

# MINUTES

FOR THE  
GREATER SHEPPARTON CITY COUNCIL

## SPECIAL COUNCIL MEETING

HELD ON  
TUESDAY 23 APRIL, 2019  
AT 5.30PM

IN THE COUNCIL BOARDROOM

**COUNCILLORS:**

Cr Kim O’Keeffe (Mayor)  
Cr Shelley Sutton (Deputy Mayor)  
Cr Seema Abdullah  
Cr Dinny Adem  
Cr Bruce Giovanetti  
Cr Chris Hazelman  
Cr Les Oroszvary  
Cr Dennis Patterson  
Cr Fern Summer

***VISION***

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

**M I N U T E S  
FOR THE  
SPECIAL COUNCIL MEETING  
HELD ON  
TUESDAY 23 APRIL, 2019 AT 5.30PM**

**CHAIR  
CR KIM O'KEEFFE**

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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: Councillors Kim O’Keeffe, Shelley Sutton, Seema Abdullah, Dinny Adem, Bruce Giovanetti, Chris Hazelman, Les Oroszvary and Dennis Patterson.**

**OFFICERS: Peter Harriott – Chief Executive Officer  
Phillip Hoare – Director Infrastructure  
Chris Teitzel – Director Corporate Services  
Kaye Thomson – Director Community  
Tiffany Jenner – Official Minute Taker  
Rebecca Good – Deputy Minute Taker**

## **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 POLICY**

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**

**Moved by Cr Adem  
Seconded by Cr Abdullah**

That the apology from Cr Summer be noted, and a leave of absence granted.

**CARRIED UNOPPOSED.**

## **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 Appointment of Audit and Risk Management Committee Independent Members

**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: Team Leader – Risk and Assurance**

**Proof reader(s): Acting Manager, Corporate Governance**

**Approved by: Director, Corporate Services**

#### **Executive Summary**

The three (3) year terms for three of the independent members of the Audit and Risk Management Committee expired in February 2019. To fill these vacancies expressions of interest were invited by public notice.

Twelve expressions of interest were received, including one from Ms. Anne O'Connor who has served one term on this Committee.

At the Councillor Briefing Session on 19 March;

- It was recommended that Ms. Anne O'Connor should be invited to fill one of the vacancies
- Applicants were shortlisted to four people, to be interviewed by Mayor Kim O'Keeffe, Councillor Chris Hazelman and ARMC Independent Chair, John Calleja.

These interviews were held on the 12 April 2019, and the interview panel recommend that:

- Mr. David Kortum be invited to fill one of the vacancies; and
- Two other applicants should attend a second interview prior to a decision being made on the third position.

**Moved by Cr Hazelman  
Seconded by Cr Oroszvary**

That the Council appoint the following applicants as independent members of the Audit and Risk Management Committee for a period of three years, commencing on 23 April 2019 and concluding on 22 April 2022:

- Ms. Anne O'Connor
- Mr. David Kortum

**CARRIED UNOPPOSED.**

#### **Background**

The Audit and Risk Management Committee exists for the purpose of assisting Council in fulfilling its governance and oversight responsibilities in areas including:

- External reporting, including financial reports, the performance statement and the annual report
- External Audit
- Internal Audit

## 5. CORPORATE SERVICES DIRECTORATE

### 5.1 Appointment of Audit and Risk Management Committee Independent Members (continued)

- Risk Management and internal control
- Compliance
- Fraud and Corruption.

The Committee comprises 2 Councillors and 4 independent members including the chair. 3 of the independent member's terms have expired. Mr. Geoff Cobbledick and Mr Graeme Jolly are not eligible to reapply as they have served two 3 year terms. Ms. Anne O'Connor has reapplied.

The Charter stipulates that Councillors "have direct responsibility for selecting the members of the Committee...and applications will be presented to Councillors at a briefing session, for them to make a selection. Where interviews are required to make a final selection, this activity will be conducted by the two Councillors who are members of the Committee."

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

The Audit and Risk Management Committee assists with the Leadership and Governance pillar of the Council Plan.

#### **Risk Management**

Risks	Likelihood	Consequence	Rating	Mitigation Action
ARMC members may lack the requisite skills to challenge Council officers and provide assurance that appropriate financial and other risk management controls are in place.	Possible	Moderate	Medium	Select independent members who possess relevant skill sets that are currently underrepresented.

#### **Policy Considerations**

There are no Policy considerations.

#### **Financial Implications**

This Committee recommends to Council the signing of the annual financial statements and performance statement, based on their level of comfort that the documents are a true and fair view of operations.

#### **Legal/Statutory Implications**

The Charter requires this Committee to play an oversight role in Compliance matters. Legal/Compliance expertise is currently lacking.

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

There are no environmental/sustainability impacts arising from this paper.

#### **Social Implications**

There are no social implications from this paper.

## 5. CORPORATE SERVICES DIRECTORATE

### **5.1 Appointment of Audit and Risk Management Committee Independent Members (continued)**

#### **Economic Impacts**

There are no economic impacts from this paper.

#### **Consultation**

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

#### **Strategic Links**

##### **a) Greater Shepparton 2030 Strategy**

There are no links to the Greater Shepparton 2030 Strategy

##### **b) Other strategic links**

There are no other Strategic Links.

#### **Conclusion**

The terms of 3 independent members of the Audit and Risk Management Committee have expired. After shortlisting and interviews, suitable candidates have been identified to fill these positions.

#### **Attachments**

Nil

## 5. CORPORATE SERVICES DIRECTORATE

### 5.2 Draft Budget 2019/2020

#### **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 Draft Budget 2019/2020.

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 24 May 2019.

#### **The Mayor tabled a revised version of the Draft 2019/2020 Budget.**

**Moved by Cr Giovanetti**

**Seconded by Cr Adem**

That the Council:

1. authorise the exhibition of the Draft Budget 2019/2020 as presented;
2. authorise the Chief Executive Officer to:
  - a) give public notice of the preparation of the Draft Budget 2019/2020 in accordance with section 129 of the *Local Government Act 1989*;
  - b) stipulate in the public notice that persons may make a submission on the Draft Budget 2019/2020 in accordance with Section 223 of the *Local Government Act* (the Act) and that written submissions must be received by 5.00pm, 24 May 2019;
  - 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 4 June 2019 at 5.30pm to hear any person wishing to be heard in support of their submission on any proposal contained in the Draft Budget 2019/2020 in accordance with section 223 of the *Local Government Act 1989*
4. consider all written submissions on any proposal contained within the Draft Budget 2019/2020.
5. note that the Budget 2019/2020 will be presented for consideration of adoption at the Ordinary Council Meeting being held on 18 June 2019.

**CARRIED UNOPPOSED.**



## 5. CORPORATE SERVICES DIRECTORATE

### 5.2 Draft Budget 2019/2020 (continued)

#### **Background**

The Draft Budget 2019/2020 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 Draft Budget 2019/2020 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 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.

#### **2018/2019 Forecast/Actual**

The Draft Budget 2019/2020 provides comparisons with the 2018/2019 financial year forecast. The Q3 Adopted Forecast adopted at the 16 April 2019 Ordinary Council Meeting has been used for the Draft Budget 2019/2020 document.

#### **Draft Budget 2019/2020 – Rates and Charges Revenue**

The Draft Budget 2019/2020 proposes a 2.5 per cent increase in total rates revenue and 1.8 per cent increase in kerbside collection charges, both excluding supplementary valuations, which will generate \$79.49 million.

Section 4.1.2(l) of the Draft Budget 2019/2020 document confirms Council's compliance with the State Government's Fair Go Rates System (Rate Cap).

A further \$784,000 in supplementary rates and \$180,000 in penalty interest is budgeted for 2019/2020 taking the total rates and charges figure to \$80.44 million. Note these items, along with the kerbside collection charges, do not form part of the rate cap.

#### **2019/2020 Rating Differentials**

The proposed rating structure for the 2019/2020 year has been informed by the Rating Strategy 2017-2021 and previous consultation undertaken by Greater Shepparton City Council in February 2018.

In 2018/2019 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 determines only the share of revenue contributed by each property, not the total amount of rates collected by Council.

The Draft Budget 2019/2020 is based on the previously adopted changes. No changes to the rating differentials are proposed in the Draft Budget 2019/2020.

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

## 5. CORPORATE SERVICES DIRECTORATE

### 5.2 Draft Budget 2019/2020 (continued)

#### **Rates and Charges - 2019 Centralised Annual Valuations**

The Valuer-General Victoria (VGV) is now the sole valuation authority to conduct annual valuations for rating purposes. Previously revaluations were completed by Greater Shepparton every two years. The changes do not affect underlying valuation principles or methodologies, which are detailed in the Valuation Best Practice Specifications published by the VGV.

The Draft Budget 2019/2020 includes preliminary valuation data for 2019/2020 with valuations as at 1 January 2019. 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 subject to change.

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 Draft Budget 2019/2020 document.

Section 4.1.2(f) of the Draft Budget 2019/2020 provides an indication of the valuation movements for each rating differential group, however, individual property valuation movements will not be advised until the 2019/2020 annual rates notices for each property are distributed.

#### **Draft Budget 2019/2020 – Key Points**

The Draft Budget 2019/2020 provides for an Operating Surplus of \$32.54 million. Refer to Section 4.1 of the Draft Budget 2019/2020 document.

The Draft Budget 2019/2020 Schedule of Fees and Charges is included as Appendix A. It is budgeted that the adopted fees and charges will raise \$21.72 million during the 2019/2020 financial year.

The Draft Budget 2019/2020 provides for a \$71.08 million capital works program. Incorporated in the capital works program is \$32.79 million for new works and \$18.71 million for renewal works. Refer to Section 4.5 of the Draft Budget 2019/2020 document for further information.

Funding sources for the capital works program include \$47.06 million from Council operations, cash reserves and investments and \$20.43 million from external grants and cash contributions.

Any grants or contributions received by Council prior to 30 June 2019 will be considered as Council Cash for the purposes of the Draft Budget 2019/2020 as Council was in possession of the funds at the commencement of the budget year.

#### **Draft Budget 2019/2020 Financial Performance Indicators**

Section 5 of the Draft Budget 2019/2020 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.

## 5. CORPORATE SERVICES DIRECTORATE

### 5.2 Draft Budget 2019/2020 (continued)

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

In preparing the Draft Budget 2019/2020, a number of internal and external influences have been taken into consideration, as they impact significantly on the services delivered by the Council in the budget period.

For example, in 2016/2017 the Victorian State Government introduced a cap on rating increases. The cap for 2019/2020 has been set at 2.5 per cent which is also the state-wide Consumer Price Index (CPI) forecast increase for the year.

Other external issues placing financial pressure on Council for 2019/2020 and future years include increasing costs for collection and disposal of recyclable materials and increasing electricity and gas prices.

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

The Draft Budget 2019/2020 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

The Draft Budget 2019/2020 also includes 13 Service Performance Outcome indicators and 12 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 2019/2020 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 Draft Budget 2019/2020
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

## 5. CORPORATE SERVICES DIRECTORATE

### 5.2 Draft Budget 2019/2020 (continued)

#### 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.

	2018/2019 Forecast/Actual ('000s)	2019/2020 Draft Budget ('000s)	Variance \$ ('000s)	Comments
Revenue	145,523	159,264	(13,741)	Increases in rates and charges revenue, increases in capital grant funding and full receipt of Federal Financial Assistance Grant funds in 2019/2020.
Expense	126,425	126,725	300	Savings achieved in recurrent materials and services operating expenditure offsetting increases in Employee Costs (as per EBA) and Depreciation expense.
Net Surplus	19,098	32,539	(13,441)	

#### Legal/Statutory Implications

The Draft Budget 2019/2020 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*.

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 Draft Budget 2019/2020.

#### Social Implications

The Draft Budget 2019/2020 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.

## 5. CORPORATE SERVICES DIRECTORATE

### **5.2 Draft Budget 2019/2020 (continued)**

#### **Economic Impacts**

The boost from the Greater Shepparton City Council capital works program is important with \$71.08 million of infrastructure works proposed for the 2019/2020 financial year to encourage economic activity.

#### **Consultation**

It is proposed that public notice be given in the Shepparton News on Friday 26 April 2019 that Council's Draft Budget 2019/2020 has been prepared and is available for inspection on Council's website, or at Council's offices in Welsford Street and Doyles Road 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 24 May 2019.

Public information sessions regarding the Draft Budget 2019/2020 are proposed for mid-May 2019 and will be communicated once details are confirmed.

The Council Website and advertisements will be utilised to raise awareness of the Draft Budget 2019/2020 and encourage the community to seek further information.

#### **Strategic Links**

##### **a) Greater Shepparton 2030 Strategy**

The Draft Budget 2019/2020 is linked to the *Greater Shepparton 2030 Strategy* via the Council Plan.

##### **b) Other strategic links**

The Draft Budget 2019/2020 is linked to the Council Plan by the funding of the Strategic Objectives contained in the Council Plan.

#### **Attachments**

Draft Budget 2019/2020

**Meeting Closed at 5.38pm**