

Council Meeting

Agenda

Date: Wednesday 20 April 2022

Time: 5.30pm

**Venue: Civic Centre (Council Meeting Room)
13 Mair Street, Benalla**

The *COVID-19 Omnibus (Emergency Measures) Act 2020* enables councils to hold meetings electronically. This measure is intended to ensure the safety of members of the public, Councillors and Council staff.

The Council Meeting Room has limited capacity for public attendance. Accordingly, members of the public are encouraged to watch the live broadcast of the meeting at www.benalla.vic.gov.au

Any person wishing to participate in Question Time in accordance with Rule 7.2 of the *Governance Rules 2020* should contact the Council by emailing council@benalla.vic.gov.au or telephoning Governance Coordinator Jessica Beaton on (03) 5760 2600.

In accordance with the Governance Rule 6.4 an audio recording will be made of the proceedings of the meeting.

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Agenda

Chair	Councillor Bernie Hearn (Mayor)	
Councillors	Councillor Danny Claridge Councillor Peter Davis Councillor Don Firth Councillor Punarji Hewa Gunaratne Councillor Justin King Councillor Gail O'Brien	
In attendance	Dom Testoni	Chief Executive Officer
	Robert Barber	General Manager Corporate
	Cathy Fitzpatrick	Manager Finance
	Jessica Beaton	Governance Coordinator

Opening and Acknowledgment of Country

The chair will open the meeting and recite the following Acknowledgement of Country.

We, the Benalla Rural City Council, acknowledge the traditional custodians of the land on which we are meeting. We pay our respects to their Elders past and present and to Elders from other communities who may be here today.

Statement of Commitment

The Councillors will recite the following Statement of Commitment:

*I declare,
that as a Councillor of Benalla Rural City
I will undertake on every occasion
to carry out my duties in the best interests of the community
and that my conduct shall maintain the standards of our Councillor Code of Conduct
so that I may faithfully represent
and uphold the trust placed in the Council
by the people of Benalla and District.*

Governance Matters

This Council Meeting is conducted in accordance with the *Local Government Act 2020* and the *Benalla Rural City Council Governance Rules 2020*.

Recording of Council Meetings

In accordance with the *Governance Rules 2020* clause 6.4 meetings of Council will be audio recorded and made available for public access, with the exception of matters identified as confidential items in the agenda.

Behaviour at Meetings

Members of the public present at a meeting must remain silent during the proceedings other than when specifically invited to address the Committee.

The Chair may remove a person from a meeting for interjecting or gesticulating offensively after being asked to desist, and the chair may cause the removal of any object or material that is deemed by the Chair to be objectionable or disrespectful.

The Chair may call a break in a meeting for either a short time, or to resume another day if the behaviour at the Council table or in the gallery is significantly disrupting the Meeting.

Disclosures of Conflict of Interest

In accordance with the *Local Government Act 2020*, a Councillor must declare any Conflict of Interest pursuant to Section 130 of the Act in any items on this Agenda

At the time indicated in the agenda, a Councillor with a conflict of interest in an item on that agenda must indicate they have a conflict of interest by clearly stating:

- the item for which they have a conflict of interest;
- whether their conflict of interest is general or material; and
- the circumstances that give rise to the conflict of interest.

Immediately prior to the consideration of the item in which they have a conflict of interest, a Councillor must indicate to the Meeting the existence of the conflict of interest and leave the Meeting.

Apologies

Recommendation:
That the apology/ies be accepted and a leave of absence granted.

1. Public Question Time

The Council's *Governance Rules 2020* provide the opportunity for members of the public to lodge written questions of broad interest to the Council and the community.

Questions of the Council will not be allowed during any period when the Council has resolved to close the meeting in respect of a matter under section 66 (1) of the *Local Government Act 2020* (the Act).

A question may be on any matter except if it:

- is considered malicious, defamatory, indecent, abusive, offensive, irrelevant, trivial, or objectionable in language or substance;
- relates to confidential information as defined under the Act;
- relates to the personal hardship of any resident or ratepayer; or
- relates to any other matter which the Council considers would prejudice the Council or any person.

No more than two questions will be accepted from any person at any one meeting.

All questions and answers must be as brief as possible, and no discussion may be allowed other than by Councillors for the purposes of clarification.

Like questions may be grouped together and a single answer provided.

The Chair may nominate a Councillor, the Chief Executive Officer or another member of Council staff to respond to a question.

Recommendation:

That the question(s) and answer(s) be noted.

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2. Proposed 2022/23 Budget

SF/2485-07

Cathy Fitzpatrick – Manager Finance
Robert Barber – General Manager Corporate
Dom Testoni – Chief Executive Officer

PURPOSE OF REPORT

The report presents for consideration the proposed *2022/23 Budget*.

BACKGROUND

Under Section 94 of the *Local Government Act 2020*, the Council must prepare and adopt a budget for each financial year and the subsequent three financial years.

The four-year ‘rolling’ Budget must:

- give effect to the Council Plan
- contain financial statements in the form required by the regulations (and accounting standards)
- provide a general description of services and initiatives to be funded
- identify major initiatives from the Council Plan that will be priorities for each financial year
- for services funded in the budget, the prescribed indicators, and measures of service performance
- total rate income and information on differential or fixed components of rates
- a statement on whether Council intends to apply for an increase or variation to the rate cap.

The four-year budget will outline how resources will be allocated across initiatives, programs, services, and capital works, as well as financing and debt redemption/servicing. It also provides a comprehensive outline of all income to be derived from rates, fees and charges, grants, and other revenue.

DISCUSSION

The proposed *2022/23 Budget* is attached as **Appendix 1**.

Key financial issues

Rates and charges

Base rate revenue will increase by 1.75 per cent in accordance with the State Government's Fair Go Rates system.

Rates and charges are budgeted to raise \$20.422 million in 2022/23 with general rates contributing \$14.162 million.

The Municipal Charge increases to \$256.38 from \$260.85 and will raise \$2.049 million.

Waste management revenue increases by 6 per cent and will raise \$3.972 million.

Property assessments increase 98 from 8,165 in 2021/22 to 8,263 in 2022/23.

User fees

It is proposed that existing fees and charges increase by an average of 1.75 percent and will raise \$4.602 million.

Borrowings

One million dollars in new loans are proposed in 2022/23. Borrowings as at 30 June 2023 will be \$3.8 million.

Employee costs

In 2022/23, employee costs are forecast to decrease by 14.53 per cent. The decrease is primarily the result of the cessation of Council provided aged and disability services and the end of the 'Working for Victoria' employment program.

Operating Result

The 2022/23 operating result is budgeted to be a surplus of \$1.071 million. The surplus is primary due to the receipt of \$7.242 million of capital grant income. This has been offset by a reduction in operating grant income with 75 per cent of the Australian Government's Financial Assistance Grants pre-paid in 2021/22.

Financial Position

Then Council's overall financial position is budgeted to improve with net assets increasing by \$1.071 million to \$265.7 million.

The Working Capital (current assets/current liabilities) indicator at 30 June 2023 is budgeted to be 173 per cent.

Capital Works

The proposed budget includes capital works of \$15.149 million. New works total \$9.057 million with \$6.092 million of works carried forward from 2021/22.

The capital works program is funded by grants: \$7.242 million, Council cash: \$6.907 and borrowings: \$1 million.

The Asset Renewal (asset renewal and upgrade expense/asset depreciation) indicator is 160.40 per cent due to \$12.012 million of renewal and upgrade capital works.

COUNCIL PLAN 2021-2025 IMPLICATIONS**Leadership**

- Good governance.
- Engaged and Informed Community.

LEGAL OR STATUTORY IMPLICATIONS

The proposed *2022/23 Budget* has been developed to ensure compliance with the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

GENDER EQUALITY ACT

Under the *Gender Equality Act 2020* the Council is required to undertake a gender impact assessment when developing or reviewing any policy, program or service that has a direct and significant impact on the public.

A gender equity assessment found the proposed *2022/23 Budget* as having an overall neutral gender impact.

FINANCIAL IMPLICATIONS

Costs associated with the development of the proposed *2022/23 Budget* have been met from existing budget allocations.

COMMUNITY ENGAGEMENT

In accordance with the Council's *Community Engagement Policy*, it is proposed that, that community engagement on the proposed *2022/23 Budget* be undertaken at the 'Involve' level under the International Association for Public Participation's IAP2 public participation spectrum as detailed in the table following:

Level of Public Participation	Promise to the community	Techniques to the used
Involve	Work with the community to ensure their concerns or aspirations are reflected in the alternatives developed. Feedback provided on how community input influenced the decision.	<ul style="list-style-type: none"> ▪ Council report. ▪ Public notice in the <i>Benalla Ensign</i> and on the Council website. ▪ Proposed <i>2022/23 Budget</i> to be exhibited and feedback invited. ▪ Promotion of proposed <i>2022/23 Budget</i> via media, website and social media. ▪ Community information session conducted. ▪ Proposed <i>2022/23 Budget</i> made available in hardcopy for review at key locations. ▪ Audit and Risk Committee invited to provide feedback on the proposed <i>2022/23 Budget</i>.

OFFICER DECLARATION OF CONFLICT OF INTEREST

No officers involved in the preparation of this report have any general or material conflicts of interest in this matter.

Recommendation:

- 1. That the proposed *2022/23 Budget* be endorsed for public exhibition for a period of 28 days from 21 April 2022.**
- 2. That submissions relating to the proposed *2022/23 Budget* be heard at a meeting of the Finance and Operations Committee on 25 May 2022.**
- 3. That the Council consider submissions relating to the proposed *2022/23 Budget* at a Council meeting on 15 June 2022.**
- 4. That the Council consider the adoption of the *2022/23 Budget* at a meeting of the Council on Wednesday 29 June 2022.**

3. Draft *Benalla Rural City Council Financial Plan 2023 to 2032*

SF/1489-07

Cathy Fitzpatrick – Manager Finance
Robert Barber – General Manager Corporate
Dom Testoni – Chief Executive Officer

PURPOSE OF REPORT

The report presents for consideration the draft *Benalla Rural City Council Financial Plan 2023 to 2032*.

BACKGROUND

Under section 91 of the *Local Government Act 2020*, the Council must develop and adopt a financial plan to provide a long-term view of the resources that are expected to be available to Council and the proposed/predicted application/use of those resources over a 10-year period.

The Financial Plan should cover all aspects of the Council's role, including services/operations and capital investment/assets. It should also describe the proposed sources of funds it proposes to have access to and include all the high-level assumptions under-pinning the Plan.

The Financial Plan shows how the viability and financial sustainability of Council will be achieved over the 10-year period. In the shorter term (up to four years), it should show the resources required to implement the Council Plan and other legislated responsibilities.

The Council's first financial plan was adopted on 27 October 2021.

DISCUSSION

At a minimum the Financial Plan is to include:

- Financial statements for next 10 years that includes Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works.
- Statement of capital works is to include 10 year expenditure in relation to non-current assets, classified in accordance with the asset classes and asset expenditure types specified in the Local Government Model Financial Report and a summary of funding sources in relation to the planned capital works expenditure.
- A statement of human resources that includes a summary of planned expenditure for the next 10 years.

To assist in the development of its Financial Plan, the Council is participating in Rural Councils Victoria's Financial Plan pilot project. The project has seen the development of financial plan modeling tool designed to be used by rural councils.

The draft *Benalla Rural City Council Financial Plan 2023 to 2032* is attached as **Appendix 1**.

Financial Plan Objectives

The key objectives underpinning the Financial Plan are:

- Meeting service needs of the community (now and in the future) while remaining financially sustainable.
- Adherence to the State Government's Fair Go Rates system with no provision for a rating increases beyond the rate cap.
- Grants are sought and advocated for from other levels of government.
- Accessible services are provided in an equitable manner and are responsive
- Loan borrowings are able to be serviced and maintained at a prudent level.
- Maintaining a strong cash position and positive liquidity ratios.
- Aim to achieve an operating surplus.
- Ensuring decisions are made having regard to their financial effects on future generations.
- Strategic consideration of the appropriate use of surplus cash as the cash position becomes stronger.
- Capital expenditure focuses on asset renewal projects.
- Maintenance of low/medium risks against the Victorian Auditor-General's Office financial indicators.

Key Operating Assumptions

To inform the Financial Plan's development, several assumptions are applied and will be reviewed annually.

Key assumptions used in the Financial Plan are:

- Rates and charges to increase by between 2 per cent (2027-2032) and 2.5 per cent (2025).
- Property assessments to increase by 1 per cent per annum.
- Service charges to increase by 5 per cent (2024-2026) then 2 per cent for the balance of the term.
- Employee costs to increase by 1.85 per cent in 2024 then 2 per cent.

A table detailing assumptions can be found on page 10 of the Plan.

Capital Works

A summary of capital works can be found on page 20 of the Plan. Capital works total \$63 million over 10 years. Details of specific projects have been included in the Plan.

COUNCIL PLAN 2021-2025 IMPLICATIONS**Leadership**

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LEGAL OR STATUTORY IMPLICATIONS

The Financial Plan has been developed to ensure compliance with the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

GENDER EQUALITY ACT

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FINANCIAL IMPLICATIONS

Costs associated with the development of the draft Financial Plan have been met from existing budget allocations.

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OFFICER DECLARATION OF CONFLICT OF INTEREST

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Recommendation:

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Closure of the meeting