

MINUTES

SPECIAL MEETING OF COUNCIL

Tuesday, 14 August 2012

Held at the Swan Hill
Region Information Centre
Commenced at 1:00 PM

COUNCIL:

Cr JN Katis – Mayor

Cr GW Norton

Cr YA Jennings

Cr LT McPhee

Cr JD Quayle

Cr WT Croft

Cr GI Cruickshank

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SECTION A – PROCEDURAL MATTERS

- **Open**

The Mayor, Councillor John Katis assumed the Chair and declared the meeting open at 1pm

- **Acknowledgement to Country**

The Mayor, Councillor John Katis read the Acknowledgement to Country

- **Prayer**

The Chief Executive Officer, Dennis Hovenden read the prayer

- **Apologies**

Councillor Quayle

Resolved

MOVED Councillor Cruickshank

That the apologies be accepted.

SECONDED Councillor Jennings

The Motion was Put and CARRIED

- **Declarations of Conflict of Interest**

Nil

Confirmed 21 August 2012.....Chairperson.....

SECTION B – REPORTS

B.12.100 CONSIDERATION OF SUBMISSIONS TO THE 2012/13 ANNUAL BUDGET AND STRATEGIC RESOURCE PLAN 2012/13 TO 2016/17

Source: Procedural
Department: Corporate Services
File Number: 42-09-69

Summary

At the close of submissions to the 2012/13 Annual Budget and Strategic Resource Plan 2012/13 to 2016/17 (the Budget) two Submissions were received.

Council received the submissions at a Special Meeting of Council held on Tuesday 7 August 2012.

This report responds to the issue raised in the submissions.

Council Plan Strategy Addressed

Developing open community relationships - Council seeks to achieve greater community inclusiveness and understanding of Council's operations and decisions

Recommendations

It is recommended that Council:

- 1. Consider the submissions to the 2012/13 Annual Budget and Strategic Resource Plan 2012/13 to 2016/17.**
- 2. Having considered the submissions, refer the issue raised to the Kerb and Channel Works Program for prioritisation.**
- 3. Review the level of funding for Kerbs and Channel Works to the next Major Projects Review.**
- 4. Write to the submitters advising the outcome and thanking them for their submission.**

Policy Implications

Nil

Financial and Resource Implications

Confirmed 21 August 2012.....Chairperson.....

The works will be prioritised within any authorised budget funding.

Triple Bottom Line Impact

The budget covers all aspects of Council operation and therefore affects Economic, Social and Environmental outcomes.

Background

Council's Budget was advertised in Local newspapers calling for submissions by 4pm on Monday 6 August 2012.

At the close of submissions, two submissions had been received.

The submissions relate to a request for Kerb and Channel works in Gummow Street, Swan Hill and a series of questions from Robinvale Waste Management Pty Limited.

Response to submission 1:

Council has a Program of works for Kerb and Channel repair. The works are budgeted at \$28,000. In addition Kerb and Channel works are often done as part of sealed road reconstruction works.

The works in Gummow Street will be referred to the Program and prioritised accordingly.

Response to submission 2:

a. Organisational Support

This category of expenditure forms part of the Materials and Contracts expenditure line in the income statement.

The major items included as organisation support are photocopier and equipment leases, printing and stationery costs, telecommunications costs, advertising, training and postage.

The recovery of the cost of Council owned plant and equipment against Capital Works Projects and Council Programs is also included in this item as a negative expense.

b. Major Projects, Waster Management and Operational Daily Cover

Council is not paying twice to excavate earth at the Swan Hill Landfill. There are two types and separate stockpiles of soil, one for daily cover and the other for future use in rehabilitating the cell.

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The better quality soil excavated by the contractor and paid for under the contract to operate the landfill is being stockpiled for future use once the cell is closed and requires rehabilitation. Rehabilitation works are not part of the contract to operate the landfill.

The Major Project is to excavate and stockpile a lower grade soil, more suitable for tip cover for use on a daily basis.

c. Non-Current Liabilities – Provisions

Non-Current Provisions in the balance sheet comprise employee long service leave accrual of staff with less than 10 years service (\$0.38 million), estimated licenced landfill restoration costs expected to be incurred after the year 2047 (\$1.1 million) and future royalties expected to be payable for limestone extracted from a quarry site (\$0.02 million).

The 2011/12 anticipated actual is higher than 2011/12 budget due to a recalculation of the landfill restoration provision, which is required every three of four years. This recalculation was done during early August 2011 as part of the Annual Report preparation and after the 2011/12 had been adopted.

d. Waste Management Charges

The difference between Operating Income and Operating Expenses in the Waste Management Program Funds any required Capital Works and transfers to reserves. The reserve funds are required to fund future costs associated with landfill site closure and after care and to fund any future development works as identified in Council's Waste Management Strategy.

It would be irresponsible of Council not to build up reserve funds for future works as the cost would be transferred from the current users of the Waste Management service to future generations.

e. Robinvale Landfill Road and Stormwater Works

The works at the Robinvale Landfill are to ensure run-off stormwater around the old cell is correctly managed. Responsibility for the old cell rest with Council and will be ongoing for some time.

The project already undertaken at the Robinvale Landfill includes the construction of the weighbridge, some gravel pathways to ensure safe access to the new cell and the construction of a pond to store stormwater in an appropriate manner.

The Robinvale landfill is a valuable asset to the district of Robinvale. It is important that funds are spent to ensure it is properly maintained. Works to the old cell are required whether the facility is open or not.

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The works are funded from within the Waste Management Program. Those funds can not be used on car parking at the Robinvale Leisure Centre.

f. Renegotiated Waste Management Contract Savings

Council has not been misleading in claiming ongoing savings through renegotiated Waste Management Contracts.

Council agreed the former recycling Centre could operate as a transfer facility under the old contracts many months prior to the new Waste Management Contracts being put in place. The new contracts resulted in significant savings in the operation of this transfer facility.

The new "Big Green Shed" at the Swan Hill landfill site provides a superior service than was available under the old Recycling contract for less cost.

In addition significant savings were achieved in other areas of the Waste Management service beyond those achieved in the Recycling contract.

These savings will enable Council to continue to fulfil its Waste Management Strategy including ongoing improvements at landfill sites and providing funds for future Waste Management beyond the life of the current landfills, without requiring significant increases in either Rates or Waste Management charges.

This is evidenced in the fact Council has not increased its Kerbside Collection charge for the second year in a row.

Issues

Council can review the amount of funds allocated to Kerb and Channel works as part of the next Major Projects Plan Review in November 2012.

Consultation

The submission process is part of the consultation that occurs in relation to the Budget.

Options

Council can choose to change the amount of funds allocated to Kerb and Channel works however, this would not guarantee the works in Gummow Street would occur in 2012/13.

Conclusion

Confirmed 21 August 2012.....Chairperson.....

Council has an established Budget for Kerb and Channel works. Alterations to the funds allocated to these works are best considered in conjunction with a review of all Projects during the Major Projects Review.

The second submission raised a series of questions which have been answered in this report and previous correspondence.

Attachments

Nil.

Resolved

MOVED Councillor Croft

That Council:

- 1. Consider the submissions to the 2012/13 Annual Budget and Strategic Resource Plan 2012/13 to 2016/17.**
- 2. Having considered the submissions, refer the issue raised to the Kerb and Channel Works Program for prioritisation.**
- 3. Review the level of funding for Kerbs and Channel Works to the next Major Projects Review.**
- 4. Write to the submitters advising the outcome and thanking them for their submission.**

SECONDED Councillor McPhee

Councillor Norton MOVED an amendment that a number 5 dot point be added that Council instigated an independent Audit and evaluation into the garbage and tip contract. The Motion LAPSED and the previous Motion stands.

The Motion was Put and CARRIED

B.12.101 ADOPTION OF 2012/13 ANNUAL BUDGET AND STRATEGIC RESOURCE PLAN 2012/13 TO 2016/17

Source: Procedural
Department: Corporate Services
File Number: 42-09-69

Summary

Following the statutory advertising period and consideration of submissions, the 2012/13 Annual Budget and Strategic Resource Plan 2012/13 to 2016/17 (the Budget) is being presented for adoption. The Budget is the primary source of financial control across Council operations, and determines the nature and level of Council's service and infrastructure provision for the financial year commencing 1 July 2012.

Council Plan Strategy Addressed

Responsible management of resources - Council will continually improve the management of its finances, assets, systems and technology to achieve and maintain Best Value in its operations

Recommendations

It is recommended that Council:

- 1. Note officers will continue to monitor the Budget and respond to issues as they arise, as apart of the organisations normal management practices.**
- 2. Adopt the Swan Hill Rural City Council 2012/13 Annual Budget and Strategic Resource Plan 2012/13 to 2016/17 as presented including the fees and charges upon which it is based for the year commencing 1 July 2012.**
- 3. Declare that \$19,285,000 be raised in rates for the year commencing 1 July 2012.**
- 4. Declare a differential rate of 0.777733 cents in the dollar of Capital Improved Value for rateable Commercial Properties within Residential 1, Business or Industrial Zones of the Swan Hill Planning Scheme in the township's of Swan Hill and Robinvale that are not in Common Occupancy with a residence.**
- 5. Declare a differential rate of 0.699960 cents in the dollar of Capital Improved Value for rateable Commercial Properties within Residential 1, Business or Industrial Zones of the Swan Hill Planning Scheme in the township's of Swan Hill and Robinvale that are in Common Occupancy**

Confirmed 21 August 2012.....Chairperson.....

with a residence.

6. Declare a differential rate of 0.622186 cents in the dollar of Capital Improved Value for rateable Residential and Industrial properties within the drainage districts Swan Hill and Robinvale townships.
7. Declare a differential rate of 1.244372 cents in the dollar of Capital Improved Value for rateable Vacant Residential land within the townships of Swan Hill and Robinvale that has remained as vacant land for a minimum of 5 years since it was last zoned as residential land or 3 years after its sale as a residential allotment, whichever is the latter.
8. Declare a differential rate of 0.538430 cents in the dollar of Capital Improved Value for rateable farming properties without access to irrigation water infrastructure and which are primarily used for broad acre grain/sheep production.
9. Declare a differential rate of 0.598256 cents in the dollar of Capital Improved Value for all other rateable land within the municipality.
10. Declare that Council does not have a minimum rate.
11. Declare that Council does not have a Municipal Charge.
12. Declare a Garbage Service Charge of \$250 for a 120 litre bin service and \$380 for a 240 litre bin service for residential properties within the declared garbage service areas of the municipality, for the year commencing 1 July 2012.
13. Declare an optional Green Waste Garbage Service Charge of \$125 for a 240 litre bin service for Residential properties within the declared garbage service area of Swan Hill City (Collection Area Number 20), for the year commencing 1 July 2012.
14. Authorise borrowing of up to \$1,590,000 to fund Capital Works as outlined in the 2012/13 Budget document.
15. Provide a 3.0% discount where 2012/13 Rates and Charges are paid in full by 30 September 2012.
16. Provide a payment equivalent to 50% of the applicable rates for not for profit recreational properties which would have been previously entitled to the lower Recreational Differential Rate.

Policy Implications

Nil

Confirmed 21 August 2012.....Chairperson.....

Financial and Resource Implications

Adoption of the 2012/13 Budget authorises Council Officers to expend Council funds and raise revenue to implement the Budgeted Programs and Projects.

Triple Bottom Line Impact

Council's budget covers all aspects of Council operations and therefore impacts Economic, Social and Environmental outcomes.

Background

Councillors have been involved in the Budget preparation and review throughout the process and are well informed as to its content; however highlights and significant issues are as follows:

1. Rating Strategy

Minor changes to Council's Rating Strategy are proposed for 2012/13. The Budget will increase the discounted Differential Rate on farming properties without irrigation infrastructure used as grain/sheep producing land to 10%.

The 2012/13 budget proposes a 4.9% increase on the 2011/12 rates revenue. This follows last year's 4.9% increase and compares to a 5.1% State average. A 3.0% early payment discount will apply if rates are paid in full by 30 September 2012. New property valuations will apply for the 2012/13 year.

2. Waste Management

The budget reflects increased Waste Management charges at land fill sites in line with State Government Policy changes and general cost increases. Kerbside collection fees are unchanged for the second year in a row. The fee for a 120 litre garbage bin is \$250 and a 240 litre bin \$380. The optional Green Waste charge of \$125 will apply for the first time for the full year.

3. Capital Works

The Budget proposes an ambitious \$22 million Capital Works Program focussing on infrastructure replacement. This includes approximately \$3.7million carried forward projects. Some of the major works to be undertaken include refurbishment of the Swan Hill aerodrome runway, upgrade to the Nyah West Preschool to accommodate co-location with other services, technical equipment upgrade in the Swan Hill Town Hall, and over \$7 million for road reconstruction, resealing and re-sheeting (including flood repairs of \$2million).

4. Asset Management

The Budget is clearly focused on Asset Management issues and the need to fund Infrastructure replacement. \$11 million will be spent replacing Council assets, primarily roads and footpaths.

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In addition to CBD projects, expenditure on the road network will be \$9.5 million. Additional funds have also been provided for building maintenance and renewals.

5. Other Operational Initiatives

Consistent with the Council Plan the Budget provides for some additional funding to enhance social and environmental performance and provide organisational efficiencies.

Additional funds have been provided to recruit an additional Parks and Garden maintenance officer.

Operational efficiency will be further improved through continued investment in technology and internal process improvements.

6. Financial Management

The budget predicts, due to early payment an operating surplus of \$7,492,000 and a Rates Determination Surplus of \$46,000 for the 2012/13 financial year.

Net Debt will increase by \$377,000 to help fund the large Capital Works Program. Net Assets are budgeted to increase by nearly \$17 million. As a percentage of Rate and Charges Debt Servicing costs will be 7.6%, the lowest for at least 18 years.

Cash and Investments will be drawn down to fund works and services. These funds largely represent grant monies carried forward from the 2011/12 financial year. Despite this, Council still expects to hold nearly \$10 million in Cash and Investments at 30 June 2013.

Expenditure on Asset maintenance and replacement is 282% of the estimated long-term required level, up from 253% the previous year. This is consistent with Councils intention to be fully funding assets replacement needs on an ongoing basis within the next 5 years.

The average rate rise is 4.9%. This relatively low level of increase has been achieved despite a phased reduction of the grant from the State Government to help Council phase in the Rates affected by the removal of the value of Irrigation Water from rateable valuations. Without the reduced assistance Councils rate rise would have been around 3.9%. Rates and Charges will comprise 41% of Total Revenue compared to 40% budgeted for 2011/12.

Due to property revaluations and the increase discounted differential rate for Dry Land farmers, individual properties will experience a change in the rates applicable to that property that may be higher or lower than the 4.9% average.

Confirmed 21 August 2012.....Chairperson.....

Issues

Performance against the Annual Budget will require careful monitoring over the course of the year.

Consultation

A formal advertising and submission process as required by Statute has taken place. Submissions were received at a Special Council Meeting held on 7 August 2012 and considered earlier in this meeting Agenda.

In addition, suggestions for Projects and Programs from the community are received throughout the year. These were considered as part of the Budget preparation process.

Options

1. Adopt the 2012/13 Swan Hill Rural City Council Budget as presented.
2. Move to amend the Budget.

Conclusion

The 2012/13 Budget provides increases in Infrastructure spending particularly for asset replacement, and continues the implementation of the priority areas identified in the Council Plan.

Budget surpluses have been maintained and borrowings are well within the acceptable limits imposed by the State Government.

This has been funded within a moderate overall rate increase of an average 4.9%.

The 2012/13 Budget is presented for Council adoption.

Attachments

Nil.

Confirmed 21 August 2012.....Chairperson.....

Resolved

MOVED Councillor Croft

That Council:

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16. **Provide a payment equivalent to 50% of the applicable rates for not for profit recreational properties which would have been previously entitled to the lower Recreational Differential Rate.**

SECONDED Councillor Cruickshank

The Motion was Put and CARRIED

There being no further business the Mayor declared the meeting closed at 1.30pm

Confirmed 21 August 2012.....Chairperson.....