

AGENDA

Greater Shepparton City Council

ADDITIONAL COUNCIL MEETING

9:00AM, Tuesday 7 May 2024

In the Council Boardroom

COUNCILLORS

Cr Shane Sali (Mayor)

Cr Sam Spinks (Deputy Mayor)

Cr Seema Abdullah

Cr Dinny Adem

Cr Anthony Brophy

Cr Geoffrey Dobson

Cr Greg James

Cr Ben Ladson

Cr Fern Summer

VISION

GREATER SHEPPARTON, GREATER FUTURE

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture a diverse community and abundant opportunities

Values

Values reflect what we feel is important. Organisations may have core values that reflect what is important in the organisation. These values may be guiding principles of behaviour for all members in the organisation.

Respect first, always

We are attentive, listen to others and consider all points of view in our decision making.

Take ownership

We take pride in honouring our promises and exceeding expectations, and are transparent with and accountable for our actions.

Courageously lead

We lead with integrity, and stand up and stand by what is in the best interests of the Greater Shepparton community.

Working together

We work collaboratively to create higher quality outcomes that are more efficient, thoughtful, effective and responsive. We cannot accomplish all that we need to do without working together.

Continually innovate

We are open to new ideas and creatively seek solutions that encourage us to do our best for our community.

Start the celebration

As ambassadors for our people and place, we proudly celebrate the strengths and achievements of Council and the Greater Shepparton community.

**A G E N D A
FOR THE
ADDITIONAL COUNCIL MEETING
HELD ON
TUESDAY 7 MAY 2024 AT 9:00AM**

**CHAIR
CR SHANE SALI
MAYOR**

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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.

Risk Matrix			Consequence				
			Negligible	Minor	Moderate	Major	Catastrophic
			1	2	3	4	5
Likelihood	Rare	1	LOW 1	LOW 2	LOW 3	LOW 4	MEDIUM 5
	Unlikely	2	LOW 2	LOW 4	MEDIUM 6	MEDIUM 8	HIGH 10
	Possible	3	LOW 3	MEDIUM 6	MEDIUM 9	HIGH 12	HIGH 15
	Likely	4	LOW 4	MEDIUM 8	HIGH 12	HIGH 16	EXTREME 20
	Almost Certain	5	MEDIUM 5	HIGH 10	HIGH 15	EXTREME 20	EXTREME 25

Low	1-4
Medium	5-9
High	10-16
Extreme	17-25

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.

1 Welcome to Country

Cr James will now present a Welcome to Country on behalf of the Yorta Yorta Elders Council and the 16 family groups.

2 Acknowledgement

We, Greater Shepparton City Council, acknowledge the Yorta Yorta Peoples of the land which now comprises Greater Shepparton, we pay our respect to their tribal elders, we celebrate their continuing culture and we acknowledge the memory of their ancestors.

3 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.

4 Governance Principles

Council considers that the recommendations contained in this Agenda gives effect to the overarching governance principles stated in Section 9(2) of the *Local Government Act 2020*. These principles are as follows:

1. Council decisions are to be made and actions taken in accordance with the relevant law;
2. priority is to be given to achieving the best outcomes for the municipal community, including future generations;
3. the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;
4. the municipal community is to be engaged in strategic planning and strategic decision making;
5. innovation and continuous improvement is to be pursued;
6. collaboration with other Councils and Governments and statutory bodies is to be sought;
7. the ongoing financial viability of the Council is to be ensured;
8. regional, state and national plans and policies are to be taken into account in strategic planning and decision making;
9. the transparency of Council decisions, actions and information is to be ensured.

5 Apologies

RECOMMENDATION

That the apology from Cr Seema Abdullah and Cr Geoff Dobson be noted and a leave of absence be granted.

6 Declarations of Conflict of Interest

In accordance with section 130 (1)(a) of the Local Government Act 2020 Councillors are required to disclose any “conflict of interest” in respect of a matter to be considered at a Council Meeting.

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

7 Corporate Services Directorate

7.1 2024/2025 Draft Budget

Author Acting Manager - Finance & Rates
 Approved by Director Corporate Services
 Purpose For Decision by Council

Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

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.

RECOMMENDATION

That the Council:

- 1. Endorse the 2024/2025 Draft Budget as presented for the purposes of Section 94 of The Local Government Act 2020, as attached;**
- 2. Endorse the 2021-2025 Revenue and Rating Plan, as attached;**
- 3. Resolve to place the 2024/2025 Draft Budget on public exhibition for community feedback pursuant to Council's Community Engagement Policy.**

Executive Summary

The 2024/2025 Draft Budget has been prepared in accordance with the requirements of the *Local Government Act 2020 (the Act)* and is presented to the Council to endorse for community feedback.

In November and December of 2023, Council invited the community to share what they would like to see included in the 2024/2025 Draft Budget. A conversation report has been prepared outlining key themes from the consultation and how the budget has been influenced.

As a result of financial pressures including the impact of two 0% rate rises, historical rate caps below inflation, COVID and the October 2022 Floods, Council has less funds available to fund new assets or more services.

The 2024/2025 Draft Budget operating position presented is an underlying operating deficit, stipulating that Council's budgeted operating expenditure will exceed budgeted operating revenues. This indicates financial sustainability issues which need to be addressed in forthcoming budgets.

The 2024/2025 Draft Budget proposes a rate increase of 2.75 per cent, in line with the Rate Cap set by the Minister for Local Government. The proposed rating structure contained within the 2024/2025 Draft Budget has been informed by the proposed 2021-2025 Revenue and Rating Plan (attached), which includes removing the Derelict Land differential.

Following endorsement of the 2024/2025 Draft Budget, the community will be invited to provide feedback on the draft budget and the proposed change to the 2021-2025 Revenue and Rating Plan. This feedback will be reported back to Council prior to the final 2024/2025 Budget being presented for adoption at the June Ordinary Council meeting.

Report Detail

Background

The 2024/2025 Draft Budget has been prepared in accordance with the requirements of the *Local Government Act 2020* (the Act). Greater Shepparton City Council uses the Local Government Model Budget as published by Local Government Victoria, to assist Council's in preparing annual budgets in accordance with Australian Accounting Standards and the requirements of the Act.

The Act requires Council to:

- Prepare a budget for each financial year and the subsequent three financial years by June 30 – Section 94(1)
- Ensure the budget contains financial statements, a description of services and initiatives, the total amount that Council intends to raise by rates and charges, prescribed indicators of service performance and a statement as to how these will contribute to achieving the strategic objectives specified in the Council Plan required by the regulations – Section 94(2).
- Ensure the budget is developed in accordance with the financial management principles and its community engagement policy – Section 96(1)

The Budget is an important document as it sets out the resourcing plan for achieving priorities adopted in Council's 2021-2025 Council Plan and supporting strategies.

Community Engagement

Council's Community Engagement Policy commits Council to undertake consultative engagement when developing a draft budget. Consultative engagement involves providing information to the community to help them understand the matter and seeking feedback from the community such as ideas, thoughts and insights, which are considered by Council and the outcome of the engagement is reported back to the community.

In November and December 2023 Council commenced development of the 2024/2025 Draft Budget by inviting the community to provide input on different elements of the budget. This engagement was managed via the Shaping Greater Shep website, with respondents also provided the opportunity to give feedback and share ideas via email. A total of 117 responses were received, with Council hearing submissions in relation to 13 topics on 20 February 2024.

The feedback received through this consultative process has been considered when developing the 2024/2025 Draft Budget.

The attached Budget Development Consultation Conversation Report provides an overview of the consultation process, what was heard and how this influences the 2024/2025 Draft Budget.

Following endorsement of the 2024/2025 Draft Budget by Council, the community will have the opportunity to provide feedback on the 2024/2025 Draft Budget, including feedback on Council's forecast financial position, the allocation of funds within the budget and opportunities for improvement on the budget consultation process and the Draft Budget document itself.

The community is also being engaged on proposed changes to the 2021-2025 Revenue and Rating Plan. The proposed changes are to remove the Derelict Land differential and amend sections 4.12 Service Rates and Charges, 4.13.1 Payment Options and 4.13.7 Debt Recovery to align with current legislation within the *Local Government Act 1989*.

Feedback in relation to the 2024/2025 Draft Budget and proposed changes to the 2021-2025 Revenue and Rating Plan can be submitted via the Shaping Greater Shepp website, by email or post.

Financial Sustainability

It's important to manage expectations when it comes to setting the Council budget.

Over recent years Council's costs have grown at a greater rate than the revenue Council is able to generate. COVID and the more recent floods have impacted Council's ability to generate revenue from user fees and charges, and Council's total rate revenue is capped by the State Government. This cap has not kept pace with the rising costs faced by Council. Council also determined not to raise rates at all during 2021/2022 and 2022/2023 due to the impacts of COVID felt by the community including cost of living pressures.

As a result of these pressures, Council has less funds available to fund new assets or more services. It is important that Council carefully prioritises the needs of the community, which is done through the Council Plan and ensuring projects and initiatives complement existing plans or strategies adopted by Council, in which the community has a say.

In setting the 2024/2025 Budget, Council must strive for quality levels of service and affordability for the community while maintaining financial sustainability for future generations to benefit.

Operating Budget

The 2024/2025 Draft Budget income statement, showing projected revenue, expenditure and the net result is in the beginning of section 3 of the budget document.

The 2024/2025 Draft Budget projects total revenue of \$182.78 million and operating expenditure of \$162.09 million, resulting in a \$20.69 million accounting surplus.

The 2024/2025 Draft Budget projects an adjusted underlying operating deficit of \$7.9 million as noted in section 4.1.1 of the budget document. This result removes capital related items from the income statement to give a true operating position.

The adjusted underlying operating deficit position highlights financial sustainability challenges faced by Council in the current environment. The 2021-2025 Council Plan aims to achieve and maintain a true underlying operating surplus. While this proposed budget does not align with that target, it should be noted that Council's adopted 2021-2031 Financial Plan identifies the path to achieving an operating surplus by year ending 30 June 2027.

Operational budget key initiatives are detailed within section 2 of the budget document and are linked to the strategic objectives of the Council Plan.

Capital Works

The proposed capital works budget is detailed in section 4.5 of the budget document.

Section 4.5.2 lists the new works proposed for the 2024/2025 Draft Budget and section 4.5.3 lists the works carried forward from the 2023/2024 financial year.

The proposed capital works budget of \$64.8 million is made up of \$59.3 million of new works for 2024/2025 and \$5.5 million of works re-budgeted from the 2022/2023 capital works program

The program will be funded by \$17.3 million of grant funding and \$36.3 million of Council funds. Borrowings are proposed for the GV Link Stage 1 project of \$9.67 million.

Informed by adopted Asset Management Plans, renewal and upgrade of existing assets form a substantial part of 2024/2025 Draft Budget. Council's asset renewal and upgrade as a percentage of depreciation is budgeted to be 95%.

The \$64.8 million of new works noted in section 4.5.2 of the 2024/2025 Draft Budget includes:

- GV Link Stage 1 project which aims to provide future serviced industrial land to support expansion of existing industries and facilitate new investment in the Goulburn Valley area.
- Delivery of community projects including the Cycling Precinct Velodrome Lighting Upgrade, Victoria Skate Park Lighting, a new Tatura Skate Park, Wanganui Oval Lighting and Irrigation Upgrade, and new Playground Shade Sails.
- Drainage projects including the upgrade of the Margaret Street Pump Station in Tatura, Drummond Road Drainage Upgrade and Lenne Street Mooroopna Stage 1.
- Works at the Shepparton BMX facility including Clubrooms, Track Enhancements and Start Hill Enhancements.
- Renewal of assets informed by Council's Asset Management Plans.
- Decarbonisation initiatives to facilitate Council's 2030 Net Zero target.
- Delivery of projects relating to various Developer Contribution Plans (DCP's) as part of the municipality's continued growth.

Borrowings

Borrowings of \$9,675,000 are included in the 2024/2025 Draft Budget.

These borrowings are being proposed to finance the construction of the GV Link Stage 1 project, until income resulting from land sales for the project will be received. This purpose is aligned with appropriate use of borrowings as outlined in Council's Borrowing Policy.

Rates & Charges

Overview

Under the *Local Government Act 1989* Council must declare the amount of revenue which it intends to raise from general rates, the municipal charge and service charges each year.

The 2024/2025 Draft Budget proposes a rate increase of 2.75 per cent, in line with the Rate Cap set by the Minister for Local Government. This will generate \$82.4 million in total rate revenue.

A further \$823,601 in supplementary rates, \$533,000 in penalty interest and \$12.1 million in service charges is budgeted for during 2024/2025 taking the total rates and charges figure to \$95.8 million. These items, along with kerbside services charges, do not form part of the rate cap.

The 2021-2025 Revenue and Rating Plan is attached to inform the community of the proposal to remove the Derelict Land differential.

The proposed service charges for kerbside collection are influenced by Councils kerbside transition plan which includes bin frequency changes which have been implemented, the introduction of the glass bin, waste diversion targets, contamination of kerbside bins, collection and processing contract rates, the landfill disposal price and EPA Levy.

2021-2025 Revenue and Rating Plan

The removal of the Derelict Land differential has a minimal impact on the ratepayer base as a whole, therefore informing the community of the proposed change is considered appropriate.

The removal of the Derelict Land differential would reduce the rates levied on each property currently assessed in this differential and redistribute the difference. As the rating differentials do not determine the total rates to be levied, only the distribution of the rates burden, the total rates revenue remains at \$82.4 million.

Proposed changes to align with current legislation are outlined below.

4.12 Service Rates and Charges

Remove the reference to water supply and sewage services and replace with waste, recycling or resource recovery as reflected in Section 162

4.13.1 Payment Options

Insert reference to Section 171B of the *Local Government Act 1989* legislating a person may enter into a payment plan for payment of rates and charges.
Council’s current Hardship Policy currently reflects the ability to enter into a payment plan with Council.

4.13.7 Debt Recovery

Insert reference to Section 180A of the *Local Government Act 1989* which legislates Council must not commence recovery proceedings in the Magistrates’ Court unless it has been 24 months since the ratepayer was notified, in writing, of the overdue amount.

Rating Differentials and Property Valuations

The proposed rating structure contained with the 2024/2025 Draft Budget has been informed by the proposed 2021-2025 Revenue and Rating Plan, attached.

The elements of the Revenue and Rating Plan determines only the share of revenue contributed by each property, not the total amount of rates to be levied by Council. The table below reflects the differential and the level of rate for each.

Rating Differential	Rating Differential %
General	100%
Farm	90%
Commercial/Industrial	205%

The rating information contained within the 2024/2025 Draft Budget has been based on the preliminary valuation data, also contained within the document. These preliminary valuations are subject to change prior to adoption of the 2024/2025 Budget pending the final valuations being certified by the Victorian Valuer-General.

The preliminary valuation data suggests that property valuations have remained steady with the overall change being an increase of 1.8 per cent. It is important to note that a change to the overall valuation base does not increase or decrease the total rate revenue generated, rather it will influence how much each property will contribute.

Section 4.1.2 (a) to (f) of the 2024/2025 Draft Budget provides an indication of the of the rates to be levied and the valuation movement in each rating differential.

Service Charges

Council levy service charges for waste, recycling and resource recovery services. Revenue collected from service charges are not able to be used to fund other Council services, therefore, Council officers maintain a pricing model and reconciliation of waste, recycling and resource recovery revenues and expenditures to ensure there is no subsidisation of other Council services.

Pricing is reviewed each year to ensure fair pricing based on the afore mentioned influences, as well as the current data in relation to waste volume, contamination, the current waste contract rates and the new contract rates. Ratepayers can influence the waste services charges by increasing waste diversion and decreasing contamination levels.

Section 4.1.2 (i) and (j) of the 2024/2025 Draft Budget outlines the proposed waste service charges and the estimated revenue associated with kerbside collection.

Financial Performance Indicators

Financial Performance Indicators are outlined in section 5b of the 2024/2025 Draft Budget document. These indicators provide a useful analysis of Council’s current and projected performance across a range of key financial indicators.

Council Plan / Key Strategic Activity

COMMUNITY LEADERSHIP

We will prioritise leadership in the community to celebrate our cultures, people and places that makes Greater Shepparton a unique, vibrant, diverse and liveable region.

1.8 Good governance and sustainable financial management.

Risk Management

Risks	Likelihood	Consequence	Rating	Mitigation Action
Deterioration of Council’s financial position against the adopted Financial Plan, resulting in diminished ability to achieve and maintain financial sustainability, as measured by the adjusted underlying operating result, liquidity and renewal and upgrade of assets.	Possible	Moderate	Medium	Linkage of budget setting and performance to the adopted Financial Plan.

Policy Considerations

The 2024/2025 Draft Operating budget has been prepared in accordance with accounting policies and the 2021-2031 Financial Plan.

Financial Implications

The 2024/2025 Draft Budget operating position presented is an underlying operating deficit, indicating that Council's budgeted operating expenditure will exceed budgeted operating revenues. This indicates financial sustainability issues.

Council's adopted Financial Plan 2021-2031 outlines a target of achieving a small underlying operating surplus by 2026/2027. The 2024/2025 Draft Budget position evidences challenges in achieving this, including a rate cap that is lower than inflation, the impact of previous zero per cent rate rises, recovery of user fees following COVID and floods and significant increases to unavoidable expenditure such as insurances. Council is also currently negotiating a new enterprise agreement which may place further pressure on the operating position.

The adopted Financial Plan 2021-2031 outlines strategic actions and budget assumption to achieve an underlying operating surplus by 2026/2027, including:

- Growing revenues, including rates and user charges.
- Limiting growth of expenditure.
- Reviewing services to identify efficiencies.

The 2024/2025 Draft Budget operating position should be considered with regard to the adopted Financial Plan 2021-2031 and Council Plan 2021-2025.

Legal / Statutory Implications

There are no legal or statutory implications associated with this report.

Environmental / Sustainability Impacts

There are no environmental or sustainability impacts associated with this report.

Social Implications

There are no social implications associated with this report.

Gender Impact Assessment

Officers reviewed the Gender Impact Assessment (GIA) which was undertaken during the development of this draft budget to ensure it remains compliant with Council's obligations outlined in the Gender Equality Act 2020.

A Gender Impact Assessment was not conducted.

Economic Impacts

There are no economic implications associated with this report.

Consultation

Community consultation was carried out in November and December 2023. Submitters were invited to provide feedback on what they would like to see included in the 2024/2025 Draft Budget. Submitters were heard by Council at a council briefing on 20 February 2024. A conversation report has been prepared outlining key themes from the consultation and how the budget has been influenced.

This report recommends Council endorse the 2024/2025 Draft Budget and 2021-2025 Revenue and Rating Plan and make both publications available for community feedback pursuant to Council's Community Engagement Policy. Community feedback will be sought via the Shaping Greater Shepp website between 10 May 2024 and 31 May 2024, before the final 2024/2025 Budget is presented for adoption at the June 2024 Ordinary Council Meeting.

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

- Financial Plan 2021-2031.
- 2021-2025 Revenue and Rating Plan.

Conclusion

The report presents the 2024/2025 Draft Operating Budget and 2021-2025 Revenue and Rating Plan for endorsement by Council.

Attachments

1. Budget Development Consultation Conversation Report 2024 2025 - Council Meeting 7 May 2024 [7.1.1 - 16 pages]
2. 2024 2025 DRAFT Budget Document - Endorse Additional Council Meeting 7 4 2024 [7.1.2 - 122 pages]
3. Council Rating Strategy 2021-2025 [7.1.3 - 24 pages]



8 Close of Meeting