



SPECIAL MEETING OF COUNCIL AGENDA

MONDAY, 9 MAY 2011

COUNCIL MEETING ROOM COBRAM CIVIC CENTRE, PUNT ROAD, COBRAM

1. CALLING TO ORDER - CEO

2. PRAYER

Almighty God we humbly ask you to guide our deliberations for the welfare and benefit of the Moira Shire and its people whom we serve.

Amen

3. ACKNOWLEDGEMENT OF COUNTRY

We, the Moira Shire Council, would like to acknowledge the traditional owners of the land upon which we meet and pay our respects to their Elders both past and present.

4. APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE

5. DECLARATION UNDER ACTS, REGULATIONS, CODES OR LOCAL LAWS

6. DECLARATION OF ANY INTEREST OR CONFLICT OF INTEREST

7. OFFICERS REPORTS FOR DETERMINATION

7.1 MOIRA SHIRE COUNCIL 2011/2012 PROPOSED BUDGET

8. CLOSE OF MEETING

A handwritten signature in black ink, appearing to read 'Gary Arnold', is written over a light grey circular stamp.

**GARY ARNOLD
CHIEF EXECUTIVE OFFICER**

FILE NO: 180.07.0020
3. OUR COMMUNICATIONS AND
PROCESSES
COUNCIL PLAN ACTION NO. 3.3.4

ITEM NO: 8.1
(MANAGER FINANCE, PATRICK
KEMPTON)

MOIRA SHIRE COUNCIL 2011/12 PROPOSED BUDGET

1. Executive Summary

Council is required to adopt an Annual Budget under the provisions of the Local Government Act 1989.

The 2011/12 Proposed Budget aims to improve Council's financial position and also to assist in the achievement of the goals as established in the Council Plan.

The proposed budgeted operating surplus for 2011/12 is \$0.16 million, as a result of:

- 3.5 percent increase in income
- 4.3 percent increase in expenses, or, 0.9 percent after excluding growth items.

The Proposed Budget includes the following growth items. Some represent an increase in the level of service to the community and others are an unavoidable externally imposed burden on Council's revenue.

Additional contribution to Goulburn Valley Library for superannuation	\$20,000
New occupational health and safety programs	\$53,560
Information technology - integrated corporate system	\$350,000
Property revaluation for rating purposes	\$140,000
New employees for parks and gardens, tourism and arts and culture	\$245,543
Increase in grading of unsealed roads	\$275,000
Rural drainage	\$76,000
Cobram landfill site audits for EPA requirements	\$90,000
EPA levy	\$96,000
Fuel (above CPI)	\$97,000
Total	\$1,443,103

Council proposes to increase municipal rates and municipal charge collections by 7.4 percent in the 2011/12 financial year. This level allows our Council to maintain existing service levels, fund the necessary renewal of the municipality's infrastructure and reduce its loan liability. An added burden is work, now identified, on drainage systems following 2010/11 flooding.

The total proposed Capital Works program is \$9.6 million, of which \$0.2 million is for carryover projects from the 2010/11 year. Of the \$9.6 million in capital funding required, \$6.0 million will come from Council operations and available cash in 2011/12, \$2.5 million from external grants, \$0.6 million from asset sales, and \$0.5 million from loans, which is for drainage works.

Also, Council proposes to purchase a strategic parcel of land with an interest free loan on vendor terms. The current estimated purchase price is approximately \$0.3 million.

Council's cash and investments balance as at 30 June 2012 is forecast to be \$6.5 million and working capital \$3.8 million.

This Proposed Budget has been developed through a rigorous process of review and Council endorses it as financially responsible. It will be the subject of public consultation for a period of

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MOIRA SHIRE COUNCIL 2011/12 PROPOSED BUDGET (cont'd)

28 days. During this time, Council will hold information sessions for the community. Residents and other interested members of the community will be invited to view and make comments and submissions on this Proposed Budget by 9 June 2011.

The Annual Budget will be considered for adoption at the Ordinary Meeting of Council on 20 June 2011.

2. Discussion

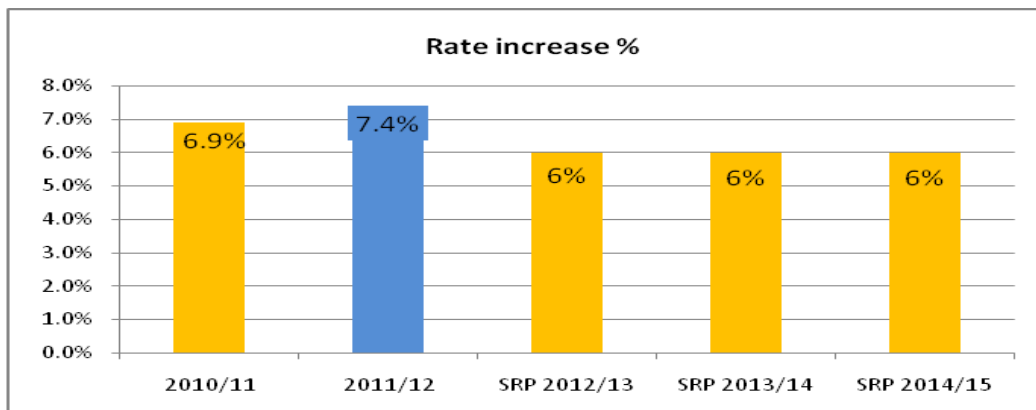
Council has prepared a Proposed Budget for the 2011/12 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay, whilst addressing the major challenges facing Council.

The challenges facing Council include:

- reducing the level of indebtedness;
- maintaining adequate liquidity levels;
- staff recruitment and retention;
- improved consultation and community development;
- renewal of infrastructure assets (roads, culverts, bridges);
- improve service levels where possible, while maintaining service level in other areas in the face of increasing costs;
- escalating costs of waste management;
- continuing appropriate strategic land use planning to manage growth and infrastructure development;
- renewal expenditure for facilities, such as buildings;
- funding capital expansion;
- adapt to climate change.

Key budget information is provided below about the rate increase, operating result, service levels, cash and investments, capital works, financial position, financial sustainability and key strategic activities of the Council.

Rates



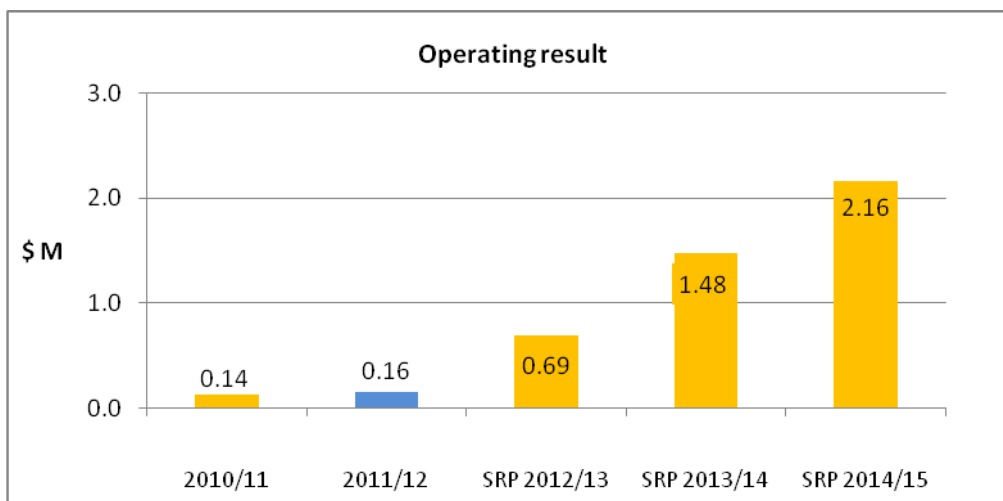
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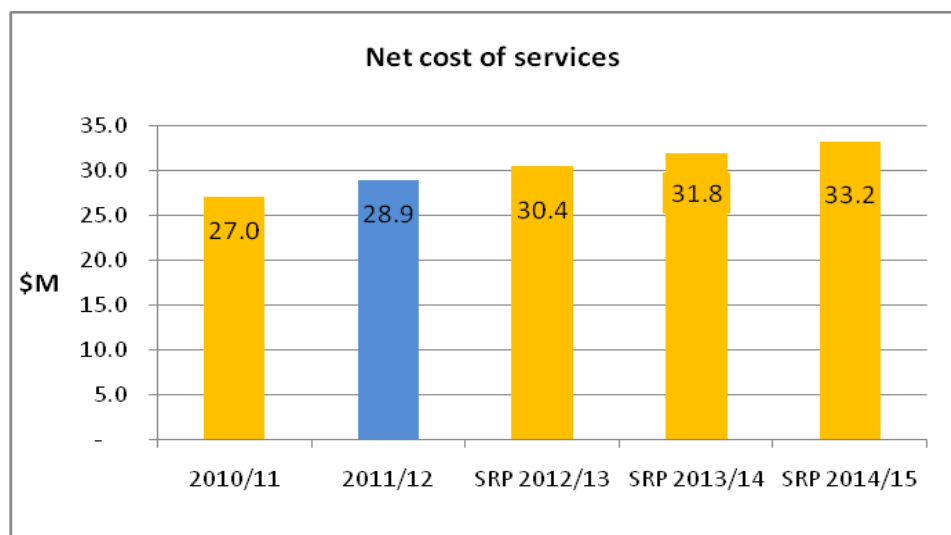
Council's required general rate and municipal charge revenue from 2011/12 is \$20,892,555. After deducting \$190,000 for the final instalment of the unbundling of water assistance package, the increase in rates is 7.4 percent over 2010/11 revenue. In total, the Council will raise rates revenue of \$25.7 million which includes \$0.4 million generated from supplementary rates. This increase will go toward drainage improvements, maintaining service levels and meeting the cost of a number of external influences, such as the increase in the EPA levy, affecting the operating budget in line with Council's rating strategy.

Operating result



The expected operating result for the 2011/12 year is a surplus of \$0.16 million, which is an increase of \$0.02 million over 2010/11.

Services



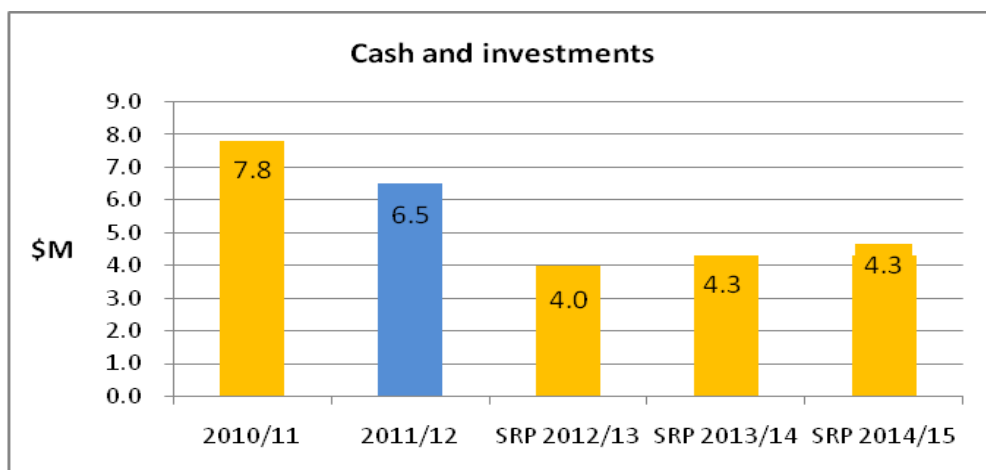
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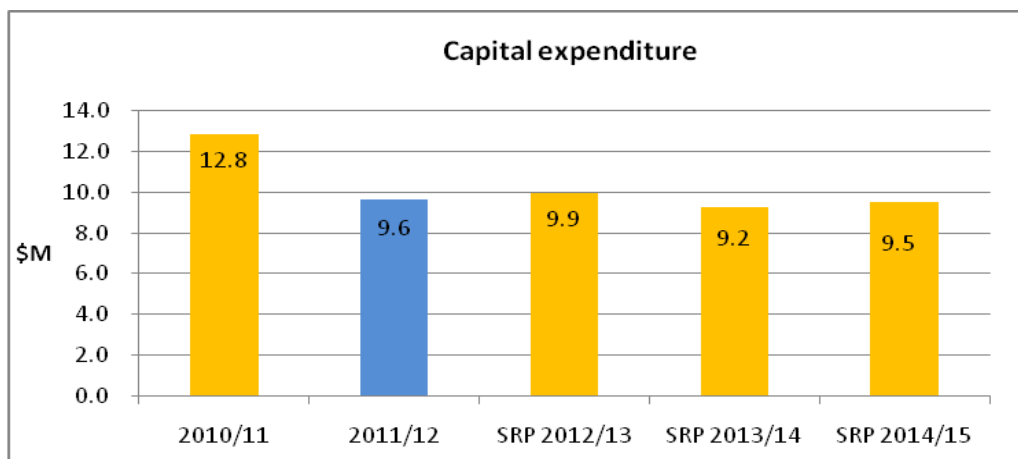
The net cost of services delivered to the community for the 2011/12 year is expected to be \$28.9 million, which is an increase of \$1.9 million over 2010/11. The net cost of services is the total operating cost of services delivered less income directly attributable to those services, such as fees and government grants. A key influencing factor in the development of the 2011/12 budget has been the results of the community satisfaction survey conducted for the Council. There is a clear message that ratepayers want improved service levels. For the 2011/12 year, some service levels have been increased with others have been maintained. Also, some new activities and initiatives are proposed. Examples are increase in grading unsealed roads, arts and culture officer and new health and safety programs.

Cash and investments



Cash and investments are expected to decrease by \$1.3 million during the year to \$6.5 million as at 30 June 2012. This net cash outflow reduction is mainly due to the \$2.0 million reduction in new loan borrowings for 2011/12.

Capital works



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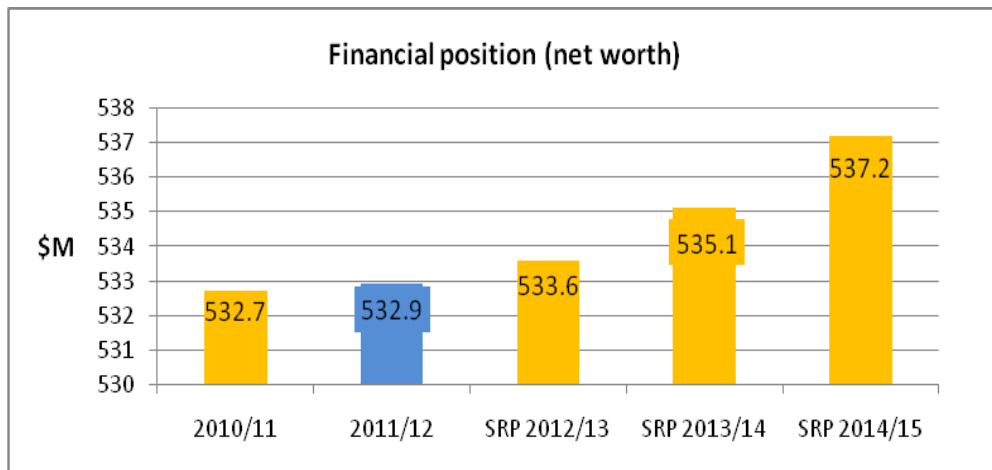
MOIRA SHIRE COUNCIL 2011/12 PROPOSED BUDGET (cont'd)

The capital works program for the 2011/12 year is expected to be \$9.6 million. Funding for the program will come from capital grants \$2.5 million, new borrowings \$0.5 million, Council's operating activities \$6.0 million and sale of assets \$0.6 million. The capital expenditure program has been set and prioritised based on a rigorous process of professional review using Council's Projects Priority Assessment Model (PPAM), and, of consultation that has enabled Council to assess needs and develop sound business cases for each project. The program for 2011/12 includes:

- \$2.6 million for re-sheeting and resealing of roads as well as replacement of damaged footpath and kerb and channel;
- \$0.2 million for reconstruction of 1.3km of Youanmite Road;
- \$0.5 million for drainage works;
- \$0.2 million for a skatepark in Cobram;
- \$0.5 million to upgrade the Bundalong boat ramp and associated area;
- \$3.1 million for landfill rehabilitation works; and
- \$0.9 million for purchase and replacement of plant and vehicles.

For 2011/12, Council's renewal and upgrade total is \$9.2 million with new assets of \$0.4 million.

Financial position (net worth)



Net assets (net worth) will increase by \$0.2 million to \$532.9 million and net current assets (working capital) will reduce by \$1.0 million to \$3.8 million as at 30 June 2012, which is mainly due the use of cash reserves to fund the capital works program.

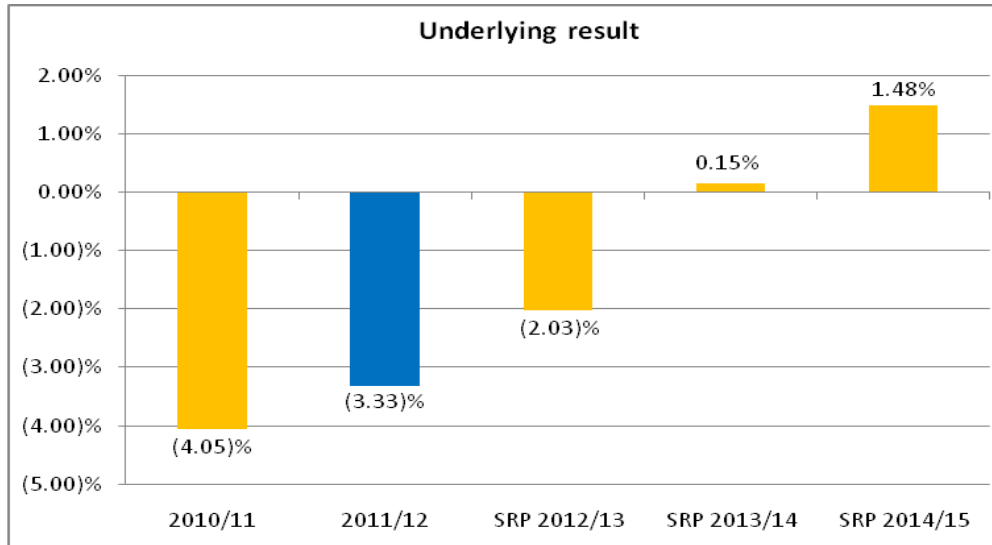
Financial sustainability

A high level Strategic Resource Plan for the years 2011/12 to 2020/2021 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan.

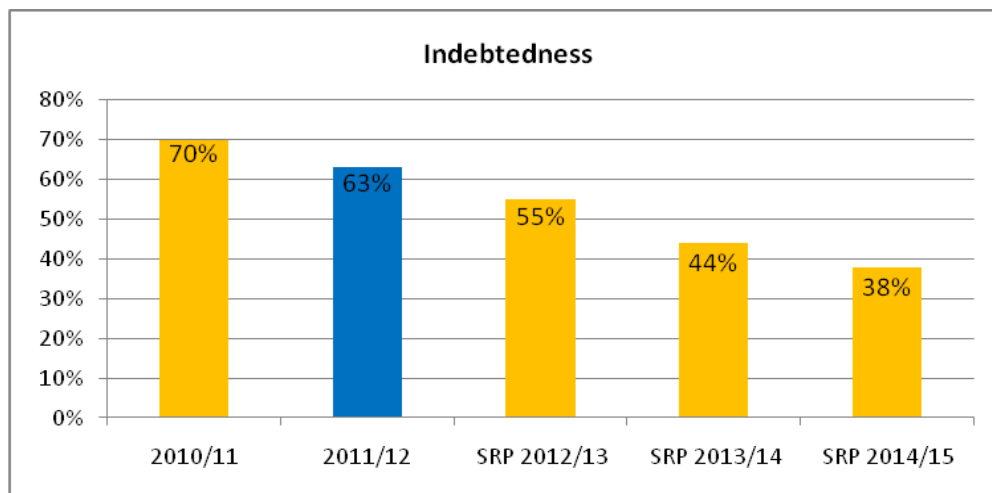
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The underlying result is a measure of financial sustainability. This measure is the operating result reduced for the contributed assets as a percentage of the underlying revenue, which is total revenue plus proceeds of sale of assets less contributed assets. Council projects an improving underlying result, which is a surplus, for 2013/14.



A further measure of financial sustainability is indebtedness. This measure is total non-current liabilities as a percentage of own source revenue. Own source revenue is total revenue plus written down value of assets sold, less grants and less sale of land held for resale. The indebtedness ratio measures Council's ability to meet its obligations in regard to non-current liabilities, which includes loans and provision for landfill rehabilitation. Council aims to target an indebtedness ratio of 40 percent or lower, which means it will be in the category of low risk of having financial sustainability concerns. Council will reach that level in 2014/15.

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Strategic objectives

The Proposed Budget 2011/12 includes a range of activities and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan.

Key Strategic Activities

Strategic Goal	Key Strategy
Our Communities	<ul style="list-style-type: none"> • Increase the Community Satisfaction rating for performance in the Appearance of Public Areas to greater than 69. • Increase the Community Satisfaction rating for performance in Town Planning Policy and Approvals to greater than 58. • Increase the Community Satisfaction rating for performance in Economic Development responsibilities to greater than 58. • Increase the Community Satisfaction rating for performance in the Enforcement of By-Laws to greater than 63.
Our Environment and Lifestyle	<ul style="list-style-type: none"> • Increase the Community Satisfaction rating for performance in the provision of Local Roads and Footpaths to greater than 51. • Increase the Community Satisfaction rating for performance in Traffic Management and Parking Facilities to greater than 60. • Increase the Community Satisfaction rating for performance in the provision of Health and Human services to greater than 78. • Increase the Community Satisfaction rating for performance in the provision of Waste Management to greater than 71.
Our Communications and Processes	<ul style="list-style-type: none"> • Increase the Community Satisfaction rating for performance in the provision of Recreational Facilities to greater than 69. • Increase the Community Satisfaction rating for Council's advocacy and Community representation on key local issues to greater than 63. • Increase the Community Satisfaction rating for Council's engagement in decision making on key local issues to greater than 58.
Our People	<ul style="list-style-type: none"> • Increase the Community Satisfaction rating for overall performance generally of the Council to greater than 64. • Increase the Community Satisfaction rating for Council's interaction and responsiveness in dealing with the public to greater than 68. • Increase the Community Satisfaction rating for overall performance in key service areas and responsibilities to greater than 64.

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The preparation of the budget begins with officers preparing the annual budget in accordance with the Act and submitting the “proposed” budget to Council for approval “in principle”. Council is then required to give “public notice” that it intends to “adopt” the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for public inspection. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council. The final step is for Council to adopt the budget after considering any submissions. The budget is required to be adopted and a copy submitted to the Minister by 31 August each year. The key dates for the budget process are summarised below:

Budget process	Timing
1. Proposed budget submitted to Council for approval	09/5/2011
2. Public notice advising intention to adopt budget	11/5/2011
3. Budget available for public inspection and commitment	11/5/2011
4. Submissions period closes	09/6/2011
5. Submissions considered by Special meeting Council	14/6/2011
6. Budget and submissions presented to Ordinary meeting of Council for adoption	20/6/2011
7. Copy of adopted budget to be submitted to the Minister by	30/6/2011

The Proposed Budget 2011/12 has been provided as a separate document to this agenda and contains the following appendices:

- Appendix A details the Proposed Budget, in accordance with the prescribed Standard Statements;
- Appendix B details the Statutory disclosures including, borrowings, rates and charges and differential rates;
- Appendix C details Council's 2011/12 – 2014/15 capital works program;
- Appendix D details the Council's 62 operating programs including the program purpose, outputs, critical issues and recent achievements; and
- Appendix E details the fees and charges.

3. Financial Implications

The Proposed Budget 2011/12 enables the Council to fund its approved operational activities and capital projects for the year ending 30 June 2012.

4. Internal Communication

In preparing the Proposed Budget the following staff have been consulted:

- all Managers, and
- key staff members in each department.

5. Community Consultation

In accordance with the Local Government Act 1989, a period of 28 days is allowed for the public to make submissions in regard to the content of the budget. Council will also conduct public information sessions throughout the municipality.

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6. Legislative / Policy Implications

Local Government Act 1989;
Rates and Charges Policy;
Loan Borrowings Policy; and
Budget and Financial Reporting Policy.

7. Environmental Implications

The Proposed Budget 2011/12 includes funding for environment projects: \$0.9M operating activities and \$3.1M capital works.

8. Conflict of Interest Considerations

There are no officer conflict of interest issues to consider within this report.

9. Conclusion

The Proposed Budget 2011/12 provides for a significant capital works program, high level of investment in asset renewal funded by an increase in rates and charges, and maintenance of the range and level of services.

The challenges that lay ahead have been canvassed and discussed through the Council Plan, and, the Proposed Budget 2011/12 is the funding response to the long term plan.

The long term financial plan will assist Council to determine the most appropriate strategy to maintain ongoing financial sustainability.

A detailed analysis of the 2011/12 Proposed Budget is provided as a separate document to this Agenda.

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RECOMMENDATION

That Council:

1. prepare the 2011/12 Proposed Budget for the purposes of Section 127 of the *Local Government Act 1989* ("the Act");
2. authorise the Chief Executive Officer to give public notice of the preparation of such Budget, in accordance with Section 129 of the Act;
3. consider any submissions on any proposal contained in such Budget, made in accordance with Sections 129 and 223 of the Act, with such submissions closing on 9 June 2011;
4. hear any person wishing to be heard in support of their submission to the Proposed Budget 2011/12 at a Special Meeting to be held at 6pm on 14 June 2011;
5. note that a Recommendation or Notice of Motion to adopt such Budget will be made at a the Ordinary Meeting of Council to be held on 20 June 2011;
6. include the Fees and Charges Schedule; Appendix E of the Proposed Budget 2011/12;
7. authorise the Chief Executive Officer to administer the Section 223 process; and
8. pursuant to Section 129(3)(b) of the Act, prescribe the following places for display of prescribed information required under Regulation 16:

- | | |
|---|--|
| <ul style="list-style-type: none">• Cobram Service Centre• Yarrawonga Town Hall• Barmah Post Office• Katunga Post Office• Katamatite Post Office• Nathalia Post Office | <ul style="list-style-type: none">• Numurkah Tourist Office• St James Post Office• Strathmerton Post Office• Tungamah Post Office• Wunghnu Post Office |
|---|--|