclosed agreements in place that affect the property. The valuer and valuation firm does not accept any responsibility or liability whatsoever in the event the valuer has been provided with insufficient, false or misleading information.</i>
Geotechnical	<i>We have not sighted a geotechnical engineers' survey of the property. We are not experts in the field of civil or geotechnical engineering and we are therefore unable to comment as to the geotechnical integrity of the ground and soil conditions. It is specifically assumed that there are no adverse geotechnical conditions that compromise the utility of the property for the current or highest and best use. In the event there is found to be adverse ground conditions we recommend the matter be referred to this Company for comment.</i>
Identification	<i>The property has been identified as per details provided within this report. The identification comments are not provided in the capacity of an expert, and a surveyor (not a valuer) would be able to confirm the identification of the property and/or any encroachments by way of undertaking a site survey.</i>
Leases and Rents	<i>This valuation is based on the lease terms and conditions summarised within this report sourced from a review of the available lease documentation and tenancy schedules made available. This valuation is made on the basis that the tenants are paying rent in accordance with the lease agreements and there are no undisclosed rental subsidies, rent free periods or other incentives that have been provided by the lessor. Our valuation assumes there are no material breaches of the essential terms of existing Leases by the existing Lessees and no material rental arrears at the date of Valuation.</i>
Market Change	<i>This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Where the valuation is being relied upon for mortgage purposes, without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. We recommend the valuation be reviewed at regular intervals.</i>
Market Evidence Information Availability	<p><i>In preparing this valuation we have undertaken those investigations reasonably expected of a professional valuer having regard to normal industry practice so as to obtain the most relevant, available, comparable market evidence. Whilst we believe the market evidence information and any other information provided to be accurate, not all details can and have been formally verified. Due to privacy laws, confidentiality agreements and other circumstances beyond our control, the valuer may not have had access to:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>Personal details of parties involved in transactions (including the relationship of the parties);</i> <input type="checkbox"/> <i>Information on recent transactions that are yet to become public knowledge; and</i> <input type="checkbox"/> <i>Copies of leases or contracts to confirm rents or prices and to ascertain whether or not rents or prices are inclusive or exclusive of GST.</i>

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Page 30

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Wangaratta Livestock Exchange, 99 Shanley Street
Wangaratta, Victoria 3677
Our Reference: 9880312



Planning Disclaimer	<i>Town planning and zoning information was informally obtained from the relevant local and State Government authorities and is assumed to be correct. Should the addressee require formal confirmation of planning issues then we recommend formal application be made to the relevant authorities to confirm planning details.</i>
Publication of Report	<i>The publication of the valuation or report in whole or any part, or any reference thereto, or the names and professional affiliations of the valuers is prohibited without the prior written approval of the valuer as to the form and context in which it is to appear.</i>
Site Survey Disclaimer	<i>This report is not a site survey and no advice is given in any way relating to survey matters. Any comments given in relation to the property are not given in the capacity as an expert, however, are based on our inspection of the property and review of the Certificate of Title plans. Should the addressee require absolute certainty in relation to the site area, dimensions or possible encroachments we recommend that a surveyor be engaged to provide appropriate advice and a survey of the property if considered necessary. In the event there are any fundamental inconsistencies between any site survey undertaken and site detail adopted in this valuation, the survey should be referred to the valuer for comment on any valuation implications (including amendment of our valuation if considered necessary).</i>
Structural Disclaimer	<i>This report is not a structural survey and no advice is given in any way relating to structural matters. Any opinion given as to the condition of the improvements on the property is not given in the capacity as an expert. A structural report on the building and/or its plant and equipment has not been sighted, and nor have we inspected unexposed or inaccessible portions of the premises. Therefore we cannot comment on the structural integrity, any defects, rot or pest infestation (or damage from pest infestation) of the improvements, any use of asbestos or other materials now considered hazardous or areas of non-compliance with the Building Code of Australia, other than matters which are obvious and which are noted within this report. This valuation assumes the building is structurally sound; that building services are adequate and appropriately maintained; the building complies with applicable Council, building, health, safety and fire regulations, laws, bylaws, rules, licences, permits and directives; and is free of asbestos or other defects, unless specified otherwise. Should an expert's report establish that there is any damage of the varieties noted above then we reserve the right to review this valuation.</i>
Third Party Disclaimer	<i>This report has been prepared for the private and confidential use of our client, Rural City of Wangaratta for the specified purpose. It should not be reproduced in whole or part without the express written authority of Opteon (Goulburn North East Vic) Pty Ltd or relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. Our warning is registered here, that any party, other than those specifically named in this paragraph should obtain their own valuation before acting in any way in respect of the subject property.</i>

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Page 31

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Date 19th July, 2019.

Wangaratta Livestock Exchange Management Services Agreement

Wangaratta Rural City Council
ABN 67 784 981 354
and

Wangaratta Livestock Exchange Pty Ltd
ACN 626 999 308

[7146984; 20490469_4]

Interstate offices
Canberra Sydney
Affiliated offices around the world through the
Advoc network - www.advoc.com



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Contents

1.	Definitions.....	2
2.	Appointment	4
3.	Term.....	4
3.1	Initial Term	4
3.2	Renewal of Term	4
4.	Management Services	4
4.1	Provision of Management Services to Council	4
4.2	Strategic Plan	4
4.3	Annual Plan & Budget.....	5
4.4	Reports by WLE to Council.....	6
4.5	Meetings between Council and WLE.....	6
5.	Financial matters.....	7
5.1	Right to Receive Rent and Income.....	7
5.2	Payment to Council.....	7
6.	Business services from Council to WLE	7
7.	Occupancy	7
7.1	Non-Exclusive Licence	7
8.	Indemnity	8
9.	Dispute avoidance and resolution	9
9.1	Dispute avoidance	9
9.2	Dispute resolution	9
10.	Termination.....	9
10.1	Termination by agreement.....	9
10.2	Termination by Council	9
11.	GST	10
11.1	GST Act	10
11.2	Exclusive of GST	10
11.3	Recipient must pay	10
11.4	Tax invoice.....	10
12.	Security interests	10
13.	Notices	11
13.1	Delivery of notice	11
13.2	Particulars for delivery	11
13.3	Time of service	11
14.	General	12
14.1	Variation.....	12
14.2	Counterparts	12
14.3	Entire agreement and no reliance	12
14.4	Liability	12
14.5	Severability	12
14.6	Further assurance.....	12
14.7	Legal costs and expenses	12
14.8	Waiver and exercise of rights	12



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14.9	No assignment without consent.....	13
14.10	No relationship.....	13
14.11	Survival of indemnities.....	13
14.12	Enforcement of indemnities.....	13
14.13	No merger.....	13
14.14	Business Day.....	13
15.	Interpretation	14
15.1	Governing law and jurisdiction.....	14
15.2	Words and headings.....	14
15.3	Specific references	14
15.4	Personal knowledge	15
Schedule 1	Interim Strategic Plan	17
Schedule 2	Initial Annual Plan & Budget.....	1

Wangaratta Livestock Exchange Management Services Agreement

Dated / /

Parties

Name	Wangaratta Rural City Council ABN 67 784 981 354
Address	Wangaratta Government Centre 62-68 Ovens Street PO Box 238 Wangaratta VIC 3677
Facsimile	03 5721 9526
Email	council@wangaratta.vic.gov.au
Contact	Director Corporate Services
Short name	Council
Name	Wangaratta Livestock Exchange Pty Ltd ACN 626 999 308
Address	99 Shanley Street Wangaratta South VIC 3678
Facsimile	##
Email	wanglivex@bigpond.com
Contact	General Manager Wangaratta Livestock Exchange
Short name	WLE

Background

- A. Council is the owner of the Saleyards.
- B. WLE is a company registered under the *Corporations Act 2001* (Cth) and is wholly owned by Council.
- C. Council has resolved to implement a commercial management framework for the Saleyards under which Council appoints WLE to provide agreed Management Services to Council in respect of the Saleyards, including to:
 - C.1 oversee the operations of the Saleyards to the benefit of Council;

- C.2 develop a five year Strategic Plan for the future development and direction of the Saleyards for consideration by and approval of Council;
- C.3 develop an Annual Plan & Budget in respect of each financial year consistent with the Strategic Plan for consideration by and approval of Council;
- C.4 provide regular reports to Council in relation to the operations of the Saleyards, including progress on the development and execution of the Strategic Plan and Annual Plan & Budget;
- C.5 perform agreed items of routine operational maintenance, minor capital maintenance and management, but not items of major capital maintenance or improvements which will be undertaken by Council; and
- C.6 develop recommendations for major capital maintenance or improvements for consideration and approval of Council.
- D. In order to ensure the continued efficient operation of the Saleyards, Council grants to WLE for the Term the right to receive income in respect of the Saleyards during the Term.
- E. In consideration for Council's appointment of it under this Agreement and the benefits referred to in Recital D, WLE undertakes to Council:
 - E.1 to perform all of its roles, functions and duties with due care and skill;
 - E.2 perform all of its roles, function and duties in accordance with all legal and regulatory requirements applicable to the services provided under this Agreement, including but not limited to permit, licencing and safety requirements;
 - E.3 to ensure that it does not contravene (or cause Council to contravene) any obligations in relation to the Saleyards;
 - E.4 to indemnify Council in respect of any claims arising out of a breach of its obligations referred to in Recital E.3; and
 - E.5 to pay to Council income as provided for in this Agreement.

The Parties Agree

15. Definitions

In this Agreement unless expressed or implied to the contrary:

Agreement means this Wangaratta Saleyards Management Services Agreement, together with any of its schedules, annexures, attachments or similar.

Annual Plan & Budget means the annual plan and budget for the operation of the Saleyards which is consistent with the Strategic Plan to be prepared by WLE for consideration and approval by Council.

Business Day means Monday to Friday, excluding public holidays in Victoria.

Claims includes actions, proceedings, suits, causes of action, arbitrations, verdicts and judgments either at law or in equity or arising under a statute, debts, dues, demands, claims of any nature, costs and expenses.

Financial Year means each period commencing on 1 July and concluding on the subsequent 30 June.

Insolvency Event means any of the following events:

- (a) WLE becomes insolvent;
- (b) a receiver, receiver and manager, administrator, controller, provisional liquidator or liquidator is appointed to WLE or WLE enters into a scheme of arrangement with its creditors or is wound up;
- (a) WLE assigns any of its property for the benefit of creditors or any class of them;
- (b) an encumbrancee takes any step towards taking possession or takes possession of any assets of WLE or exercises any power of sale; or
- (c) WLE has a judgment or order given against it in an amount exceeding \$10,000.00 (or the equivalent in another currency) and that judgment or order is not satisfied or quashed or stayed within 20 Business Days after being given.

Management Services means the management services to be provided by WLE to Council in respect of the Saleyards, including:

- (a) to operate the Saleyards as a going concern for the purpose of providing livestock auction facilities and related services, and other facilities or services authorised by Council;
- (b) to develop a long-term Strategic Plan for the future development and direction of the Saleyards for the consideration and approval of Council;
- (c) to develop an Annual Plan & Budget in respect of each financial year consistent with the Strategic Plan for the consideration and approval of Council;
- (d) to provide regular reports to Council in relation to the operations of the Saleyards, including progress in the development and execution of the Strategic Plan and Annual Plan & Budget; and
- (e) to provide the Services specified in the Annual Plan & Budget; and
- (f) such other services as are described in this Agreement or as may be agreed between Council and WLE from time to time.

Management Services Fee means the amount agreed by Council and WLE specified in the relevant Annual Plan & Budget and calculated by reference to WLE's costs of providing the Management Services to Council.

Quarter means a 3 month period commencing on 1 January, 1 April, 1 July or 1 October.

Saleyards means the Wangaratta Saleyards, a Council owned business, operated from the property situated at 99 Shanley Street, Wangaratta South and as detailed in the Site Plan in Schedule 3 to this Agreement.

Strategic Plan means the long-term strategic plan for the future development and direction of the Saleyards to be prepared by WLE for the consideration and approval of Council.

Term means the term of this Agreement determined in accordance with clause 17.

16. Appointment

- 16.1 Council appoints WLE to provide the Management Services to Council for the Term subject to and in accordance with the terms and conditions of this Agreement.
- 16.2 WLE accepts its appointment by Council.
- 16.3 The parties agree that Recitals C, D and E in the Background to this Agreement are terms of this Agreement.

17. Term**17.1 Initial Term**

This Agreement and the appointment of WLE commences with effect from 1 August 2018 and continues until 30 June 2028 unless extended pursuant to clause 17.2 or terminated sooner under clause 23.

17.2 Renewal of Term

- 17.2.1 Not more than 12 months and not less than 6 months prior to the expiry of the Term, Council may give WLE written notice that it does not wish this Agreement to renew.
- 17.2.2 Unless Council gives WLE a notice under clause 17.2.1, this Agreement will be taken to have been renewed for a further term of 5 years commencing upon the date it would otherwise have expired.
- 17.2.3 This Agreement may only be renewed under this clause 17.2 so that the total term of the Agreement does not exceed 50 years from its commencement.

18. Management Services**18.1 Provision of Management Services to Council**

- 18.1.1 WLE must provide the Management Services to Council:
- (a) in accordance with all laws and any requirements of any authority;
 - (b) with reasonable care and skill;
 - (c) in accordance with the Strategic Plan approved by Council; and
 - (d) in accordance with any relevant Annual Plan & Budget approved by Council.
- 18.1.2 WLE must not incur or make Council liable to the expenditure of any monies unless the expenditure has been provided for in the relevant Annual Plan & Budget or approved in writing by Council.

18.2 Strategic Plan

- 18.2.1 The interim Strategic Plan for the Saleyards is set out in Schedule 1.

- 18.2.2 WLE must prepare and provide to Council within 6 months of the date of this Agreement a draft Strategic Plan for the future development and direction of the Saleyards in consultation with Council, and any other relevant stakeholders.
- 18.2.3 The draft Strategic Plan must:
- (a) be prepared in consultation with Council;
 - (b) contain a dispute resolution mechanism to address and resolve disputes with and issues raised by members of the public in relation to the Saleyards; and
 - (c) address any matters requested by Council to be addressed in relation to future development and direction of the Saleyards.
- 18.2.4 Council must review and approve or decline to approve the draft Strategic Plan by notice in writing to WLE.
- 18.2.5 If Council declines to approve the draft Strategic Plan:
- (a) Council must provide WLE with written reasons for declining to approve the draft Strategic Plan;
 - (b) WLE must reconsider the draft Strategic Plan and Council's reasons for declining to approve it; and
 - (c) WLE must resubmit a further draft Strategic plan to Council for Council's review and approval within four weeks of WLE's receipt of Council's advice in writing in accordance with clause 18.2.5(a).
- 18.2.6 Once Council approves the draft Strategic Plan, it is the Strategic Plan for the purposes of this Agreement.
- 18.2.7 WLE must review and update the Strategic Plan at least every 3 years after it is adopted. Council may request WLE to review and update the Strategic Plan at any time and WLE must comply with any such request.
- 18.3 Annual Plan & Budget**
- 18.3.1 Until the first Annual Plan & Budget is approved by Council under this clause 18.3, WLE must conduct its affairs in accordance with the interim Annual Plan & Budget set out in Schedule 2.
- 18.3.2 WLE must prepare and provide to Council a draft Annual Plan & Budget for the operation of the Saleyards and the provision of the Management Services in respect of each Financial Year, not less than 3 months prior to the Commencement of the Financial Year to which it relates.
- 18.3.3 The draft Annual Plan & Budget must:
- (a) be prepared in consultation with Council;
 - (b) be consistent with the current Strategic Plan;
 - (c) address any matters requested by Council to be addressed in relation to the operation of the Saleyards;

- (d) contain a detailed budget for the operation of the Saleyards during the relevant financial year specifying expected income, WLE's costs of providing its services and Management Fee and payments to be made to Council; and
 - (e) contain detailed key performance indicators for the performance of the Saleyards.
 - 18.3.4 Council must review and approve or decline to approve the draft Annual Plan & Budget by notice in writing to WLE.
 - 18.3.5 If Council declines to approve the draft Annual Plan & Budget:
 - (a) Council must provide WLE with written reasons for declining to approve the draft Annual Plan & Budget;
 - (b) WLE must reconsider the draft Annual Plan & Budget and Council's reasons for declining to approve it; and
 - (c) WLE must resubmit a further draft Annual Plan & Budget to Council for its review and approval within 4 weeks.
 - 18.3.6 Once Council approves the draft Annual Plan & Budget, it is the Annual Plan & Budget for the relevant financial year for the purposes of this Agreement.
- 18.4 Reports by WLE to Council**
- 18.4.1 WLE must provide Council with Quarterly written reports on the performance of the Saleyards within 10 Business Days of the end of each Quarter, including:
 - (a) a summary financial performance of the Saleyards in the preceding Quarter
 - (b) the status of the key performance indicators in the current Annual Plan & Budget;
 - (c) details of any significant departures from the current Annual Plan & Budget or Strategic Plan (including any departures from relevant materiality thresholds adopted by Council in its management reporting framework);
 - (d) any other potential issues in relation to the Saleyards which may have a significant positive or negative effect on the Saleyards or its performance in the future; and
 - (e) other matters requested by Council from time to time.
 - 18.4.2 Unless requested by Council in writing to the contrary, WLE must prepare and provide Council with an audited financial report and directors' report for each financial year. This clause has effect as a notice to WLE from its sole shareholder under section 293 of the *Corporations Act 2001* (Cth).
- 18.5 Meetings between Council and WLE**
- 18.5.1 Representatives of Council and WLE must meet regularly in accordance with an agreed meeting schedule (not less than quarterly) and as requested by Council from time to time to discuss:
 - (a) the status of current and draft Strategic Plans and Annual Plan & Budgets;

- (b) the performance of the Saleyards and issues affecting its performance or opportunities for improvement; and
 - (c) other matters relevant to the Saleyards as agreed or requested by Council from time to time.
- 18.5.2 WLE must provide Council with a copy of each notice of meeting and agenda for each meeting of WLE's board and invite Council's Mayor and Director Corporate Services (or their delegates) to attend all meetings of its Board in an ex-officio non-voting capacity.

19. Financial matters

19.1 Right to Receive Rent and Income

- 19.1.1 Council assigns to WLE the right to receive all rent and income derived in respect of the Saleyards during the Term.
- 19.1.2 Council must provide all reasonable assistance to WLE including providing such payment directions as are necessary to enable WLE to receive all rent and income derived in respect of the Saleyards during the Term.

19.2 Payment to Council

- 19.2.1 WLE must pay within 30 days of the approval by the auditor of its annual accounts:
 - (a) An 8% dividend on net profit as at 30 June in that financial year; and
 - (b) After WLE has established a cash reserve equalling \$500,000, an additional dividend equal to all additional cash held as at 30 June in that financial year.
- 19.2.2 The parties agree to review the dividends provided for in clause 19.2.1 on the second anniversary of the Commencement Date and every two years thereafter for the duration of this Agreement, and may agree to adjust the dividend following that review.

20. Business services from Council to WLE

Council and WLE may from time to time agree that Council will deliver services to WLE, for a price payable by WLE to Council, as specified in a written agreement between the parties, or in the Annual Plan & Budget, as the case may be.

21. Occupancy and Responsibilities

21.1 Non-Exclusive Licence

- 21.1.1 Council grants WLE a non-exclusive licence to occupy all parts of the Saleyards for the Term.
- 21.1.2 WLE may grant users of the Saleyards a non-exclusive sub-licence to enter and use the Saleyards in accordance with terms and conditions determined by WLE and Council will not grant such licenses itself.

- 21.1.3 Any terms and conditions of use determined by WLE must be consistent with the terms of this Agreement.

21.2 Responsibilities of WLE and Council for Saleyards and its assets

- 21.2.1 As occupier of the Saleyards WLE must take all actions necessary for preserving the Saleyards and its fixed assets as near as practicable in the condition to which they were handed over to WLE (for example, to replace panels in a fence), excluding renewal as provided for in 21.2.2.
- 21.2.2 As owner of the Saleyards Council is responsible for the replacement of existing whole fixed assets which have reached the end of their useful life (for example, replacement of the entire roof).
- 21.2.3 Council will maintain the existing roads shown on the the Site Plan (Schedule 3) according to Council's Road Management Plan and maintenance schedule.
- 21.2.4 WLE must keep and maintain the Saleyard premises in such a manner that they are fit and safe for use by WLE customers, contractors and employees, as well as other licensees permitted to enter the premises and members of the public.
- 21.2.5 WLE must complete a condition audit of all assets annually (the first report to be completed in the first 6 months of operation) and provide the condition report to Council for review. The audit must list all components and their current condition noting any defects.

21.3 Improvements made by WLE

- 21.3.1 Where WLE makes improvements to the Saleyards by the installation of any asset fixed to the premises, ownership of the fixed asset will vest in Council and WLE should notify Council of the installation forthwith including supplying "as constructed" plans and value of each improvement.

22. Insurance and Indemnity

- 22.1.1 WLE must obtain and maintain all insurances to adequately cover itself in the performance of this Agreement including but not limited to public liability insurance for not less than \$20m. If required by Council, WLE will provide to Council copies of insurance policies and certificates of currency of insurance.
- 22.1.2 Council agrees to obtain and maintain insurance for the Saleyard premises and its fixed assets.
- 22.1.3 WLE must ensure that it complies with the terms of this Agreement and does not do any act or make any omission that would cause Council to be in contravention or breach of any obligation of Council in relation to the Saleyards, including as owner of the Saleyards.
- 22.1.4 WLE must indemnify Council against the full cost to Council of any Claim arising out of any breach of clause 22.1.1, except to the extent that the Claim arises out of an act or omission by Council which was negligent, in breach of this Agreement or law.

23. Dispute avoidance and resolution

23.1 Dispute avoidance

- 23.1.1 Each of WLE and Council acknowledge a desire to avoid the cost, lost time and expenditure or diversion of resources likely to arise from any prolonged dispute between them arising out of or in connection with this Agreement or the management of the Saleyards by WLE.
- 23.1.2 Accordingly, each party agrees that, so far as practicable, it will conduct its dealings with the other in such a way as to minimise disputation with the other. Without limitation to that general principle, each party will:
- (a) promptly notify the other of any facts, matters, circumstances or issues which have arisen or of which it becomes aware which may become the source of a dispute;
 - (b) discuss the subject matter of any such notice in good faith with the other party to attempt to prevent the facts, matters, circumstances or issues from becoming a dispute; and
 - (c) act in accordance with any agreed outcomes reached under clause 23.1.2(b) to the extent that the agreed outcome is consistent with this Agreement and the law.

23.2 Dispute resolution

- 23.2.1 If a dispute arises concerning this Agreement or any aspect of the management of the Saleyards, either of the parties may serve a dispute notice on the other. The dispute notice must state that a dispute has arisen and briefly identify the matter in dispute.
- 23.2.2 WLE's General Manager and Council's Director of Corporate Services (or their delegates) must meet to attempt to resolve the dispute as expeditiously as possible.
- 23.2.3 If the dispute is not able to be resolved within a reasonable period of time under clauses 23.2.1 - 23.2.2, Council's CEO may make a determination to resolve the dispute, which shall be binding upon both parties.

24. Termination

24.1 Termination by agreement

Council and WLE may terminate this Agreement at any time by written agreement.

24.2 Termination by Council

Council may terminate this Agreement at any time by written notice:

- 24.2.1 for convenience, by providing WLE with not less than 6 months prior written notice; or
- 24.2.2 if WLE has breached this Agreement in a way that is not capable of remedy; or

24.2.3 if WLE has breached this Agreement and has not rectified the breach within 21 days of Council providing it with written notice requiring it to do so; or

24.2.4 if WLE suffers an Insolvency Event.

25. GST

25.1 GST Act

In this clause words that are defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) have the same meaning as their definition in that Act.

25.2 Exclusive of GST

Except as otherwise provided by this clause, all consideration payable under this Agreement in relation to any supply is exclusive of GST.

25.3 Recipient must pay

If GST is payable in respect of any supply made by a supplier under this Agreement, subject to clause 25.4, the recipient will pay to the supplier an amount equal to the GST payable on the supply at the same time and in the same manner as the consideration for the supply is to be provided under this Agreement.

25.4 Tax invoice

The supplier must provide a tax invoice to the recipient before the supplier will be entitled to payment of the GST payable under clause 25.3.

26. Security interests

26.1 WLE must not encumber or otherwise grant a security interest in respect of any personal property in which WLE has rights, other than a Permitted Security Interest.

26.2 For the purposes of this clause 26:

personal property has the meaning given in the PPSA;

Permitted Security Interest means:

- (a) a purchase money security interest given in the ordinary course of WLE's business;
- (b) a security interest in favour of Council; or
- (c) a security interest given with Council's prior written consent, subject to satisfaction of any conditions that Council may impose (in its absolute discretion).

PPSA means the *Personal Property Securities Act 2009* (Cth);

purchase money security interest has the meaning given in the PPSA;

rights has the same meaning as under the PPSA; and

security interest has the meaning given in the PPSA.

27. Notices**27.1 Delivery of notice**

27.1.1 A notice or other communication required or permitted to be given to a party under this Agreement must be in writing and may be delivered:

- (a) personally to the party;
- (b) by leaving it at the party's address;
- (c) by posting it by prepaid post addressed to the party at the party's address;
- (d) by facsimile to the party's facsimile number; or
- (e) by electronic mail to the party's email address.

27.1.2 If the person to be served is a company, the notice or other communication may be served on it at the company's registered office.

27.2 Particulars for delivery

27.2.1 The address, facsimile number and email address of each party are set out on page 1 of this Agreement under the heading 'Parties' (or as notified by a party to the other parties in accordance with this clause).

27.2.2 Any party may change its address, facsimile number or email address by giving notice to the other parties.

27.3 Time of service

A notice or other communication is deemed delivered:

27.3.1 if delivered personally or left at the person's address, upon delivery;

27.3.2 if posted within Australia to an Australian address, 5 Business Days after posting and in any other case, 10 Business Days after posting;

27.3.3 if delivered by facsimile, subject to clauses 27.3.5 and 27.3.6, at the time indicated on the transmission report produced by the sender's facsimile machine indicating that the facsimile was sent in its entirety to the recipient's facsimile;

27.3.4 if delivered by electronic mail, subject to clauses 27.3.5 and 27.3.6, at the time the email containing the notice left the sender's email system, unless the sender receives notification that the email containing the notice was not received by the recipient;

27.3.5 if received after 5.00pm in the place it is received, at 9.00am on the next business day; and

27.3.6 if received on a day which is not a business day in the place it is received, at 9.00am on the next business day.

28. General**28.1 Variation**

This Agreement may only be varied or replaced by a document duly executed by the parties.

28.2 Counterparts

This Agreement may be executed in counterparts, all of which taken together constitute one document.

28.3 Entire agreement and no reliance

28.3.1 This Agreement:

- (a) constitutes the entire agreement between the parties; and
- (b) supersedes and cancels any contract, deed, arrangement, related condition, collateral arrangement, condition, warranty, indemnity or representation imposed, given or made by a party (or an agent of a party) prior to entering into this Agreement.

28.3.2 The parties acknowledge that in entering into this Agreement each party has not relied on any representations made by the other party (or its agents or employees) other than matters expressly set out in this Agreement.

28.4 Liability

If a party consists of 2 or more people or entities, an obligation of that party binds each of them jointly and severally

28.5 Severability

28.5.1 Any provision of this Agreement that is held to be illegal, invalid, void, voidable or unenforceable must be read down to the extent necessary to ensure that it is not illegal, invalid, void, voidable or unenforceable.

28.5.2 If it is not possible to read down a provision as required by this clause, part or all of the clause of this Agreement that is unlawful or unenforceable will be severed from this Agreement and the remaining provisions continue in force.

28.6 Further assurance

Each party must promptly execute and deliver all documents and take all other action necessary or desirable to effect, perfect or complete the transactions contemplated by this Agreement.

28.7 Legal costs and expenses

Each party must pay its own legal costs and expenses in relation to the negotiation, preparation and execution of this Agreement and other documents referred to in it, unless expressly stated otherwise.

28.8 Waiver and exercise of rights

28.8.1 A single or partial exercise or waiver of a right relating to this Agreement does not prevent any other exercise of that right or the exercise of any other right.

28.8.2 No party will be liable for any loss or expenses incurred by another party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

28.8.3 The failure of a party at any time to insist on performance of any provision of this Agreement is not a waiver of the party's right at any later time to insist on performance of that or any other provision of this Agreement.

28.9 No assignment without consent

WLE must not:

28.9.1 sell, transfer, novate, delegate, assign, licence; or

28.9.2 mortgage, charge or otherwise encumber

any right or obligation under this Agreement to any person without the prior written consent of Council.

28.10 No relationship

Other than expressed to the contrary:

28.10.1 no party to this Agreement has the power to obligate or bind any other party;

28.10.2 nothing in this Agreement will be construed or deemed to constitute a partnership, joint venture or employee, employer or representative relationship between any of the parties; and

28.10.3 nothing in this Agreement will be deemed to authorise or empower any of the parties to act as agent for or with any other party.

28.11 Survival of indemnities

Each indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the parties and survives termination of this Agreement.

28.12 Enforcement of indemnities

It is not necessary for a party to incur any expense or make any payment before enforcing a right of indemnity conferred by this Agreement.

28.13 No merger

The warranties, undertakings, agreements and continuing obligations in this Agreement do not merge on completion.

28.14 Business Day

If a payment or other act is required by this Agreement to be made or done on a day which is not a Business Day, the payment or act must be made or done on the next following Business Day.

29. Interpretation**29.1 Governing law and jurisdiction**

This Agreement is governed by and is to be construed in accordance with the laws of Victoria. Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria and waives any right to object to proceedings being brought in those courts.

29.2 Words and headings

In this Agreement, unless expressed to the contrary:

- 29.2.1 words denoting the singular include the plural and vice versa;
- 29.2.2 the word 'includes' in any form is not a word of limitation;
- 29.2.3 where a word or phrase is defined, another part of speech or grammatical form of that word or phrase has a corresponding meaning;
- 29.2.4 headings and sub-headings are for ease of reference only and do not affect the interpretation of this Agreement; and
- 29.2.5 no rule of construction applies to the disadvantage of the party preparing this Agreement on the basis that it prepared or put forward this Agreement or any part of it.

29.3 Specific references

In this Agreement, unless expressed to the contrary, a reference to:

- 29.3.1 a gender includes all other genders;
- 29.3.2 any legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced and includes any subordinate legislation issued under it;
- 29.3.3 any document (such as a deed, agreement or other document) is to that document (or, if required by the context, to a part of it) as amended, novated, substituted or supplemented at any time;
- 29.3.4 writing includes writing in digital form;
- 29.3.5 'this Agreement' is to this Agreement as amended from time to time;
- 29.3.6 'A\$', '\$', 'AUD' or 'dollars' is a reference to Australian dollars;
- 29.3.7 a clause, schedule or attachment is a reference to a clause, schedule or attachment in or to this Agreement;
- 29.3.8 any property or assets of a person includes the legal and beneficial interest of that person of those assets or property, whether as owner, lessee or lessor, licensee or licensor, trustee or beneficiary or otherwise;
- 29.3.9 a person includes a firm, partnership, joint venture, association, corporation or other body corporate;

29.3.10 a person includes the legal personal representatives, successors and permitted assigns of that person, and in the case of a trustee, includes any substituted or additional trustee; and

29.3.11 any body (**Original Body**) which no longer exists or has been reconstituted, renamed, replaced or whose powers or functions have been removed or transferred to another body or agency, is a reference to the body which most closely serves the purposes or objects of the Original Body.

29.4 Personal knowledge


A reference to a matter being to the knowledge of a person means the matter is to the best of the knowledge and belief of the person after making proper enquiry including enquiry which a reasonable person would be prompted to make by reason of knowledge of a fact.

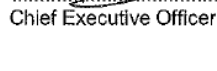
Signing Page

Executed by the parties

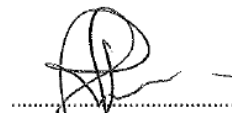
The Common Seal of the Wangaratta Rural City Council was affixed in the presence of:





Councillor


Chief Executive Officer

Executed by Wangaratta Livestock Exchange Pty Ltd ACN 626 999 308 in accordance with section 127(1) of the Corporations Act 2001 (Cth) by being signed by authorised persons for the company:


Director
JOHN MURACA
Full name

92 CARBOR - EVERTON RD
Usual address MARKWOOD
3678


Director (or Company Secretary)
JUSTIN KEANE
Full name

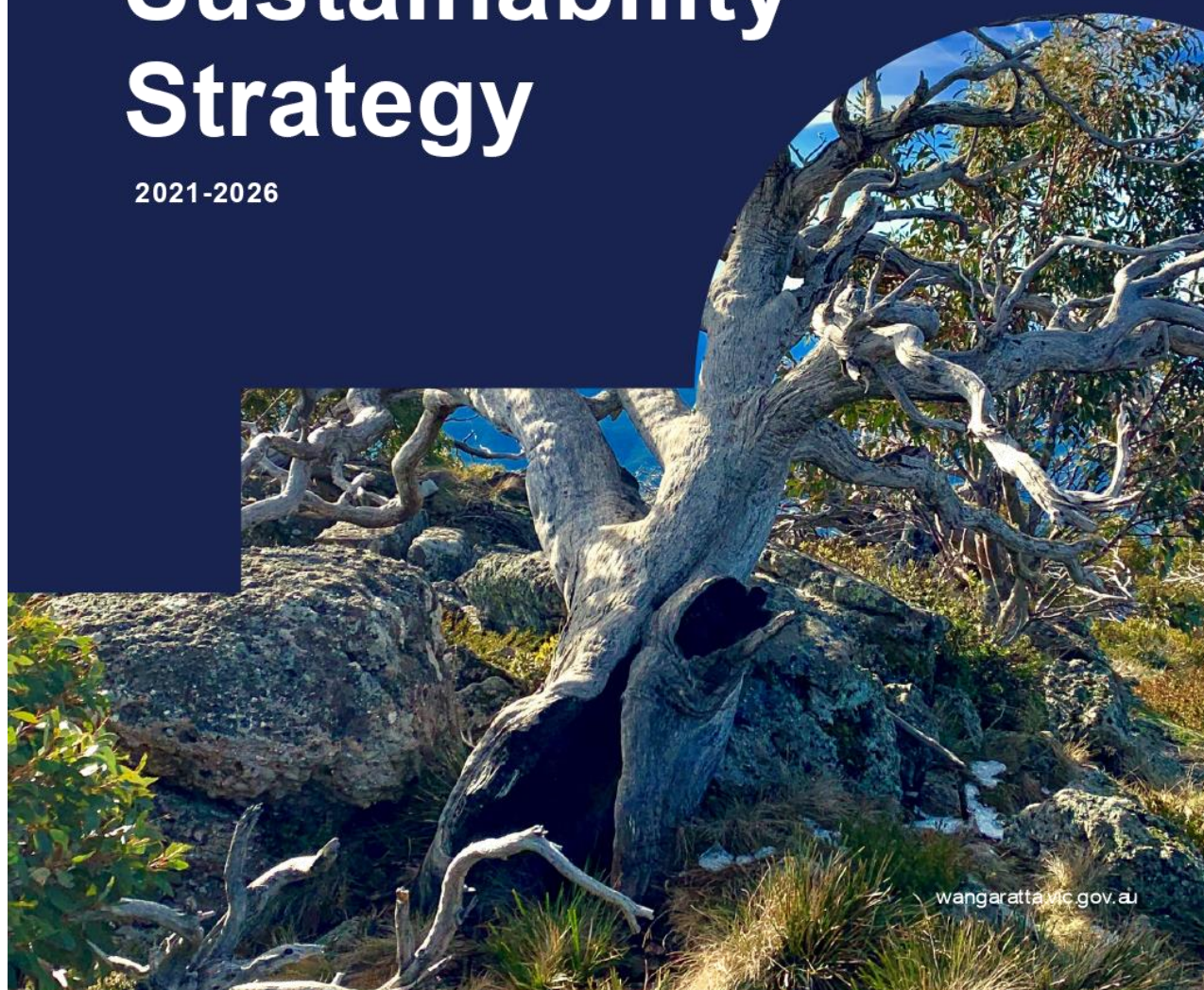
254 RIVER ROAD THARRAGULLIE
Usual address VIC 3678



Rural City of
Wangaratta

Environmental Sustainability Strategy

2021-2026



wangaratta.vic.gov.au

Contents

Acknowledgement of Traditional Owners.....	3
Executive Summary	3
Our Strategy	4
Our Role & Policy Context.....	6
Our Region	8
Our Priorities	14
- Biodiversity.....	15
- Built Environment.....	18
- Greenhouse Gas Emissions & Energy Reduction	21
- Healthy Waterways	25
- Sustainable Communities	28
- Waste Reduction & Resource Recovery.....	31
Appendices.....	34

**Cover photo taken at Mount Cobbler Walking Track*

Acknowledgement of Country

We acknowledge the traditional owners of the lands of the Rural City of Wangaratta and pay our respects to their Elders past, present and emerging.

Executive Summary

The Environmental Sustainability Strategy is a plan for a healthy, resilient, and 'green' future for our municipality. We recognise that climate change and degradation of natural environmental assets are defining issues of our time and the Strategy outlines a vision and action plan over the next five years to address these concerns in order to ensure sustainable social and economic prosperity for the Rural City of Wangaratta.

This Strategy builds upon the achievements of the previous Environmental Sustainability Strategy 2014 and seeks to learn from our past experiences; pulling together our existing work and delivering activities that we know have positive benefits. We recognise there is still much to do. Success will require a mix of leadership and collaboration, education, and partnerships and both advocacy and action to take advantage of opportunities and to face the challenges facing our municipality.

These challenges have been identified as unsustainable resource use, pest plants and animals, changes to land use, ongoing loss of habitat, water resource availability, soil health issues, adverse weather events and climate change. Climate change is not a distant threat. The recent 2020 bushfires are a sharp reminder of how climate change can impact upon our lives, it highlights the risks we face with increased adverse weather events and the urgency required to reduce our greenhouse gas emissions if we are to rise to the challenge of creating a better life for future generations.

To meet these challenges, six priority areas have been established in the Strategy. Each priority area is divided into objectives and then further divided into specific actions that will be undertaken to fulfil these objectives. We also seek to align with the latest national, regional and local strategies and targets and we recognise the need to measure and report regularly so we can be sure our actions are working, such as setting a new emission target for our operations and to start reporting on community emissions.

Above all, there is an understanding that we all have a role to play in order to get the very best results for our municipality. We need to actively engage and work with residents and Council staff to build awareness and progress towards environmental sustainability, ensure climate change is embedded within our business plans, strategies and policies; and work in partnership and collaboration with community groups and external stakeholders to secure the future of Wangaratta, our region and beyond.

Our Strategy

Vision

An environmentally sustainable municipality that is resilient, healthy and continues to protect the environment to allow 'good things to grow'.

Mission

To protect and invest in our environment, natural assets and the health and wellbeing of our community through our environmental sustainability commitment, expertise and leadership. We will achieve this mission by working with internal and external stakeholders and the community.

Introduction

Environmental sustainability is about acting in a way that provides for the needs of individuals and communities now and ensures future generations have the natural resources available to live an equal, if not better, way of life as current generations.¹

This strategy identifies the approach that Council will take in realising the vision above, recognising that in order to achieve the best outcomes we need to work closely with national, state, regional and non-government agencies along with our local community.

Under the *Local Government Act 2020*, Council's primary objective is to endeavour to achieve the best outcomes for the local community having consideration for the long term and cumulative effects of decisions. In seeking to achieve this objective, Council must promote the social, economic and environmental viability and sustainability of the municipality.

We acknowledge that we depend on our local environment for clean and plentiful water to drink, clean air to breathe, productive soils for food and energy sources. These environmental assets sustain our health, our lifestyle and our livelihoods. Due to climate change and changing environmental conditions, we face significant challenges to maintain environmental sustainability in the future yet with challenges come opportunities. Opportunities to innovate, lead by example and inspire community through demonstrating environmental leadership in our own operations.

There are many functions undertaken by Council that enable the strengthening of sustainability. Local councils can make a difference through town planning, public health planning, facilitating economic development, waste management, recycling, stormwater management, transport planning, community education, public land management, emission reporting, capital works material use as well as the delivery of specific environmental programs. Council can also make a valuable contribution through reducing its own day-to-day environmental impact through green purchasing and reduction of waste, water, energy and resource use.

¹ United Nations, Accessed July 2020 <https://www.unenvironment.org/about-un-environment/sustainability>

As a result the Environmental Sustainability Strategy (ESS) has developed an action plan to advance environmental sustainability across the full range of Council activities. It responds to community aspirations for a more sustainable future. The Strategy:

- reviews key deliberations that express the intent of the community as well as studies that examine local environmental issues
- identifies key issues affecting Council operations and services, the community, the natural environment, and their related impacts
- examines the challenges posed by key environmental issues - climate change and resource; and
- sets out actions to reduce impacts and improve environmental outcomes, including adaptation approaches under the following six priority areas;



Biodiversity



Healthy Waterways



Built Environment



Sustainable Communities



Greenhouse Gas Emission
& Energy Reduction



Waste Reduction & Resource
Recovery

Actions in the Strategy utilise a range of approaches. For example, increasing awareness, planning and control, education and engineering. These approaches are based on the achievements of the previous ESS (2014), a number of community and technical studies conducted by the Council and other organisation in the north east region, as well as some key Victorian studies.

The Strategy is intended to consolidate and build on the outcomes of community deliberations and environmental studies forming the link between longer term community plans, the Council Plan and operational programs.

Our Role & Policy Context

The Rural City of Wangaratta is responsible for many activities that may impact upon our environment and may include everything from maintaining infrastructure, delivery of waste services, maintaining parks and bush reserves to administering the planning scheme and enforcing state and local laws in regard to land use.

Through these activities Council is fortunate to have the closest immediate relationship to community compared to other levels of government and is therefore well positioned to promote environmental sustainability and work closely with the community in order to achieve these aspirations. We recognise that our role includes leading by example in how we operate and advocating for change at various levels of government. It includes monitoring and reporting on our progress and empowering and engaging with our local community by supporting local environmental initiatives within our resourcing capacity.

Council has many legislative requirements that guide our operations in the environmental space and the Strategy seeks to align with key Federal, State and Regional documents and these are listed under each relevant focus area within the strategy.

Our Community Vision 2030

“Our Environment remains our most valuable asset” – 2030 Community Vision

The Community Vision was last completed in 2009, with a new Community Vision due to be completed in 2021. At which point the strategy will be reviewed to ensure it supports the new vision.

Council Plan 2017-2021 Revised 2020

Our Council Pillars

Council has identified five pillars, that are our goals within the Council Plan. The pillar relevant to this Strategy is “We are Sustainable”. Our strategic objective for this pillar is recognising that to ensure our long-term viability and capacity to deliver quality services and infrastructure, we need to continue to meet the changing and complex challenges that face us. We focus on how we can do things better, improve our environmental and economic impact, and create lasting benefits for our community and future generations.

Relationships with key Council Plans

We recognise that this strategy needs to co-exist and help deliver on other relevant strategies. Table 1 illustrates the relationship between the ESS and other key Council documents, including the Council Plan.

Table 1: Key Council Plans

DOCUMENT	PURPOSE
2030 Community Vision	Our community is connected, sustainable and contemporary. We are the place where good things grow.
Council Plan 2017-2021	Council Plan 2017-2021 details Council's strategic objectives and the key strategic activities and actions we will be undertaking to achieve those objectives.
Municipal Health & Wellbeing Plan (MPHWP)	The MPHWP sets the broad mission, goals and priorities to enable people living in the municipality to achieve maximum health and wellbeing.
Conservation Roadside Management Plan	The Roadside Conservation Management Plan aims to conserve roadside native vegetation that often provides valuable habitat and is an important feature in local landscapes.
Waste Management Strategy	The Rural City of Wangaratta's Waste Management Strategy (WMS) was developed to provide a strategy for sustainable waste management over the next five years. The purpose of this document is to consolidate all the related issues and topics, to provide a complete picture of waste management within the municipality.
Economic Development and Tourism Strategy	The Economic Development Strategy (EDS) has been produced by the Rural City of Wangaratta (RCoW) to fulfil Council's aspirations for a vibrant and prosperous community that offers residents and businesses a broad range of highly rewarding opportunities for work and investment.
Tree Management Strategy	The purpose of the strategy is to establish the Rural City of Wangaratta's future strategic direction for tree planting, protection and maintenance.
Walking and Cycling Strategy	Council's Walking and Cycling Strategy is a significant strategic document that will guide the way Council delivers infrastructure that supports the ability of people within our community to be active, to safely move around, and to stay connected.
Bush reserves management plans (Northern Beaches and Kaluna Park)	Both the Kaluna Park and Northern Beaches Plans are to provide practical and perceptive information which will assist management to protect, and where possible enhance the natural values of these areas.
Wangaratta Planning Scheme	The Planning Scheme the governing document for use, development and protection of land in the Rural City of Wangaratta.

The Council Plan is the principal plan for Council that clearly identifies what the Council aims to achieve over the next 5 years as part of longer-term objectives.

Funding

Funding the actions of the Environment Sustainability Strategy will require both internal and external funding. It is noted that securing funding continues to be a challenge for environmental sustainability projects where it can be difficult to demonstrate definitive economic outcomes or that the environmental outcomes and benefits are long term.

Our Region

Our Environment

We are the Rural City of Wangaratta, but in truth, we're so much more than that. A municipality that includes both a vibrant city and distinctive rural towns. We're known for our waterways, the rugged beauty, and surrounds of different landscapes. We are located in the Hume region of North-East Victoria and our municipality covers an area of 3,645 square kilometres, experiences cool temperate climate with low humidity and a high diurnal (day-night) temperature range.

The population of Wangaratta has grown steadily over the past decade rising from 26,390 to 28,310, as informed by the latest 2016 census. Furthermore, the latest Regional Population Report estimates the population in 2019 to be 29,187² and the growth rate for the region between 2014-2019 to be 0.93%³. Compared to the rest of Victoria the proportion of people aged 14-45 is much lower and the population aged 49 and above is higher, reflecting an ageing population.



The health care and social assistance industry was identified as the largest employer in Wangaratta in 2016. Whilst agriculture and manufacturing, although declining in terms of employment, remained the predominant export industries in the municipality.

Throughout the municipality, Council is responsible for many reserves with high habitat value, often located beside waterways. Our municipality encompasses the valleys of the lower Ovens River and the King River, and these two rivers and nearby surrounds are home for threatened and endangered wildlife that includes the powerful owl, squirrel glider and iconic Murray Cod. Unsustainable agricultural practices, including land clearing, gold dredging and invasion of pest animals and plants have caused degradation to the waterways over the ensuing centuries.⁴

Photo: Kaluna Island interpretive signage.

² Australian Bureau of Statistics, Regional Population Growth, Australia, 2018-19

³ Regional Development Victoria, <https://www.rdv.vic.gov.au/victorias-regions/wangaratta>

⁴ Environment Victoria, Accessed July 2020, <https://environmentvictoria.org.au/our-campaigns/healthy-rivers/about-healthy-rivers/river-stories/ovens-river/>

Crown land in the municipality contains a diversity of habitats and native species. Key Crown land areas include the Warby-Ovens National Park, the Alpine National Park, the Chiltern-Mt Pilot National Park, as well as state reserves, and linear reserves on Crown land along roads, rail and waterways. These linear reserves form important fauna corridors across cleared landscapes. A number of agencies work in conjunction to conserve these parks and links, including Council, Department of Land, Water and Planning (DELWP), Parks Victoria (PV), Trust for Nature (TFN), North East Catchment Management Authority (NECMA) and Regional Roads Victoria.



Photo: Boorhaman Native Grassland



Photo: Salisbury Walk in the Warby Ranges

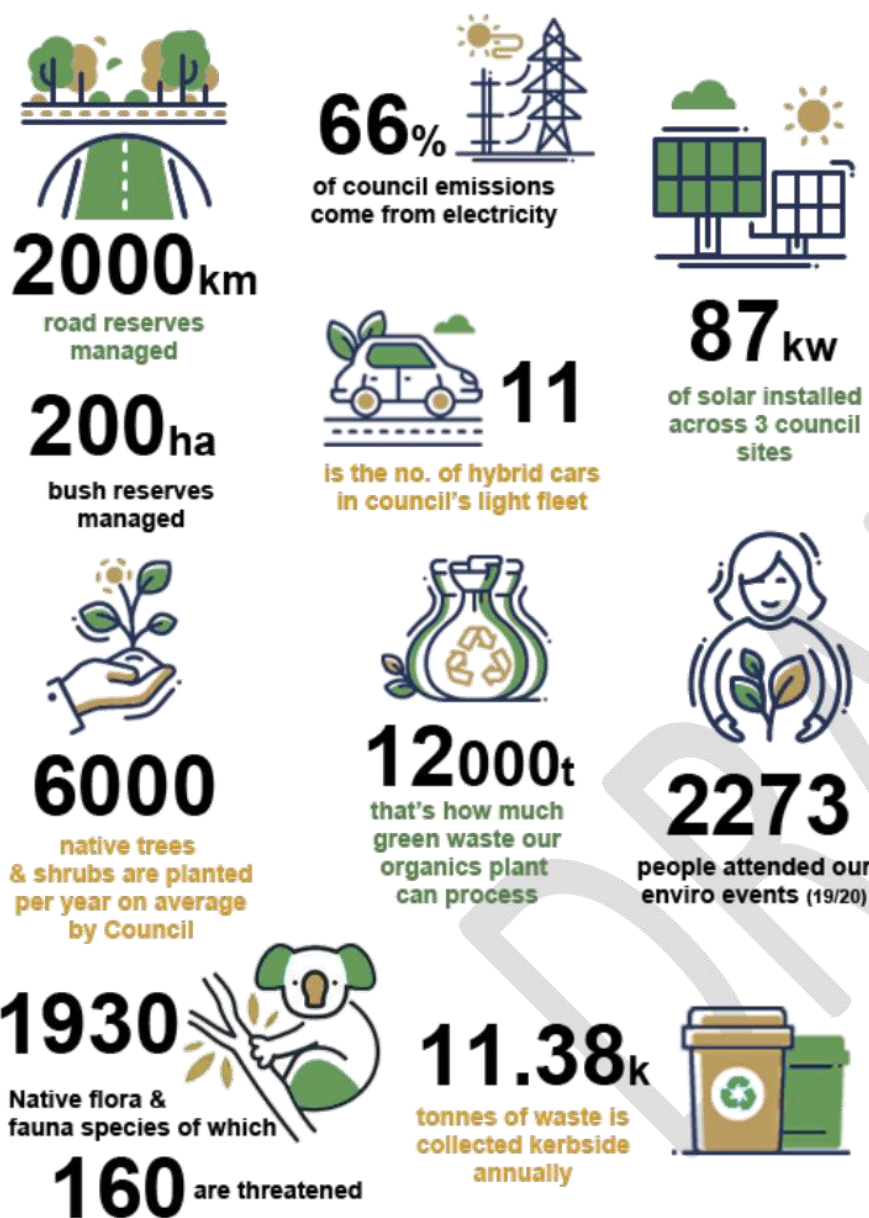
The National Parks and the Lower Ovens River have been recognised as national ecosystem flagship areas by the Federal Government Caring for Country program, with the Lower Ovens River being heritage listed. Areas to the north of Wangaratta have been recognised for potential as a biolink between these flagship areas. A large part of the northern section of the municipality is part of the Grey Box Grassy Woodlands vegetation community. The value of this nationally threatened vegetation community has been recognised and protected under the Federal government Environment Protection and Biodiversity Conservation Act, 1999. Included is vegetation on private land in these cleared landscapes that also provides connections across the landscape and important habitat for wildlife.



Photo: Mullinmur billabong

The municipality has several distinct biogeographical regions (bioregions) that contain more than 20 different vegetation types or communities. Several of these are listed as 'high priority for protection and management' by the North East Catchment Management Authority and the Department of Environmental, Land, Water and Planning.

Our region in numbers



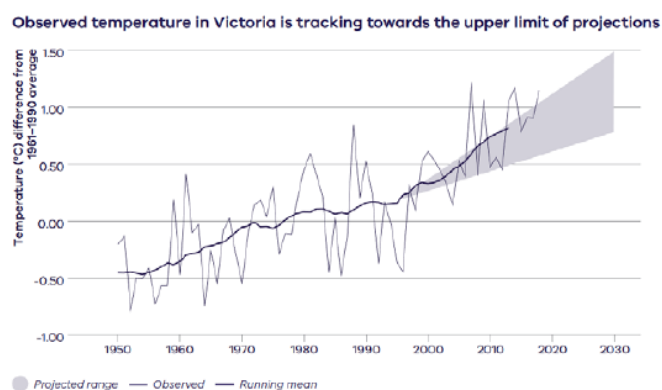
Climate Trends

Climate research has shown us that global surface air temperatures have risen by more than 1°C over the past 100 years. It is now undeniable that human activity is a major contributor to the increasing greenhouse gas levels in our atmosphere from the burning of fossil fuels, land use change and agriculture.⁵ In Victoria, we are already experiencing the impacts of climate change with increased incidents of bushfire and flood, and we recognise the increasing challenges it will have on our community, businesses, the agricultural industry and our environment.

Temperature

Projections from Victoria's Climate Science Report (2019) indicate an increase in average annual temperatures leading up to 2030. Figure 2 illustrates the observed average yearly temperatures from 1961 to 1990 average (thin black line) plus the 10-year running average (thicker black line), and the projected temperature change to 2030 across climate models and emission scenarios.

Figure 2.



As for North-East Victoria, the latest CSIRO climate change projections reflect the above findings pointing towards an increase of around 2°C to 3°C in mean daily maximum temperatures by 2050, with increases of 1°C to 2°C in mean daily minimum temperatures. It is also expected that there will be a continued increase in the frequency of heat wave events, that comprise of 3 or more consecutive days with a daily maximum temperature greater than 35°C.

Rainfall

“Even though a warming climate is leading to reduced annual rainfall totals in Victoria, extreme rainfall events, such as the flash floods north of Wangaratta in December 2018, are likely to get more extreme.” – DELWP, Climate Projection Report 2019

Rainfall for our region is expected to decrease overall, however, the distribution throughout the year is likely to change, and this will impact upon livestock and growing conditions. In addition, we will see more extreme, and intense short-duration rainfall events despite this overall decrease in rainfall.

⁵ DELWP, Accessed June 2020, climatechange.vic.gov.au/

Key Challenges

Our environment not only provides valuable ecosystem services and natural habitat for our local wildlife, it also is integral for the health and wellbeing of our community and our economic prosperity. There are a number of environmental challenges that we face, that are shared amongst communities around the world, that will present both challenges and opportunities for our region. These are driven by climate change, increasing demand for resources and changes to land use.

A number of the key challenges are described below.

Adverse Events

Our climate is changing and with increased temperatures and changes to rainfall distribution there is a greater risk of flooding, heat stress, drought, and harsher fire weather with longer fire seasons.

Council recognises the impacts flooding has upon our infrastructure, businesses and livelihoods. Heat stress puts the vulnerable in our communities at risk, increasing water and energy consumption, which in turn increases the cost of living for our residents. Droughts reduces the availability of irrigation water and impacts our agricultural industry as well as stressing local wildlife and vegetation. In addition, there are increased costs relating to maintaining our parks and gardens during these extreme dry events.

The 2019/20 summer season exposed us to the devastating impacts of harsher fire weather, with our municipality being declared as one of the six local councils in the declared State of Disaster areas post the bushfires. An increase in bushfires will have long-term impacts on the ecology of the area, posing a continual threat to human life, and impacting upon the economy.

Ongoing loss of habitat

Habitat is degraded by the removal or deterioration of elements of the biological structure of the habitat. A rich ecosystem will have many species of vegetation in ground cover and grasses, small and medium shrubs and trees and large old trees with hollows. Common types of habitat degradation are:

- Removal of ground cover and the understorey shrub layer by grazing. This removes insect and invertebrate habitat, reducing food for other species
- Removal of fallen timber for firewood and in 'cleaning up'. This removes shelter, homes and foraging areas for many species, including bush stone-curlews and inland carpet python and
- Lack of regeneration of big old trees means they will eventually disappear from the area, removing essential nesting and feeding sites. Many species of trees need more than a hundred years to form hollows.
- Urbanisation – loss of habitat, habitat corridors and habitat degradation due to urban expansion

Pest plants & animals

Pest and weeds are a key threat to biodiversity, native flora and fauna and agriculture in both the terrestrial and aquatic environments. These include aquatic weeds, terrestrial weeds, pathogens, insects, pest animals such as rabbits, foxes, deer, feral cats and wild dogs.

Water Resources

The supply of water to the region is critical to the community, the environment and for further development of the agriculture in the area. A decrease in rainfall (and a consequent decrease in runoff and groundwater inflow) may see current sources of water affected, in particular, the unregulated Ovens

River. Increased evaporation and drier soils magnify the impact on runoff, with greater impact likely in drier areas in the west of the municipality and water pollution is generated by both urban and rural areas.

Population

Wangaratta is forecast to increase its population to 32,160 by 2036, which is an average rate increase of 0.6%.⁶ The growth in population will see a demand for new developments and put pressure on existing infrastructure and both will need to consider the impact of climate change and how to increase resilience and adapt to the changing conditions.

We also recognise we have an ageing population with the latest population projections from the Department of Health & Human Services indicating that the age group of 60-85+ in Wangaratta is expected to increase over the next five years. The elderly are identified as one of the groups most vulnerable to heat stress and changes in cost of living.

Unsustainable Resource Use

Total waste generation for North-East Victoria is predicted to increase from 222k total waste generation to 234.7k by 2025⁷. In addition, Victoria, like the rest of Australia, is facing major challenges with the collection and disposal of waste and there has been an increase in trade restrictions surrounding the international export of recyclable materials. We recognise that consumption of goods and waste generation have both a direct and indirect impact upon our local environment and we also recognise that what is currently considered waste has resource potential under a circular economy as outlined in the State Government's new 10 year circular economy plan, 'Recycling Victoria'.

Changes in Land Use

With the effects of climate change on our region, and the importance of agriculture to the local economy, we recognise the importance of preserving agricultural land and supporting innovation in farming practices that have minimal impact on the natural environment to ensure sustainability for the future. Supporting local production, through strategies such as the North East Local Food Strategy, can also prove beneficial for the local community and reduce carbon emissions through a reduction in food miles.

Soil Health

The Regional Catchment Strategy (NECMA, 2013) records significant soil health issues in the region. Key risks to soil health and land assets include erosion, soil structure decline, organic matter loss, soil pathogens, acidity, dryland salinity, and increases in climate variability and related soil moisture changes. Soil health was highlighted as a key environmental issue in the 2030 Community Vision. Soil health issues are exacerbated by inappropriate management practices, poor grazing management, land clearing and bushfires. The North East Catchment Management Authority and Landcare are leading projects to improve soils health in the region.

⁶ Department of Environment, Land, Water & Planning 'Victoria in Future 2019' report

⁷ SV Waste Projection Model, Accessed August 2020 <https://www.sustainability.vic.gov.au/Government/Victorian-Waste-data-portal/Interactive-waste-data-mapping/Waste-projection-model#>

Our Priorities

We recognise that local government plays a pivotal role in creating environmentally sustainable deliverables for our local community that will address the challenges we face. It will require responses from all levels of government, businesses, and the community.

In response, our Strategy will focus on six broad strategic priority areas. On the following pages these priorities are listed with their context, relevant legislation, strategies & policies followed by objectives, indicators and actions at both a council operation and community level.

Table Key

In each priority area there is a table with actions listed. One of the columns is denoted with a \$ which represents 'financial resourcing source' of the particular action. They are as follows;

F (Funded) – This action will be funded by inhouse resources or has been already allocated funding, noting that these will still be up for review during the annual budget process and may change.

S (Subject to Funding) – Requires budget approval for action to proceed.

G (Grant Funding Required) – Identified that grant funding assistance will be required.



Photo: Reedy Creek



Biodiversity

CONTEXT:

Biodiversity is all components of the living world: the number and variety of native plants, animals and other living things across our land and waterways. It includes the variety of their genetic information, their habitats and their relationship to the ecosystems in which they live.

Biodiversity has intrinsic value. It is vital to sustaining agriculture and tourism and fundamental to the cultural practices of Indigenous people.

Threats to biodiversity in the RCoW include habitat loss and fragmentation, invasive species (weeds, pest animals) and changed fire and water regimes – all of which will be exacerbated by the effects of climate change. Healthy, biodiverse ecosystems are more resilient to the impacts of climate change.

RELEVANT LEGISLATION, REPORTS & STATE/FEDERAL TARGETS:

- Aboriginal Heritage Act, 2006 and Aboriginal Heritage Regulations, 2018
- DELWP Protecting Victoria's Environment: Biodiversity 2037 – State targets: By 2037 there will be a net improvement in the outlook across all species and all Victorians will value nature.
- Catchment and Land Protection Act 1994 (CaLP Act)
- DELWP – Native vegetation removal regulations
- Environment Protection and Biodiversity Conservation Act 1999
- Environment Protection and Biodiversity Conservation Amendment (Wildlife Protection) Act 2001
- Victorian State of the Environment Report, 2018

OTHER RELEVANT STRATEGIES & POLICIES:

- North East Firewood Strategy
- NECMA Regional Catchment Strategy
- Mullinmur Wetland Management Plan
- NECMA North East Climate Ready NRM Strategy
- NECMA North East Waterway Strategy
- Wangaratta Urban Waterway Action Plan

COUNCIL ACHIEVEMENT HIGHLIGHTS:

- 7000 native plants planted in 2019 with a 90% survival rate.
- Australian Government Partnerships with Landcare award 2015
- Invasive species management on 2000km roadsides annually
- Increased community engagement in our Enviro Events, with 2273 participants in 2019-20.



Photo: National Tree Day community planting.

HOW WILL THIS BE ACHIEVED?**COUNCIL PERFORMANCE OBJECTIVE:**

To address threats to biodiversity from invasive species, habitat loss and fragmentation on Council owned and managed reserves we will maintain and improve habitat by increasing native vegetation, protecting remnant vegetation and managing invasive species.

INDICATOR: Assess habitat condition over time using regular monitoring of permanent monitoring points.

COUNCIL OPERATIONS

THEME	ACTIONS	YEAR	\$
RESILIENCE	<ul style="list-style-type: none"> ▪ Increase annual program of invasive species control & habitat restoration in Council managed reserves & roadsides. 	2021-26	F/S/G
	<ul style="list-style-type: none"> ▪ Set up permanent monitoring points to monitor changes in habitat condition, increase weed mapping & management of emerging pests. 		
	<ul style="list-style-type: none"> ▪ Reduce risk of damage to natural areas through education, improve firewood depots, firewood permit system & enforcement. 		
EDUCATION	<ul style="list-style-type: none"> ▪ Work with all areas of Council to ensure best practice biodiversity conservation in planning, project design and works. 	2021-26	F/S/G
	<ul style="list-style-type: none"> ▪ Update roadside conservation status & weed mapping data. 		
CAPACITY BUILDING	<ul style="list-style-type: none"> ▪ Recognise indigenous NRM knowledge, invite traditional owners to share their knowledge and incorporate into best practice. 	2021-26	S/G
RESEARCH	<ul style="list-style-type: none"> ▪ Explore innovative ways to improve & monitor biodiversity outcomes. 	2021-26	S/G
INVESTMENT	<ul style="list-style-type: none"> ▪ Identify suitable areas to use for improving habitat connectivity, green spaces, biodiverse firewood plantations & native vegetation offset sites. 	2021-26	F/S/G
	<ul style="list-style-type: none"> ▪ Increase connectivity, accessibility and education opportunities across natural areas. 		
ADVOCACY	<ul style="list-style-type: none"> ▪ Advocate for improved firewood regulations and domestic animal control to conserve biodiversity. 	2021-26	F/S
	<ul style="list-style-type: none"> ▪ Advocate for research on sustainable agriculture including soil health, carbon capture and improved water usage. 		

Environmental Sustainability Strategy

17

COMMUNITY PERFORMANCE OBJECTIVE:

Foster community involvement in the stewardship, enjoyment, and preservation of our natural spaces. Work with partners to assist the community to conserve and enhance biodiversity.

INDICATOR: *Number of participants at events & No. of private properties with conservation covenants.*

COMMUNITY

THEME	ACTIONS	YEAR	\$
EDUCATION	<ul style="list-style-type: none"> Deliver education events and resources in partnership with community groups and other agencies. 	2021-26	F/S/G
	<ul style="list-style-type: none"> Increase knowledge and build capacity to manage natural resource management issues including retaining and improving habitat, managing invasive species and increasing sustainable agriculture practices. 		
COLLABORATION	<ul style="list-style-type: none"> Work with Landcare and other partners to support on ground conservation action, sustainable land management practices and citizen science monitoring eg water quality, photo point habitat condition, fauna surveys. 	2021-26	F/S/G
	<ul style="list-style-type: none"> Work with partners on regional projects to protect and enhance biodiversity and improve landscape scale connectivity. 		
PROMOTION	<ul style="list-style-type: none"> Promote the Council's bush reserves and natural spaces to ensure they are sufficiently valued and maintained. 	2021-26	F/S



Built Environment

CONTEXT:

The built environment, the way our municipality is planned out, its buildings and suburbs, are a large contributor to emissions therefore it is increasingly important to avoid being locked into emission-intensive buildings, with a need to embrace resource efficient and smart design.

Through planning & investment we can improve our community's quality of life, accommodate the needs of a diverse and growing population and build climate resilience.

Council is therefore committed to creating an environmentally sustainable municipality through the minimisation of adverse impacts from our built environment, improving our urban ecology and to facilitating and encouraging development that is resource efficient.



RELEVANT LEGISLATION, REPORTS & STATE/FEDERAL TARGETS:

- Planning & Environment Act, 1987
- State Planning Policy Framework
- DELWP Climate Ready Hume Program 2019-2021
- State Planning Policy Framework (Wangaratta Planning Scheme)

OTHER RELEVANT STRATEGIES & POLICIES:

- Wangaratta Planning Scheme
- Asset Management Policy 2016
- Tree Management Plan 2018-2022
- Open Space & Recreation Strategy
- Walking & Cycling Strategy

Environmentally Sustainable Design

Environmentally Sustainable Design (ESD) is building design that promotes environmental quality, economic vitality and social benefit. Council recognises the importance of ESD in developments within Wangaratta and thus in 2017 was one of eight regional councils that engaged AECOM to explore the feasibility of establishing best practice ESD for regional greenfield subdivisions.

The project identified that there is a disconnect between subdivision and dwelling outcomes due to gaps between planning and building systems and lack of statutory tools to assess ESD subdivisions. Following from that project, 16 Victorian Councils, the Victorian Planning Authority and the Council Alliance for a Sustainable Built Environment have been working to develop a Framework for statutory planners to assess the sustainability measures included in subdivision applications and provide justification and means to conduct an 18-month trial starting in September 2020 to collect data and test the Framework.

Environmental Sustainability Strategy

19

COUNCIL PERFORMANCE OBJECTIVE:

Enhance the energy and water efficiency of Council owned buildings.

INDICATOR: Assessed by reduction of annual potable use & electricity usage/baseline 2019.

COUNCIL PERFORMANCE OBJECTIVE:

Increased tree canopy cover within the urban footprint to minimise heat island effect in line with policies and strategies.

INDICATOR: Baseline 2017 number of public trees sourced via i-Tree Eco.

HOW WILL THIS BE ACHIEVED?

COUNCIL OPERATIONS			
THEME	ACTIONS	YEAR	\$
STRATEGIC	▪ Ensure changing rainfall, flooding, bushfire and drought patterns are included in all Council strategies and asset management plans where applicable.	2021-26	F
	▪ Develop and implement a Sustainable Building Policy for Council buildings.	2022-24	S
	▪ Embed Climate Resilient Infrastructure checklists into relevant processes for designing and maintaining infrastructure (Once Sustainable Building Policy Completed)	2023-26	S
	▪ Investigate adopting a target for the use of recycled material in our works program.	2021-26	f/S
ADAPTATION	▪ Partner with outside agencies to develop an urban tree strategy and planting program for expected climate change, including fire safe landscaping.	2021-24	F/G
INNOVATION	▪ Investigate opportunities to incorporate Smart Cities technology into future planning & works.	2021-26	F/G
INFLUENCE	▪ Collaborate with other agencies to seek opportunities around climate mitigation and adaptation through ESD tools & regulatory processes (i.e Strategic planning, CASBE/BESS membership, planning scheme)	2021-26	S/G
	▪ Assess, where feasible, subdivision applications under the trial Subdivision Framework.	2021-22	F

COMMUNITY PERFORMANCE OBJECTIVE:

Promote community action to reduce resources, energy and water use in retrofitting or new home builds.

INDICATOR: Assessed by no. of participants at events and workshops.

COMMUNITY PERFORMANCE OBJECTIVE:

Community buildings and assets are supported in improving energy efficiency and retro-fits through knowledge building, initiatives and partnerships.

INDICATOR: Assessed through a qualitative measure of active partnerships, joint projects and events held.

HOW WILL THIS BE ACHIEVED?

COMMUNITY			
THEME	ACTIONS	YEAR	\$
EDUCATION	<ul style="list-style-type: none"> Partner to deliver education programs to demonstrate cost/benefits of sustainable design to community and development applicants. 	2021-26	S/G
RESILIENCE	<ul style="list-style-type: none"> Investigate feasibility of capturing and using stormwater for urban and rural sporting ground watering. 	2023-26	S/G
CAPACITY BUILDING	<ul style="list-style-type: none"> Work with partners to engage with the community regarding energy efficiency and funding opportunities for both home owners, occupants and businesses. 	2021-26	F/S/G
INFLUENCE	<ul style="list-style-type: none"> Support and encourage more sustainable transport options as per the Walking & Cycling strategy and through the development of a Sustainable Transport Study within the strategic planning department. 	2021-26	F/S



Greenhouse Gas Emissions & Energy Reduction

CONTEXT:

Council recognises its key role in supporting Australia's transition to a low carbon and resource efficient future, including mitigating and adapting to climate change. As a contributor to greenhouse gas emissions through our own operations we recognise the need to demonstrate leadership through the continued reduction of our emissions and to find new innovative solutions to the growing challenges. We are a part of the Goulburn Broken Greenhouse Alliance, Cities Power Partnership (CPP) and recently signed a CPP joint statement committing to economic recovery solutions that create jobs and tackle climate change.

We recognise the important role the community plays in reducing emissions for the municipality through behaviour change, the uptake of renewables and retrofitting. Therefore, Council aims to partner and assist our residents, businesses and community groups to build capacity and resilience and to support our community in this energy transition.

RELEVANT LEGISLATION, REPORTS & STATE/FEDERAL TARGETS:

- Renewable Energy Amendment Bill 2019 (Vic) – VRET 2030 Target: Renewable Energy Targets for generation of 40 per cent by 2025 and 50 per cent by 2030.
- Australia's Federal 2030 Climate Change Target - reduce emissions to 26-28 per cent on 2005 levels by 2030.

OTHER RELEVANT STRATEGIES & POLICIES:

- Energy Reduction Plan 2016
- RCOW Climate Change & Peak Oil Risk Assessment & Adaptation Planning 2013
- Local Power Plan September 2020



Photo: Ecoliving Centre solar panels at WISAC

COUNCIL ACHIEVEMENT HIGHLIGHTS:

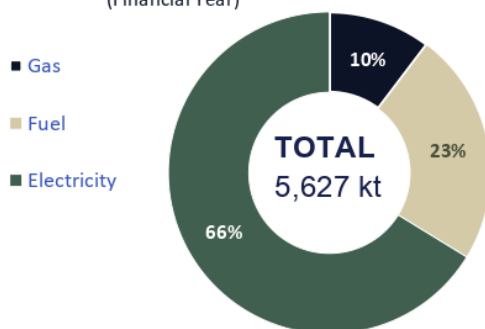
- Since 2016-17 financial year, greenhouse gas emissions from Council owned buildings, streetlights and fleet reduced by 7.5%.
- "Watts Working Better" Street lighting Project in 2016 achieved a cost reduction by 37% and reduced emission by 425 tonnes.
- Solar installations on Council owned buildings include 63kw on WISAC stadium, 18.82kw at Wangaratta Childcare Centre, 4.2kw at Saleyards, 10kw at A C Swinburne Pavilion, 5kw Milawa Hall, 4 kw Bowmans Murmungee Hall and 8.64kw at the Eco Living Centre.
- The co-generation unit at WISAC generates 58kw electricity and 104 kw thermal heat which heats the pools.
- In 2019 Council made the decision to switch its 68 light fleet cars to hybrid through leasing.

Emission Profile

The Rural City of Wangaratta has been recording and monitoring the greenhouse gas emissions from its operations since 2006 when it signed up to the Cities Communities aim to reduce 20% of emissions by 2016 with the achievement of this target outlined in the Energy Reduction Plan 2016. Our current emission inventory considers emissions from electricity usage, fuel from fleet and gas from council-operated facilities that fall under scope 1 and 2 emissions. While to date Council has not been able to report on its landfill emissions, it is listed as one of the actions within the strategy.

Emission Profile 2018-2019

(Financial Year)



Where do our emissions come from?

For 2018-2019 the predominant source of emissions came from the consumption of electricity accounting for over half of the total, with petrol, diesel and LPG powered vehicles accounting for 23%.

The remaining emissions were from consumption of natural gas at some of our facilities.

Council aims to demonstrate leadership by setting a new emission target for its council operations for 2025 and working towards the State's target of transitioning to a climate resilient community and economy with net zero emissions by 2050, as per Victoria's Climate Change Act 2017. After reviewing the previous accomplishment of a 20% reduction by 2016, and planned and future projects, the Rural City of Wangaratta is setting a target of 50% emission reduction from its electricity, fuel and gas usage by 2026*.

This challenge means we will need to continue retrofitting council-owned buildings, upgrading assets with innovative solutions and investing into renewable energy. Taking into account that electricity makes 66% of our emission profile, the falling prices in renewables in Victoria, and the opportunities for renewable energy purchasing through either green power or power purchasing agreements, we believe this is a realistic target for our operations.

Additionally, it needs to be noted that in order to aim for a net zero emission target, we need to address the previously mentioned landfill emission reporting gap before an overall target is set.

* To be confirmed through the development of the Carbon Reduction Action Plan

Environmental Sustainability Strategy 23

COUNCIL PERFORMANCE OBJECTIVE:

Increase the percentage of energy consumed by Council obtained from renewable sources to 50% by 2026.

INDICATOR: *Baseline 2015-16 levels.*

COUNCIL PERFORMANCE OBJECTIVE:

Reduce Council's operational carbon emissions by 50% by 2026 to create financial and carbon savings. *(To be confirmed through the development of the Carbon Reduction Action Plan)*

INDICATOR: *Baseline 2015-16 levels.*

HOW WILL THIS BE ACHIEVED?

COUNCIL OPERATIONS			
THEME	ACTIONS	YEAR	\$
REPORTING	<ul style="list-style-type: none"> Investigate feasibility of/and develop landfill emission reporting for the municipality. 	2021-22	S/G
INFLUENCE	<ul style="list-style-type: none"> Consider submitting a voluntary emissions reduction pledge under the Climate Change Act 2017. 	2021-22	F
STRATEGIC	<ul style="list-style-type: none"> Develop a carbon reduction action plan for corporate operations in order to achieve emission target. 	2021-22	F/S
	<ul style="list-style-type: none"> Continue to investigate feasibility of purchasing renewable energy through power purchasing agreements & other sustainable energy alternatives. 	2021-26	F
RESILIENCE	<ul style="list-style-type: none"> Investigate and partner with sustainable energy provider to pilot on at least one battery on a council owned building. 	2023-26	S/G
ASSETS	<ul style="list-style-type: none"> Continue to replace remaining main road street lighting, that are shared assets with Regional Roads Victoria, to energy efficient LED lighting. 	2021-24	S
	<ul style="list-style-type: none"> Continue energy auditing and retrofitting of Council buildings. 	2021-26	S/G
	<ul style="list-style-type: none"> Install solar PV systems where feasible on remaining community halls. 	2022-24	S
	<ul style="list-style-type: none"> Review opportunities to transition council vehicle fleet to electric & installing both council and public use electric recharge stations 	2021-26	S/G

COMMUNITY PERFORMANCE OBJECTIVES:

Engage and empower the community to reduce energy consumption and carbon emissions.

Work with partners to assist the community to promote to inform, educate and assist the community with the aim of promoting and increasing the uptake of renewable energy.

INDICATOR: Assessed by no. of participants at events and workshops.

HOW WILL THIS BE ACHIEVED?

COMMUNITY			
THEME	ACTIONS	YEAR	\$
REPORTING	<ul style="list-style-type: none"> Create a community emissions inventory to monitor and report on. 	2021-24	S
CAPACITY BUILDING	<ul style="list-style-type: none"> Through partnerships investigate feasibility of community owned renewable energy generation. 	2021-26	F/G
	<ul style="list-style-type: none"> Support community leaders wishing to set targets for the reduction of emissions. 	2021-26	F/S
RESILIENCE	<ul style="list-style-type: none"> Review and investigate opportunities for community halls to improve energy efficiency. 	2022-26	S/G
EDUCATION	<ul style="list-style-type: none"> Work with community groups and external agencies to deliver education programs and workshops on energy efficiency to community and business to increase knowledge of opportunities. 	2021-26	F/S
ADVOCACY	<ul style="list-style-type: none"> Advocate for sustainable energy industries within the municipality through the ongoing Economic Development Strategy. 	2021-26	F
	<ul style="list-style-type: none"> Advocate for low cost renewable energy sources for most vulnerable members of the community. 	2021-26	F



Healthy Waterways

CONTEXT:

Our waterways and wetlands are an integral part of what makes the Rural City of Wangaratta so special. We depend on our local environment for clean and plentiful water. We recognise the significance of our waterways to the cultural identity of local indigenous people and in maintaining healthy and prosperous communities.

Threats to the health of our rivers, creeks and wetlands include a reduction in native vegetation cover and habitat loss, pollution, invasive species and unsustainable use. With predicted declines in annual rainfall and stream flow and the increased likelihood of extreme weather events that will impact water quality it is vital that we manage water sustainably and build resilience in our natural systems. Council recognises it is essential to protect and enhance local waterways, wetlands and floodplains to increase ecosystem and community resilience to the impacts of a changing climate.

RELEVANT LEGISLATION, REPORTS & STATE/FEDERAL TARGETS:

- Catchment and Land Protection Act 1994 (CaLP Act)
- Water Act 1989
- Environment Protection Act 1970
- Environment Protection and Biodiversity Conservation Act 1999
- Environment Protection and Biodiversity Conservation Amendment (Wildlife Protection) Act 2001

OTHER RELEVANT STRATEGIES & POLICIES:

- Wangaratta Urban Waterway Action Plan
- RCoW Stormwater Management Plan
- Mullinmur Wetland Management Plan
- State Environment Protection Policy (Waters)
- Victorian Government Water for Victoria, Water Plan
- NECMA Regional Catchment Strategy
- NECMA North East Climate Ready NRM Strategy
- NECMA North East Waterway Strategy

POSITIVE PARTNERSHIPS

Citizen science is keeping an eye on water quality in the Mullinmur Billabongs and adjacent Ovens River to ensure it remains suitable for native fish populations. Volunteers from Wangaratta Landcare and Sustainability Inc and RCoW staff are using the Waterwatch program and nest box monitoring as part of an environmental education program to assess wetland ecosystem health. Waterwatch in North East Victoria is delivered by North East CMA in partnership with the Rural City of Wangaratta and Petaurus Education Group, with funding from the Victorian Government. We recognise the value of community contributions to monitoring and improving the health of our precious ecosystems.



Photo: Water bug survey.

COUNCIL PERFORMANCE OBJECTIVES:

To address threats to waterway health from loss of native vegetation, invasive species, unsustainable use, and pollution we will improve the ecological health of waterways and wetlands on Council managed land using sustainable water management, increasing riparian habitat, managing invasive species and improving infrastructure.

INDICATOR: Assess habitat condition and water quality over time using regular monitoring of permanent monitoring points.

HOW WILL THIS BE ACHIEVED?

COUNCIL OPERATIONS			
THEME	ACTIONS	YEAR	\$
RESILIENCE	<ul style="list-style-type: none"> Improve water quality and riparian habitat connectivity with increased invasive species control and habitat restoration. 	2021-26	F/S/G
	<ul style="list-style-type: none"> Work with partners to develop regional projects. 		
	<ul style="list-style-type: none"> Set up permanent monitoring points to monitor changes in habitat condition and water quality over time. 		
INVESTMENT	<ul style="list-style-type: none"> Identify opportunities for green/blue infrastructure development - incorporate natural systems that provide ecological and amenity value with stormwater management. 	2021-26	S/G
	<ul style="list-style-type: none"> Plan renewal of infrastructure to reduce impacts of pollution and flooding with innovative design. 		
STRATEGIC	<ul style="list-style-type: none"> Update relevant Council plans with sustainable stormwater management considerations. 	2021-26	F/S
ADAPTATION	<ul style="list-style-type: none"> Investigate alternative sources of water (eg stormwater, recycled) for maintaining green spaces, water wise landscaping and invest in water saving technologies. 	2021-26	F/S/G

COMMUNITY PERFORMANCE OBJECTIVE:

Foster community involvement in protecting waterway health. Work with partners to assist the community to use water sustainably, maintain habitat and reduce pollution to improve water quality.

INDICATOR: Assessed by number of participants at events and community involvement in waterway health indicator monitoring.

HOW WILL THIS BE ACHIEVED?

COMMUNITY			
THEME	ACTIONS	YEAR	\$
RESILIENCE	<ul style="list-style-type: none"> Work in partnership with community groups and agencies to preserve waterway values and enhance remnant habitat through riparian planting and invasive species management. 	2021-26	F/S/G
EDUCATION	<ul style="list-style-type: none"> Encourage participation in citizen science e.g. monitoring water quality, photo point habitat condition, fauna surveys to help understand the impact of habitat destruction, pollution and invasive species on waterways and inform actions to reduce this impact. 	2021-26	F/S/G
COLLABORATION	<ul style="list-style-type: none"> Integrated water management. Work with partners including NECMA, NE Water and communities to deliver innovative solutions to adapt to changing climatic conditions and protect waterway, wetland and floodplain health on a regional scale. 	2021-26	F/S/G



Sustainable Communities

CONTEXT:

Victoria has been experiencing impacts from climate change within its communities, from heatwaves, floods and bushfires. It is Council's role to assist the community in the transition to a future with different climate and resources and to deal with both direct and indirect impacts.

These will affect many of the health pillars identified in the Municipal Health & Wellbeing Plan that include social equity, mental health, healthy behaviours and active communities.

We are seeking to increase the resilience of the community to mitigate and adapt to these changes. In order to achieve this Council commits to strengthening partnerships and collaboration with various stakeholders including Youth Council, businesses and local community groups.

RELEVANT LEGISLATION, REPORTS & STATE/FEDERAL TARGETS:

- UN Sustainable Development Goals
- Recycling Victoria - national target to halve Australia's food waste by 2030
- Victoria's Climate Change Framework

OTHER RELEVANT STRATEGIES & POLICIES:

- North East Local Food Strategy 2018-2022
- Municipal Emergency Management Plan
- Access & Inclusion Plan
- Wangaratta Urban Flood Study

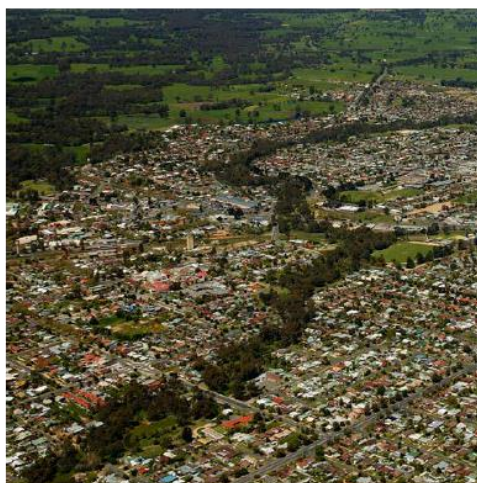


Photo: Aerial of Wangaratta

TACKLING CLIMATE CHANGE THROUGH COLLABORATION

Council is part of the Goulburn Broken Greenhouse Alliance (GBGA) which is made up of 13 regional Councils, the Goulburn Broken Catchment Management Authority, North East Catchment Management Authority, and the Department of Environment, Land, Water and Planning (Hume).

The vision of GBGA is to enable our communities to actively respond to climate change and it is one of a network of regional greenhouse alliances across Victoria, working to respond to climate change through the development of a variety of projects.

These have included the Watts Working Better project, Main Road Streetlighting Project, Electric Vehicle Study, Climate Smart Agricultural Development, developing a sustainability indicator tool, and co-sponsoring the regional conference, "Managing Climate Risk in Agriculture".

COUNCIL PERFORMANCE OBJECTIVE:

Increase environmental & sustainability awareness for staff at all levels at Council.

INDICATOR: *Assessed by number of Eco Leader events & no. of participants.*

COUNCIL PERFORMANCE OBJECTIVE:

Demonstrate commitment through the inclusion of climate change & sustainability criteria in all relevant documents and policies.

INDICATOR: *Assessed by reviewing Council documents & policies.*

HOW WILL THIS BE ACHIEVED?

COUNCIL OPERATIONS			
THEME	ACTIONS	YEAR	\$
STRATEGIC	<ul style="list-style-type: none"> Respond to adverse weather events through the review and continual update of emergency preparedness and response actions. 	2021-26	F
INFLUENCE	<ul style="list-style-type: none"> Ensure sustainability criteria are strengthened for the community grants program and to support relevant applicants through the process. 	2021-22	F
EDUCATION	<ul style="list-style-type: none"> Continue the staff Eco Leaders team to increase awareness and actions regarding environmental sustainability. 	2021-26	F
GOVERNANCE	<ul style="list-style-type: none"> Integrate environmental considerations & climate change risk in the Council plan and council strategies during their review. 	2021-26	F

COMMUNITY PERFORMANCE OBJECTIVE:

Increase the resilience capacity of community to mitigate and adapt to changes driven by climate change and to respond to extreme events.

Work collaboratively with external stakeholders on community-based environment and sustainability initiatives.

INDICATOR: Assessed by number of joint events & projects.

HOW WILL THIS BE ACHIEVED?

COMMUNITY			
THEME	ACTIONS	YEAR	\$
BUILDING AWARENESS	<ul style="list-style-type: none"> Collaborate with local groups in the creation of communication material to showcase sustainability stories from residents to empower & educate the community to make sustainable changes at home. 	2021-26	F/S
ADVOCACY	<ul style="list-style-type: none"> Advocate for continued funding for initiatives around rural resilience & mental health in the face of climate change and develop community driven support mechanisms. 	2021-26	F/G
	<ul style="list-style-type: none"> Advocate for the inclusion of a sustainability category for the Wangaratta Business Awards. 	2021-23	
ENGAGEMENT	<ul style="list-style-type: none"> Create an Environment & Sustainability reference group to encourage increased dialogue & collaboration. 	2021-26	F/S/G
CAPACITY BUILDING	<ul style="list-style-type: none"> Continue to support initiatives to improve community access to food through local food and economies, the North East food strategy and regenerative agricultural practices. 	2021-26	F/S/G
	<ul style="list-style-type: none"> Engage with local landholders, businesses and residents about local climate adaptation through the development of a newsletter, utilising social media platforms, and additional website information 	2021-26	S
EDUCATION	<ul style="list-style-type: none"> Explore feasibility of providing sustainability information to new tenants and homeowners by working with local real estate agents & owners corporations. 	2023-24	S



Waste Reduction & Resource Recovery

CONTEXT:

In Australia our waste and recycling system is facing serious challenges and the sector is rapidly evolving with a focus on waste avoidance and the emergence of a shift to resource recovery and a circular economy.

Council has a key role to play in leading this change to engage and incentivise responsible consumption and production in our municipality which is recognised in the Waste Management Strategy. The additional targets and actions within this Strategy are complementary to those.

We also recognise the emerging local production and innovation opportunities within Victoria's circular economy that has the potential to lead to lower greenhouse gas emissions, cost efficiencies and job creation.

RELEVANT LEGISLATION, REPORTS & STATE/FEDERAL TARGETS:

- Recycling Victoria Policy – Cut total waste generation by 15 per cent per capita by 2030.
- 2025 National Packaging Waste Targets – 100% recyclable, reusable or compostable packaging in Australia by 2025.
- National Waste Policy 2018
 - Divert 80 percent of waste from landfill by 2030 and 72 per cent by 2025.
 - Significantly increase the use of recycled content by government and industry
- Victorian Government's Social Procurement Framework

OTHER RELEVANT STRATEGIES & POLICIES:

- Events & Attractions Policy 2018-2023



Photo: Organics Processing Plant

What is a circular economy?

The Victorian Government defines a circular economy as one that continually seeks to reduce the environmental impacts of production and consumption, while enabling economic growth through more productive use of natural resources.

It "promotes more efficient business models that encourage intense and efficient product use, such as sharing products between multiple users, or supplying a product as a service that includes maintenance, repair and disposal" and "It transforms our linear economy mindset—take, use and throw away—and fosters innovation and productivity that invigorates existing businesses and creates new ones, delivering more jobs and more growth for local, regional, state and global economies." -Recycling Victoria Policy

COUNCIL PERFORMANCE OBJECTIVE:

Reduce resource and waste generation from Council operations.

INDICATOR: Assessed through bin audits, paper consumption and water usage.

COUNCIL PERFORMANCE OBJECTIVE:

Addition of sustainability and waste reduction requirements/policies for council operations and events.

INDICATOR: Assessed by reviewing Council documents & policies.

HOW WILL THIS BE ACHIEVED?

COUNCIL OPERATIONS			
THEME	ACTIONS	YEAR	\$
STRATEGIC	<ul style="list-style-type: none"> Develop and implement a single use plastic policy for Council's operations & events, that includes an educational workshop and bin audit. 	2022-26	F/S
EDUCATION	<ul style="list-style-type: none"> Reduce waste, paper and water usage through education & changing processes. 	2021-26	F/S
REPORTING	<ul style="list-style-type: none"> Review and change procurement policy to address sustainability considerations and criteria for tenders. 	2022-26	F/S
INNOVATION	<ul style="list-style-type: none"> Assess feasibility of extracting methane gas from Council owned facilities to convert into energy. 	2022-26	G

COMMUNITY PERFORMANCE OBJECTIVES:

Work in partnership with the community to reduce the amount of waste send to landfill.

Increased awareness of circular economy & recycling opportunities to encourage waste recovery and extend lifecycle of resources.

INDICATOR: Assess success through landfill data.

HOW WILL THIS BE ACHIEVED?

COMMUNITY			
THEME	ACTIONS	YEAR	\$
EDUCATION	▪ Work in partnership with the community & local groups to increase awareness of resource consumption and improve waste avoidance.	2021-26	F/S/G
	▪ Trial cloth nappy rebate for community members.	2021-26	S
CAPACITY BUILDING	▪ Investigate opportunities and collaborate with external organisations to develop a share library of household items to minimise household consumption (i.e power & hand tools, household party supplies, sports or camping equipment)	2021-26	S/G
INVESTMENT	▪ Identify and assist businesses and agricultural producers to establish circular economy opportunities and attract sustainable industries.	2021-26	S/G
STRATEGIC	▪ Develop 'Waste Wise' event guidelines that include waste minimisation guidelines for all event applications.	2021-23	F
INFLUENCE	▪ Support State & external organisation led circular economy education campaigns & promote innovation through our communications and events.	2021-26	F

Appendices

Glossary

Term	Definition
Biodiversity	the variety of plant and animal life in the world or in a particular habitat, a high level of which is usually considered to be important and desirable.
Built Environment	man-made structures, features, and facilities viewed collectively as an environment in which people live and work.
Catchment	natural drainage area that collects water such as rainfall.
Climate Change	changes in the world's weather as a result of human activity increasing the level of carbon dioxide in the atmosphere.
Community	group of people living in the same place, in this case all people within the Rural City of Wangaratta municipality including individuals, households, businesses and schools.
Context	Background information that assists in explaining reason for priority area and following actions.
Ecosystem	a biological community of interacting organisms and their physical environment
Environmentally Sustainable Design (ESD)	aims to improve the health and comfort of buildings for occupants whilst at the same time reducing negative impacts on the environment.
Environmental Sustainability	responsibly interacting with the planet to maintain natural resources and ensuring they will be protected and maintained for future generations.
Flora	the plants of a particular region, habitat, or geological period.
Fauna	the animals of a particular region, habitat, or geological period.
Goulburn Broken Greenhouse Alliance (GBGA)	is one of a network of regional greenhouse alliances across Victoria consisting of 13 councils responding to climate change through the implementation of various regional projects.
Greenhouse Gas Emissions	Gases, such as carbon dioxide, methane and nitrous oxide that trap heat in the atmosphere and are resulting in changes to the planet's climate systems.
Invasive Species	a plant or animal species occurring as a result of human activities beyond its accepted normal distribution which threatens valued environmental, agricultural or other resources by the damage it causes.

Native	broadly refers to a species that normally lives and thrives in a particular ecosystem, in this case endemic to Australia.
Natural Assets	assets of the natural environment. They consist of biological assets (produced or wild), land and water areas with their ecosystems, subsoil assets, and air.
Natural Resource Management (NRM)	refers to the management of natural resources such as land, water, soil, plants, and animals
Procurement Policy	a council policy outlining the act of obtaining goods or services is managed.
Recycling	the action or process of converting waste into reusable material. An example of resource recovery.
Renewable Energy Sources	Sources of energy that come from natural sources or processes that are constantly replenished such as solar, wind, water (hydro), biomass and geothermal.
Resilience	In the context of this strategy council defines it as the ability to anticipate, prepare for, and respond to hazardous events, trends, or disturbances related to climate.
Resource Recovery	is when energy, a material, or a product is taken from waste and used for another purpose.
Stormwater	Surface water resulting from rainfall which runs off surfaces including roofs, pavement and land that is captured by constructed drainage systems.
Subdivisions	a portion of land divided into lots for real-estate development.
Sustainable Food Systems	food that is produced, processed, distributed and disposed of in ways that protect the diversity of both plants and animals and the welfare of farmed and wild species and avoids damaging or wasting natural resources or contributing to climate change.
Tree canopy cover	a form of green infrastructure providing shade and a measure of how much the plant canopy covers the ground when viewed from the air.
Urban Heat Island Effect	an increase in temperature in urbanised areas due to removal of vegetation or introduction of structures such as buildings and roads that absorb and re-emit the sun's heat.
Waterways	a channel for water including a river, creek, stream or watercourse where water regularly flows.

Environmental Sustainability Strategy

36



Rural City of
Wangaratta

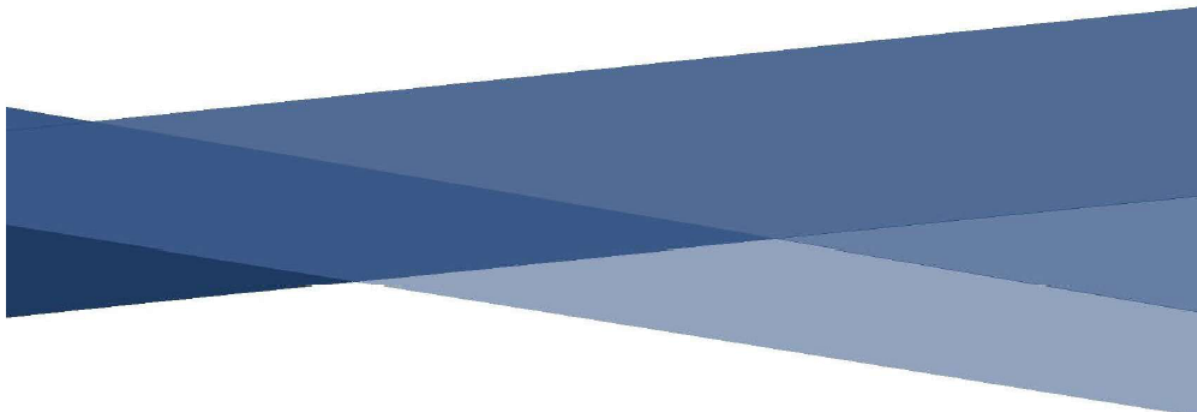
Minutes

Of the Audit and Risk Committee Meeting

Location: Council Chamber
62-68 Ovens Street, Wangaratta

Date: 16 December 2020

Time: 3.00pm



Brendan McGrath
Chief Executive Officer

TABLE OF CONTENTS

		Page No.
1.	WELCOME	4
2.	PRESENT/ABSENT/APOLOGIES	4
3.	CONFIRMATION OF MINUTES	4
4.	CONFLICT OF INTEREST DISCLOSURE	4
5.	BUSINESS ARISING	5
5.1	COMMITTEE ACTION ITEMS STATUS	5
6.	REPORTS	6
6.1	CHILDREN'S SERVICES PRESENTATION	6
6.2	ANNUAL WORK PROGRAM AND MEETING SCHEDULE	7
6.3	CEO STRATEGIC & EMERGING RISKS REPORT	8
6.4	EXTERNAL AUDIT	9
6.5	LONG TERM FINANCIAL PLAN & COUNCIL'S FINANCIAL SUSTAINABILITY	10
6.6	SEPTEMBER 2020 QUARTERLY FINANCE REPORT	11
6.7	SEPTEMBER 2020 AGED DEBTORS REPORT	12
6.8	COUNCIL PLAN STRATEGIC INDICATORS AND PROJECTS UPDATE	13
6.9	INTERNAL AUDIT REPORT - RECORDS MANAGEMENT & INFORMATION PRIVACY	14
6.10	INTERNAL AUDIT REPORT - LONG TERM FINANCIAL PLANNING	16
6.11	INTERNAL AUDIT REPORT - PAST ISSUES REVIEW	17
6.12	INTERNAL AUDIT PROGRAM AND ACTIONS STATUS	18
6.13	COUNCILLOR & CEO EXPENSES	19
6.14	AUDIT ADVISORY COMMITTEE ANNUAL REPORT	20
6.15	COUNCIL POLICIES AND PROCEDURES COMPLIANCE	21
7.	OTHER BUSINESS	22
8.	NEXT MEETING	22
9.	CLOSURE OF MEETING	22

1. WELCOME

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

2. PRESENT/ABSENT/APOLOGIES

Committee members present:

Ms Gayle Lee - Chairperson, Mr Peter McNeill, Ms Rowan O'Hagan, Cr Dean Rees - Mayor; Cr Harry Bussell - Deputy Mayor

Auditors present:

Ms Kate Scarce - Manager - Audit AFS & Associates

Officers present:

Brendan McGrath - Chief Executive Officer; Sarah Brindley - Director Corporate Services, Robin Gardner - Manager People & Governance, Tony Raven - Governance & Reporting Advisor; Anthea Sloan - Strategic Finance Projects Manager; Claire Barnes - Manager Finance; Lina Scalzo - Financial Coordinator; Juan Hernandez - Manager - Customer, Digital & Transformation Services; Claire Kearns - Customer Experience and Information Management Coordinator; Ben Thomas - Manager - Community & Recreation; Suzie Furlan - Childcare Centre Coordinator

Apologies:

Brad Ead – Partner AFS & Associates, Stephen Clarke – Director Johnsons MME

3. CONFIRMATION OF MINUTES

Ms Rowan O'Hagan moved, Mr Peter McNeill seconded

That the Audit & Risk Committee reads and confirms the minutes of the 18 August 2020 Audit Advisory Committee meeting and the 29 September 2020 Audit & Risk Committee meeting as true and accurate records of the proceedings of the meetings.

Carried

4. CONFLICT OF INTEREST DISCLOSURE

Nil.

5. BUSINESS ARISING**5.1 COMMITTEE ACTION ITEMS STATUS**

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File No: IC20/1760

Purpose

To review the status of committee meeting action items.

Executive Summary

The 9 actions that are due have been completed.

Cr Dean Rees moved, Mr Peter McNeill seconded

That the Audit & Risk Committee notes the report.

Carried

Actions:

1. Confirm the closure of the action related to the \$47,000 variance in the 2019-20 financial statements.

6. **REPORTS**

6.1 CHILDREN'S SERVICES PRESENTATION

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Manager Community and Recreation
File No: IC20/1762

Purpose

To present an update on the provision of Council's children's services.

Executive Summary

Council delivers a comprehensive suite of children's services for the community.

Ben Thomas, Manager Community & Recreation, provides an update regarding the services delivered, strategic objectives and strategic risks.

Cr Harry Bussell moved, Ms Rowan O'Hagan seconded

That the Audit and Risk Committee notes the presentation.

Carried

Actions:

2. Refer service third party compliance audit results to the Audit & Risk Committee for information.

6.2 ANNUAL WORK PROGRAM AND MEETING SCHEDULE

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File No: IC20/1810

Purpose

To review, update and endorse an annual work program and meeting dates for 2021.

Executive summary

The 2021 annual work program, including meeting dates, which provides for achieving the Audit & Risk Committee's functions and responsibilities, has been drafted for endorsement by the committee (**Attachment 1**).

Cr Dean Rees moved, Ms Rowan O'Hagan seconded

That the Audit & Risk Committee endorses the annual work program and meeting schedule attached to this report with the following work program modifications:

- ***Add the council delegation instruments review to the December 2021 meeting***
- ***Move the aged debtors review to a 6-monthly frequency***
- ***Add a column to the table referencing the relevant clause of the Audit & Risk Committee charter***

Carried

Actions:

3. Include insurance risk in the March 2021 strategic and emerging risks report.

6.3 CEO STRATEGIC & EMERGING RISKS REPORT

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File No: IC20/1761

Purpose

To assist the committee to monitor the risk exposure of Council including the status of any major lawsuits or compliance investigations.

Executive summary

Strategic risks have been reviewed by senior management.

The following report highlights the status of major strategic business risks and mitigations including ongoing COVID-19 operational risks, financial sustainability and strategic planning.

Councillor register of interests returns have been audited by the Local Government Inspectorate and findings communicated to councillors where necessary.

AFS and Associates has provided an industry update which covers 7 integrity related investigations, reports and hearings.

Cr Dean Rees moved, Ms Rowan O'Hagan seconded

That the Audit and Risk Committee notes the report.

Carried

6.4 EXTERNAL AUDIT

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Manager Finance
File No: IC20/1766

Purpose

To oversee the external audit function, review the progress on the current external audit, and monitor the status of audit actions.

Executive Summary

The 2019-20 year-end accounts process and external audit are completed. A final management letter has been issued (**Attachment 1**).

Management is continuing to address prior period external audit actions with 1 of the 3 open and due actions considered closed (**Attachment 2**). Two audit findings remain open and will be assessed during the 2021 interim audit visit.

moved, seconded

That the Audit & Risk Committee notes the report.

Discussion

Discussion centred on the likelihood of clearing the outstanding external audit actions at the 2020-21 interim audit.

Actions:

4. Provide an update on the finance business unit service review and the status of external audit actions at the March 2021 meeting.

6.5 LONG TERM FINANCIAL PLAN & COUNCIL'S FINANCIAL SUSTAINABILITY

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Strategic Finance Projects Manager
File No: IC20/1759

Purpose

To provide an update on Council's long term financial plan (LTFP), council borrowings, and the work focused on Council's financial sustainability.

Executive Summary

Council's LTFP includes several significant measures aimed at improving Council's financial sustainability. Most notably this includes a proposed rate cap variation in 2023 and a 'savings' target – to be identified in operating costs or capital works expenditure. These financial sustainability measures are intended to improve Council's cash balances and working capital position as well as Council's adjusted underlying surplus / deficit position.

Council has or will draw down borrowings of \$27m in 2019/20 and 2020/21. Council last borrowed in 2016, with an interest only loan of \$7m. Council has borrowed to support large infrastructure investment – Aquatic plan, CBD masterplan improvements and residential growth areas. Notwithstanding the principal owing is large (as much as \$35m) – the cost of debt has declined substantially, with Council's interest rates as little as 1.68% on \$11m of borrowings drawn down in 2020/21. The cost of debt is manageable given these very favourable interest rates.

Cr Dean Rees moved, Mr Peter McNeill seconded

That the Audit & Risk Committee notes the presentation.

Carried

6.6 SEPTEMBER 2020 QUARTERLY FINANCE REPORT

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Finance Manager
File No: IC20/1757

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 provide an update of Council's year-to-date (YTD) financial performance to its 2020/21 Budget and provide an update of Council's expected full year Forecast based on developments over the last three months (Quarter 1 Forecast).

Cr Harry Bussell moved, Ms Rowan O'Hagan seconded

That the Audit and Risk Committee notes the September 2020 Quarterly Finance Report.

Carried

6.7 SEPTEMBER 2020 AGED DEBTORS REPORT

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Finance Manager
File No: IC20/1799

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

To provide a summary of Council's trade and other receivables as at 30 September 2020.

Cr Dean Rees moved, Mr Peter McNeill seconded

That the Audit and Risk Committee receives and notes the September 2020 Aged Debtors Report.

Carried

6.8 COUNCIL PLAN STRATEGIC INDICATORS AND PROJECTS UPDATE

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File No: IC20/1833

Purpose

To present the September quarter 2020-21 update for council plan strategic indicators and projects.

Executive summary

37 projects and initiatives are to be completed in 2020-21 (refer **Attachment 1**). Four projects are complete, 8 are nearing completion, 8 are 60-79% complete, 9 are 30-59% complete and 8 are up to 29% complete.

There are 22 strategic indicators of which 15 are meeting or exceeding target (refer **Attachment 2**). COVID-19 restrictions have had a negative impact on several indicators.

Ms Rowan O'Hagan moved, Cr Dean Rees seconded

That the Audit & Risk Committee notes the council plan projects and strategic indicators status reports for quarter 1 of the 2020-21 financial year.

Carried

6.9 INTERNAL AUDIT REPORT - RECORDS MANAGEMENT & INFORMATION PRIVACY

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Customer Experience and Information Management Coordinator
File Name: Audit Advisory Committee
File No: IC20/1765

Purpose

To present the findings and management responses for the records management and information privacy internal audit report.

Executive summary

Seven moderate risks and 2 minor risks were identified which have been reviewed and assigned management responses.

The ICT Strategy is progressively modernising Council's information management environment and together with changes to legislation has led to the records management framework no longer being as effective as possible or reflective of current practices.

Despite 10 areas of strength being identified, a significant resource allocation will be required to build and roll-out an effective and compliant updated records management framework and solution that is capable of sufficiently meeting obligations.

Resourcing and timing of specific actions for several of the identified risks will be set out in a broader information management action plan which will provide integration with related ICT Strategy actions. These records management risk areas include:

- framework and strategy
- governance
- awareness of obligations
- storage
- digitisation

Cr Harry Bussell moved, Mr Peter McNeill seconded

That the Audit & Risk Committee notes the findings and management responses for the records management and information privacy internal audit report.

Carried

Actions:

5. Provide an update on the information management action plan at the March 2021 meeting.

6.10 INTERNAL AUDIT REPORT - LONG TERM FINANCIAL PLANNING

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Strategic Finance Projects Manager
File Name: Audit Advisory Committee
File No: IC20/1758

Purpose

To present the findings and management responses for the Long Term Financial Planning - Internal Audit Report.

Executive summary

Council complies with the requirements of the Local Government Act with respect to long term financial planning and modelling. The effectiveness of the Long Term Financial Plan (LTFP) model could be improved with comprehensive documentation. Council's long term financial sustainability has a number of challenges which Council has identified in the Financial Sustainability Program of work.

The audit identified seven well managed areas, two moderate risks, one minor risk and one opportunity.

Cr Dean Rees moved, Mr Peter McNeill seconded

The Audit & Risk Committee notes the findings and management responses for the long term financial planning - internal audit report.
Carried

Discussion

The adequacy of the LTFP model's security controls was queried.

AFS & Associates noted in the report that the security of the model is robust.

Actions:

6. Add a column showing action target dates to the table listing risks in future committee meeting internal audit reports.

6.11 INTERNAL AUDIT REPORT - PAST ISSUES REVIEW

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File Name: Audit Advisory Committee
File No: IC20/1809

Purpose

To present the findings for the past issues review internal audit report.

Executive summary

The past issues review has examined 12 recommendations deemed complete since the previous review in February 2020 and found that all have been satisfactorily addressed.

Three of the recommendations were rated high risk, 6 medium risk and 3 low risk.

There have been consequent improvements in the management of information technology, emergency management, governance and legal compliance and grants administration.

Cr Dean Rees moved, Ms Rowan O'Hagan seconded

That the Audit & Risk Committee notes the findings for the past issues review internal audit report.

Carried

6.12 INTERNAL AUDIT PROGRAM AND ACTIONS STATUS

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File No: IC20/1811

Purpose

To review the most recent audit planning document and monitor the status of audit actions.

Executive Summary

The internal audit program is being progressively actioned.

Three internal audits have been finalised since the last review:

- records management and information privacy
- long term financial plan
- past issues review - March 2020 to October 2020

A contract management internal audit and a past issues review internal audit (November 2020 to March 2021) are planned to commence in April 2021.

Actions arising from recently finalised internal audits will be added to the internal audit actions register.

All actions due for completion as at 20 November 2020 are complete or nearing completion.

Cr Dean Rees moved, Ms Rowan O'Hagan seconded

That the Audit & Risk Committee notes the report with the following modification:

- ***Internal Audit Program schedule be adjusted to remove past issues review that was to be undertaken in Apr 2021 and have this internal audit recurring annually in November***

Carried

Discussion

The last 2 reviews of completed past issues has shown that the organisation is accurately classifying the status of items as closed. As a consequence, less frequent past issues reviews are needed.

6.13 COUNCILLOR & CEO EXPENSES

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File No: IC20/1767

Purpose

To review the most recent councillor expense reimbursements and CEO credit card expenses.

Executive summary

Councillor reimbursements have been made for appropriate purposes in accordance with policy.

CEO credit card expenditure has been made for appropriate purposes.

Mr Peter McNeill moved, Ms Rowan O'Hagan seconded

That the Audit & Risk Committee notes the report.

Carried

6.14 AUDIT ADVISORY COMMITTEE ANNUAL REPORT

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File No: IC20/1825

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

The Audit Advisory Committee (the committee) was an independent advisory committee established by Council under section 139 of the *Local Government Act 1989* (1989 Act) to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating ethical business conduct.

The committee was replaced on 25 August 2020 by the Audit & Risk Committee established by Council under the *Local Government Act 2020* (2020 Act).

The committee's charter included a requirement under clause 7 that the committee report annually to Council summarising the activities of the committee during the previous financial year.

To assist timely reporting of the now dissolved committee's activities the reporting period includes the final meeting of the committee on 18 August 2020 and is presented to the Audit & Risk Committee for endorsement before reporting to Council.

Mr Peter McNeill moved, Cr Dean Rees seconded

That the Audit & Risk Committee endorses the audit advisory committee annual report 2020 (Attachment 1) for reporting to Council.

Carried

6.15 COUNCIL POLICIES AND PROCEDURES COMPLIANCE

Meeting Type: Audit and Risk Committee Meeting
Date of Meeting: 16 December 2020
Author: Governance and Reporting Advisor
File No: IC20/1812

Purpose

To review the Governance Rules, Council Expenses Policy and Public Transparency Policy for compliance with the overarching governance principles in the *Local Government Act 2020* (Act) and with the Act and the regulations and any Ministerial directions.

Executive summary

Three policies recently adopted by council have been reviewed against the Act's overarching governance principles, and with the requirements of the Act and regulations and any Ministerial directions. The policies are:

- Governance Rules (**Attachment 1** - policy; **Attachment 2** compliance analysis)
- Council Expenses Policy (**Attachment 3** - policy; **Attachment 4** compliance analysis)
- Public Transparency Policy (**Attachment 5** - policy; **Attachment 6** compliance analysis)

There have been no regulations prescribed or Ministerial directions issued in relation to any of these policies.

The compliance analysis shows that each policy is compliant with the requirements of the Act.

Cr Harry Bussell moved, Cr Dean Rees seconded

That the Audit & Risk Committee notes the report;

Carried

7. OTHER BUSINESS

7.1 Approval for Johnsons MME to audit the aquatic centre project

Management have asked Johnsons MME to undertake an acquittal audit over the statement of income and expenditure for the aquatics project.

As they are the audit service provider for VAGO they need VAGO approval before they can undertake any additional audit works for Council over and above the annual financial statement audit.

One of the things VAGO requires in order to approve this work is confirmation from the audit committee that the audit committee approves the use of Johnsons MME to undertake the work.

It is not expected to be a significant amount of work.

Cr Dean Rees moved, Cr Harry Bussell seconded

That the Audit & Risk Committee approves of the use of Johnsons MME to undertake the acquittal audit for the aquatic centre project.

Carried

7.2 Mr Peter McNeill's retirement & acknowledgement

This was the last meeting for retiring independent member, Mr Peter McNeill.

Chairperson Ms Gayle Lee acknowledged the contribution and time on the committee committed by Mr Peter McNeill over more than 11 years' service. Ms Lee also offered thanks and appreciation for Mr McNeill's leadership and guidance.

The Mayor, Cr Dean Rees, whilst thanking Mr McNeill, said that from Council's position, Mr McNeill's thoughts, ability and productivity undoubtedly led to better committee outcomes because of his contribution during his period of service.

8. NEXT MEETING

3.00pm 9 March 2021

9. CLOSURE OF MEETING

5.15pm



Audit Advisory Committee Annual Report

Period 1 July 2019 to 18 August 2020

Objectives and scope

- (1) The Audit Advisory Committee (the committee) is an independent advisory committee established by Council under section 139 of the *Local Government Act 1989* to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating ethical business conduct.
- (2) The committee was replaced on 25 August 2020 by the Audit & Risk Committee established by Council under the *Local Government Act 2020*.
- (3) To assist timely reporting of the now dissolved committee's activities the reporting period includes the final meeting of the committee on 18 August 2020.

Membership

- (4) The committee comprised 3 independent members and 2 councillors.
- (5) The independent members were Ms Gayle Lee, Mr Peter McNeill and Ms Rowan O'Hagan.
- (6) The councillor members were Cr Mark Currie and Cr Ken Clarke OAM.

Meetings

- (7) The committee met 6 times:
 - (a) 12 September 2019
 - (b) 17 September 2019
 - (c) 3 December 2019
 - (d) 17 March 2020
 - (e) 2 June 2020
 - (f) 18 August 2020

Attendance

(8) The following table shows meeting attendance by members.

Member	12 Sep 2019	17 Sep 2019	3 Dec 2019	17 Mar 2020	2 Jun 2020	18 Aug 2020	Total
Ms Gayle Lee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	6
Mr Peter McNeill	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	6
Ms Rowan O'Hagan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	6
Cr Ken Clarke OAM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	6
Cr Mark Currie	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5
Mayor Cr Dean Rees (proxy)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1

External audit

- (9) An unqualified audit opinion was issued by the Victorian Auditor General's Office (VAGO) on the Wangaratta Rural City Council annual report, financial statements and performance statements for the 2018-19 financial year.
- (10) The final management letter issued by VAGO for 2018-19 was presented at the 3 December 2019 meeting and noted 1 new unresolved risk finding involving asset condition assessments..
- (11) There were 2 prior year findings that had not been closed.
- (12) Seven prior year issues were resolved during the audit.

Internal audit

- (13) The following internal audit projects were completed:
- (a) Grants Funding Review

(b) Procurement & Data Analytics - Supplier Payments

- (14) Sixteen new internal audit actions were added to the actions register - 3 high risk rated, 7 moderate risk rated and 6 low risk rated.
- (15) Management implementation of internal audit actions is monitored and reviewed at each committee meeting. 62 actions have been closed by management during the period.
- (16) A sample of actions arising from audit recommendations reported by management as completed were independently assessed by the internal auditors in a past issues review undertaken in February 2020. All actions reported as completed that were checked were found to be satisfactorily completed.
- (17) AFS & Associates were appointed as internal auditors commencing January 2020 replacing Crowe Horwath, Albury.

Risk management

- (18) Management have finalised a risk management framework and risk appetite statement to guide decision-making.
- (19) Management has provided regular updates on strategic and emerging risks.
- (20) A program of business area risk presentations has been introduced, commencing with a review of the information and communications technology strategy.
- (21) The committee reviewed councillor expense reimbursements and CEO credit card expenses during the period.