



GREATER  
SHEPPARTON

# AGENDA

Greater Shepparton City Council

## SPECIAL COUNCIL MEETING

**5.30pm, Tuesday 28 April 2020**

IN THE FUNCTION ROOM, RIVERLINKS EASTBANK

### COUNCILLORS

Cr Seema Abdullah (Mayor)

Cr Dinny Adem (Deputy Mayor)

Cr Bruce Giovanetti

Cr Chris Hazelman OAM

Cr Kim O'Keeffe

Cr Les Oroszvary

Cr Dennis Patterson

Cr Fern Summer

Cr Shelley Sutton

### VISION

#### **GREATER SHEPPARTON, GREATER FUTURE**

*A THRIVING ECONOMY IN THE FOODBOWL OF VICTORIA WITH  
EXCELLENT LIFESTYLES, INNOVATIVE AGRICULTURE  
A DIVERSE COMMUNITY AND  
ABUNDANT OPPORTUNITIES*



**A G E N D A  
FOR THE  
SPECIAL COUNCIL MEETING  
TO BE HELD ON  
TUESDAY 28 APRIL, 2020 AT 5.30PM**

**CHAIR  
CR SEEMA ABDULLAH**

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## RISK LEVEL MATRIX LEGEND

**Note: A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.**

Likelihood	Consequences				
	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
<b>Almost Certain (5)</b> Would be expected to occur in most circumstances (daily/weekly)	LOW	MEDIUM	HIGH	EXTREME	EXTREME
<b>Likely (4)</b> Could probably occur in most circumstances (i.e. Monthly)	LOW	MEDIUM	MEDIUM	HIGH	EXTREME
<b>Possible (3)</b> Reasonable probability that it could occur (i.e. over 12 months)	LOW	LOW	MEDIUM	HIGH	HIGH
<b>Unlikely (2)</b> It is not expected to occur (i.e. 2-5 years)	LOW	LOW	LOW	MEDIUM	HIGH
<b>Rare (1)</b> May occur only in exceptional circumstances (i.e. within 10 years)	LOW	LOW	LOW	MEDIUM	HIGH

- Extreme**      Intolerable – Immediate action is required to mitigate this risk to an acceptable level. Event/Project/Activity is not to proceed without authorisation
- High**        Intolerable – Attention is needed to treat risk.
- Medium**      Variable – May be willing to accept the risk in conjunction with monitoring and controls
- Low**          Tolerable – Managed by routine procedures

**PRESENT:**

**1. ACKNOWLEDGEMENT**

“We the Greater Shepparton City Council, begin today’s meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors.”

**2. PRIVACY NOTICE**

This public meeting is being streamed live via our Facebook page and made available for public access on our website along with the official Minutes of this meeting.

All care is taken to maintain your privacy; however as a visitor in the public gallery, it is assumed that your consent is given in the event that your image is broadcast to the public. It is also assumed that your consent is given to the use and disclosure of any information that you share at the meeting (including personal or sensitive information) to any person who accesses those recordings or Minutes

**3. APOLOGIES**

**4. DECLARATIONS OF CONFLICT OF INTEREST**

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

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

## 5. CORPORATE SERVICES DIRECTORATE

### 5.1 Greater Shepparton City Council 2020/2021 Draft Budget

#### **Disclosures of conflicts of interest in relation to advice provided in this report**

Under section 80C of the *Local Government Act 1989* officers and persons engaged under a contract providing advice to Council must disclose any conflicts of interests, including the type and nature of interest.

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.

#### **Council Officers involved in producing this report**

**Author: Manager Finance and Rates**

**Proof reader(s): Director Corporate Services**

**Approved by: Director Corporate Services**

#### **Executive Summary**

This report presents to Council the Draft Budget for the financial year ending 30 June 2020. It is proposed that public notice be given inviting submissions on any proposal contained in the 2020/2021 Draft Budget.

The *Local Government Act 1989* requires the Council to give public notice of the preparation of the budget and a person has a right to make a submission on any proposal contained in the budget. Submissions will be received until 5.00pm Friday 29 May 2020.

The 2020/2021 Draft Budget has been prepared on the assumption of COVID-19 related restrictions continuing until 30 September 2020.

#### **RECOMMENDATION**

That the Council:

1. authorise the exhibition of the 2020/2021 Draft Budget as presented;
2. authorise the Chief Executive Officer to:
  - a) give public notice of the preparation of the 2020/2021 Draft Budget in accordance with section 129 of the *Local Government Act 1989* (the Act);
  - b) stipulate in the public notice that persons may make a submission on the 2020/2021 Draft Budget in accordance with Section 223 of the Act and that written submissions must be received by no later than 5.00pm, 29 May 2020;
  - c) undertake the administrative procedures necessary to enable the Council to carry out its functions under section 223 of the Act in relation to this matter;
3. hold a Special Council Meeting on Tuesday 2 June 2020 at 5.30pm to hear any person wishing to be heard in support of their submission on any proposal contained in the 2020/2021 Draft Budget in accordance with section 223 of the Act; and
4. consider all written submissions on any proposal contained within the 2020/2021 Draft Budget.

## 5. CORPORATE SERVICES DIRECTORATE

### 5.1 Greater Shepparton City Council 2020/2021 Draft Budget

#### **Background**

The 2020/2021 Draft Budget has been prepared in accordance with the requirements of the *Local Government Act 1989*.

Council updates its Strategic Resource Plan as part of its corporate planning framework to assist in preparing a budget within a longer term framework.

The Strategic Resource Plan highlights the significance of rates and charges as a source of revenue and guides Council on the amount required to be raised to maintain services, renew existing assets and invest in new and upgraded assets.

The 2020/2021 Draft Budget reflects year one of the updated Strategic Resource Plan and takes into account the activities and initiatives which contribute to achieving the strategic objectives specified in the Council Plan.

The 2020/2021 Draft Budget has been developed under the key financial principles which aim to a) budget for an underlying operating surplus annually, b) fund the capital renewal of existing assets as a priority and c) consider the use of borrowings as a legitimate and responsible financial management tool.

#### **Impact of COVID-19**

The 2020/2021 Draft Budget has been prepared on the assumption that current restrictions (as at April 2020) relating to COVID-19 impacting Council services and the community will continue through to 30 September 2020.

These assumptions have been based on financial information contained within the 2019/2020 Quarter 3 Forecast Review adopted at the Ordinary Council Meeting on 21 April 2020.

Reductions in income through reduced user fees and Council's efforts to support local businesses and the community, through the Stage 1 \$1.5 million Greater Shepparton Economic Response to COVID-19 Package, have been estimated at \$2.55 million. This has been partially offset by an estimated reduction of \$329,000 in Employee Costs and Materials & Services expenditure.

The total estimated impact of COVID-19 on the 2020/2021 Draft Budget is a net cost to Council of \$2.22 million which equates to a 10 per cent impact to Council's liquidity.

As more information becomes available on the financial impacts of COVID-19 to Council operations, it is highly probable that changes to the draft budget version made available for submission will be required prior to adoption. Furthermore, it is highly probable that changes due to COVID-19 will be required at future Quarterly Forecast Reviews during 2020/2021.

Council will continue to be transparent in disclosing any changes and will ensure compliance with the *Local Government Act 1989* in regards to Adopted and Revised Budgets.

#### **2019/2020 Forecast/Actual**

The 2020/2021 Draft Budget provides comparisons with the 2019/2020 financial year forecast. The Q3 Adopted Forecast, adopted at the 21 April 2020 Ordinary Council Meeting, has been used for the 2020/2021 Draft Budget document.

## 5. CORPORATE SERVICES DIRECTORATE

### 5.1 Greater Shepparton City Council 2020/2021 Draft Budget

#### **2020/2021 Draft Budget – Rates and Charges Revenue**

The 2020/2021 Draft Budget proposes a 2.0 per cent increase in total rates revenue and a 1.64 per cent increase in kerbside collection charges, both excluding supplementary valuations, which will generate \$81.85 million.

Section 4.1.2(l) of the 2020/2021 Draft Budget document confirms Council’s compliance with the State Government’s Fair Go Rates System (Rate Cap).

A further \$818,000 in supplementary rates and \$184,000 in penalty interest is budgeted for 2020/2021 taking the total rates and charges figure to \$82.85 million. Note these items, along with the kerbside collection charges, do not form part of the rate cap.

#### **2020/2021 Rating Differentials**

The proposed rating structure for the 2020/2021 year has been informed by the Rating Strategy 2017-2021 and previous consultation undertaken by Greater Shepparton City Council in February 2018.

In June 2018, Council adopted changes to the number of rating differentials to make Greater Shepparton’s rating strategy easier to understand, simpler to administer while also maintaining fairness for all ratepayers. Importantly, these changes determine only the share of revenue contributed by each property, not the total amount of rates collected by Council.

The 2020/2021 Draft Budget is based on the previously adopted changes. No changes to the rating differentials are proposed in the 2020/2021 Draft Budget.

<b>Rating Differential Category</b>	<b>Rating Differential %</b>
General	100%
Farm	90%
Commercial/Industrial	205%

#### **Rates and Charges - 2020 Centralised Annual Valuations**

Since 2019, the Valuer-General Victoria (VGV) is the sole valuation authority to conduct annual valuations for rating purposes.

The 2020/2021 Draft Budget includes preliminary valuation data for 2020/2021 with valuations as at 1 January 2020. All rating information contained within the budget, including rates in the dollars, are based on these updated valuations. However, the preliminary valuations are yet to be certified by the Victorian Valuer-General and are therefore subject to change prior to the budget adoption.

Movements in individual property valuations (Capital Improved Value or CIV) will have an impact on individual rate notices and are difficult to communicate through the 2020/2021 Draft Budget document.

Section 4.1.2(f) of the 2020/2021 Draft Budget provides an indication of the valuation movements for each rating differential group, however, individual property valuation movements will not be advised until the 2020/2021 annual rates notices for each property are distributed.

The VGV has confirmed that no changes have been made to the 2020 general valuation due to COVID-19. The 2020 general valuation has a relevant date of 1 January 2020 and is therefore based on market conditions at, and immediately before, that date. Any



## **5. CORPORATE SERVICES DIRECTORATE**

### **5.1 Greater Shepparton City Council 2020/2021 Draft Budget**

market changes occurring now, or in the future, due to COVID-19 will be applicable to future revaluation cycles. This means that rates notices for 2020, typically issued around August, will be based on valuations prior to the pandemic.

#### **2020/2021 Draft Budget – Key Points**

The 2020/2021 provides for an Operating Surplus of \$5.46 million. Refer to Section 4.1 of the 2020/2021 Draft Budget document.

The 2020/2021 Draft Budget Schedule of Fees and Charges is included as Appendix A. It is budgeted that the proposed fees and charges will raise \$20.83 million during the 2020/2021 financial year.

The 2020/2021 Draft Budget provides for a \$59.75 million capital works program. Incorporated in the capital works program is \$22.37 million for new works and \$24.68 million for renewal works. Refer to Section 4.5 of the 2020/2021 Draft Budget document for further information.

Funding sources for the capital works program include \$42.79 million from Council operations, cash reserves and investments, \$6.96 million from external grants and cash contributions and \$10 million in borrowings.

Any grants or contributions received by Council prior to 30 June 2020 will be considered as Council Cash for the purposes of the 2020/2021 Draft Budget as Council was in possession of the funds at the commencement of the budget year.

#### **2020/2021 Draft Budget Financial Performance Indicators**

Section 5 of the 2020/2021 Draft Budget document highlights Council's current and projected performance across a range of key financial indicators. These indicators provide a useful analysis of Council's financial position and performance and should be used in the context of the organisation's objectives.

#### **Other Internal and External Budget Influences**

In preparing the 2020/2021 Draft Budget, a number of internal and external influences in addition to COVID-19 have been taken into consideration, as they impact significantly on the services delivered by the Council in the budget period.

For example, uncertainty remains on the State Government's recently announced increase in the Landfill Levy, costed at a \$510,000 increase in levy cost on 2019/2020 projections and included in the draft budget.

Budgetary pressures extending into future years include increases to Council insurance premiums, current averaging increases of approximately \$200,000 or 20 per cent per annum, impending Enterprise Bargaining negotiations, planned increases to the Superannuation Guarantee from 2021/2022 and the introduction of a fourth bin or a service for recycling of glass.

#### **Council Plan/Key Strategic Activity**

The 2020/2021 Draft Budget is consistent with the five strategic goals of the Council Plan which include:

1. Leadership and Governance
2. Social
3. Economic
4. Built
5. Environment

## 5. CORPORATE SERVICES DIRECTORATE

### 5.1 Greater Shepparton City Council 2020/2021 Draft Budget

The 2020/2021 Draft Budget also includes Service Performance Outcome indicators and Financial Performance indicators (sections 2 and 5) as required by the *Local Government (Planning and Reporting) Regulations 2014 No. 17*. The final outcomes of these indicators will be reported in the 2020/2021 audited annual report.

#### Risk Management

A well planned budget will reduce the risk that Council will not be able to provide the services expected and required by the community.

Risks	Likelihood	Consequence	Rating	Mitigation Action
Failure to comply with the Local Government Act 1989	Unlikely	1	High	Recommendations for council to authorise the provision of public notice for the 2020/2021 Draft Budget. Electronic copy of draft budget made available online for review.
Operating surplus not achieved	Possible	3	Medium	Monthly financial performance and Quarterly Forecast Reviews reported to Council
Capital works budget not delivered within the financial year	Possible	3	Medium	Performance reporting, greater focus on 10 year capital works planning

#### Policy Considerations

There are no conflicts with Council policy. The annual budget resources the Council Plan to enable the outcomes in the Council Plan to be achieved, including Council policies.

#### Financial Implications

The full financial implications are outlined in the background section of this report and within the attachments.

	2019/2020 Forecast/Actual ('000s)	2020/2021 Draft Budget ('000s)	Variance \$ ('000s)	Comments
Revenue	158,401	140,765	(17,636)	Mainly due to decreases in Capital Grants and Non-Monetary Contributions.
Expense	129,592	135,301	(5,709)	Mainly due to increase in Non-Recurrent Operating Expense
Net Surplus	28,809	5,464	(23,345)	

#### Legal/Statutory Implications

The 2020/2021 Draft Budget has been prepared in accordance with the requirements of the *Local Government Act 1989* (the Act) and the *Local Government (Planning and Reporting) Regulations 2014 No. 17*.

## 5. CORPORATE SERVICES DIRECTORATE

### 5.1 Greater Shepparton City Council 2020/2021 Draft Budget

In accordance with section 127 of the Act, Council must prepare a Budget for each financial year containing the relevant financial statements and a detailed list of capital works expenditure.

Section 129 of the *Local Government Act 1989* requires the Council to give public notice of the preparation of the budget and a person has a right to make a submission on any proposal contained in the budget (as per section 223 of the Act).

#### **Environmental/Sustainability Impacts**

Environmental and sustainability impacts have been considered when developing the 2020/2021 Draft Budget.

#### **Social Implications**

The 2020/2021 Draft Budget provides resources for the implementation of various strategies, plans, works and the delivery of services required to achieve the objectives of the Council plan including an active and engaged community.

#### **Economic Impacts**

The boost from the Greater Shepparton City Council capital works program is important with \$59.75 million of infrastructure works proposed for the 2020/2021 financial year to encourage economic activity.

#### **Consultation**

It is proposed that public notice be given in the Shepparton News on Friday 1 May 2020 that Council's 2020/2021 Draft Budget has been prepared and is available for inspection on Council's website, or copies available upon request, and that written submissions are invited in accordance with Section 223 of the *Local Government Act 1989*. Submissions are to be received by 5.00pm Friday 29 May 2020.

Unfortunately, due to current COVID-19 restrictions, public information sessions regarding the 2020/2021 Draft Budget are not possible.

The Council Website, social media and advertisements will be utilised to raise awareness of the 2020/2021 Draft Budget and encourage the community to seek further information.

#### **Strategic Links**

The 2020/2021 Draft Budget is linked to the Council Plan by the funding of the Strategic Objectives contained in the Council Plan.

#### **Conclusion**

The report seeks Council to authorise the exhibition of the 2020/2021 Draft Budget for public submission from 1 May 2020 to 5pm 29 May 2020.

#### **Attachments**

Greater Shepparton City Council 2020/2021 Draft Budget [↓](#) Page 12