



MINUTES
of the
ORDINARY MEETING OF COUNCIL
held on
WEDNESDAY 24 FEBRUARY 2016
in the
ALEXANDRA CHAMBERS
commencing at
6.00 pm

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1. PRAYER, OATH & RECONCILIATION STATEMENT

The meeting was opened with Prayer and reading of the Oath and Reconciliation Statement.

2. APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE

REF: SF/306

There were no apologies or requests for leave of absence tendered.

Present:

Crs M Rae (Chair), A Derwent, C Challen, J Kennedy, J Walsh, E Lording, C Healy

In attendance:

Chief Executive Officer: Margaret Abbey

General Manager Corporate and Community Services: Michael Chesworth

General Manager Infrastructure and Development: Elaine Wyatt

Manager Business Services: Andrew Bond

Manager Communications Library & Customer Services: Jacqui Rabel

Manager Development Services: Shivaun Brown

Governance Officer: Audrey Kyval

3. CONFIRMATION OF MINUTES

➤ Minutes of the Ordinary Meeting of Council held on 27 January 2016

Officer Recommendation:

That the Minutes of the Ordinary Meeting of Council held on 27 January 2016 be confirmed.

RESOLUTION:

Cr J Kennedy / Cr E Lording

That the Minutes of the Ordinary Meeting of Council held on 27 January 2016 be confirmed.

CARRIED

4. DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST

REF: SF/783

Margaret Abbey (Chief Executive Officer) declared an interest in item 13.5 of the Agenda as the matter being discussed is in reference to her contract role as the Chief Executive Officer.

The Chairperson declared Public Participation Time open and invited questions from the Gallery.

5. PUBLIC PARTICIPATION TIME

5.1 QUESTIONS OF COUNCIL

Two questions were received from Jack Russell.

Question 1 Council are required to contain operating costs and to observe and comply with State Law, enacted December 2015, to cap rate increases to 2.5% p.a. for the period 2016/17 fiscal year. Therefore has Council properly planned for such in the current or proposal 'strategies', if not why not.

Question 2 Has Council properly accredited the public opinion for any attempt to seek a variation to over twice the rate cap and to a stated 5.4%? If so then produce the evidence to support any variation above the 2.5% and before Council make an application to the ESC and properly provide an independent forensic financial report on claimed revenue loss and making the community of rate payers aware of their savings made through rate capping for be applied for at least 4 years and with references made to current Local Government Law S127 of the act and to recent legal process for Council compliance. Clearly the ESC will require unequivocal evidence to support any variation request or Council may prefer to agree to contain costs and to run with the 2.5% increase on rates to show good management and good will towards all parties as has been indicated by approximately 20 other Councils as known and before any attempt to justify an increase.

The Chief Executive Officer responded:

Question 1 As resolved at the January 2016 Ordinary Meeting of Council, the Essential Services Commission (ESC) has been informed of Council's intent to seek a variation to the State Government imposed rate cap of 2.5% for the 2016/17 financial year. This submission is due prior to the 31st of March 2016 and will be made publically available once it has been completed and submitted to the ESC.

Question 2 There has been extensive communication with the community in recent years over the financial challenges faced by Council. This community consultation will be referenced within the submission to the ESC in order to address the various criteria required to be met as part of an application for a variation to the rate cap.

5.2 OPEN FORUM

REF: SF/130

Mr Jack Russell spoke further regarding his Questions of Council. Mr Russell also commented on the public meeting in Yea held on 24 February 2016 regarding public safety funding opportunities.

5.3 PETITIONERS SPEAKING TO PETITIONS

REF: SF/132

Petition received from Kinglake residents regarding the Bushfire Memorial will be reported to the next Ordinary Council Meeting, 23 March 2016.

The Chairperson closed Public Participation Time.

6. OFFICER REPORTS

6.1 DRAFT EILDON STRUCTURE PLAN

REF: 16/7443

Attachments: Draft Eildon Structure Plan (refer *Attachment 6.1* – TRIM 16/6710)

Purpose:

The purpose of this report is to seek endorsement from Council to exhibit the Draft Eildon Structure Plan.

Officer Recommendation:

Council endorse the public exhibition of the Draft Eildon Structure Plan, as contained in the Attachment 6.1, for a thirty day period.

Background:

In 2015, Council secured participation in the Department of Environment, Land, Water and Planning (DELWP) 'Flying Squad' program to develop the Eildon Structure Plan.

DELWP subsequently appointed MacroPlan to deliver the Plan, and an inception meeting was held on Monday 27 July 2015.

An Issues Paper was initially developed collated from consultation sessions hosted on Tuesday 20 October 2015. These three sessions brought together Council and State Government stakeholders, business and commercial representatives and community members. The development of the Issues Paper provided a snapshot of issues and opportunities to support the future development of the township and associated activities.

The Issues Paper was used to guide the development of the Draft Eildon Structure Plan.

The Issues Paper was distributed to the participants of the workshops for further feedback. The Issues Paper and feedback from the session was also used in the Community consultation session on Thursday 4 February 2016. The information gathered was collated to guide the development of the Draft Eildon Structure Plan.

Council Plan/Strategies:

This project is consistent with the following goals and strategic objectives of the Council Plan 2013-2017:

- *"We will plan for future growth that is sensitive to the constraints of our natural environment while considering development needs"*
- *"We will support the sustainable growth of Murrindindi Shire's businesses and the local economy"*
- *"We will advocate for the provision of infrastructure and services that support business growth"*
- *"We will increase the economic, social and cultural benefits to the Shire of a growing Tourism sector"*

Legal/Policy Issues:

There are no legal or policy issues affecting this project.

Financial/Resources/Risk:

The delivery of this project is being funded in entirety by the DELWP Flying Squad program and is being overseen by Murrindindi Shire Council officers. Goulburn Murray Water (GMW) is confirmed as a key stakeholder in the project and has engaged MacroPlan to undertake an economic analysis of their current landholdings within the study area. This document is being developed alongside the Eildon Structure Plan.

Discussion:

This Structure Plan looks at the existing zoning and uses of land within the identified area, economic data and community demographics. Through engagement with the local community, businesses and stakeholder groups it has identified areas for growth and ideas for the future.

The key issues identified in the Issues Paper are:

- Economic Sustainability
- Water Access/Sustainability
- Seasonality
- Land Use and Development
- Infrastructure
- Natural Environment And Risk Management
- Demographic and Socio-Economic Issues

In answer to the identified issues the Draft Eildon Structure Plan lays out the following recommendations:

<p>Rural Hinterland</p>	<ul style="list-style-type: none"> • Further discussions should be held with GMW regarding the transfer of freehold bushland areas adjoining the National Park to be transferred to the National Park. • A site assessment and feasibility study should be undertaken for land owned by GMW located on the south side the Goulburn Valley Highway and Jerusalem Creek Road. • Farming and Rural Living zoned land at Snobs Creek be rezoned to Rural Activity Zone.
<p>Township</p>	<ul style="list-style-type: none"> • Prepare a local policy with a character statement to apply to Eildon’s 1950’s housing areas with objectives and policies to: <ul style="list-style-type: none"> ○ protect the residential street layout and urban form, scale and character, ○ encourage external alterations and redevelopment that are consistent with the character statement. • Land at the northern edge of the town should be considered for inclusion in the Bushfire Management Overlay. • Prepare a new development plan schedule for the 11.8ha site situated at the edge of the township east of The Boulevard. • Investigate, in consultation with GMW, the feasibility of residential rezoning of GMW owned site at the north-west edge of the town on the

	north side of Skyline Road.
Town Centre Precinct	<ul style="list-style-type: none"> • Adopt ESP5 Eildon Town Centre Precinct as the basis for redevelopment in the town centre and for the creation of a quality public space in the Girdwood Avenue area. • That the GMW office site in South Crescent be rezoned to Mixed Use. • Apply a Design and Development Overlay to the Golden Trout Hotel to ensure any redevelopment meets objectives and policies of the overlay schedule.
Pondage Precincts	<ul style="list-style-type: none"> • That the Upper Pondage Town Precinct be rezoned to Mixed Use Zone. • That a Development Plan Overlay schedule be prepared for the Town Upper Pondage Precinct. • That proposed uses to be considered for the Upper Pondage Town Precinct include conference facility, events, tourist accommodation, commercial, residential, and dining.
Upper Pondage Jerusalem Creek Rd Precinct	<ul style="list-style-type: none"> • That a Master Plan be prepared for the Lower Pondage Recreation Precinct. • That the Upper Pondage Jerusalem Creek Road Precinct be rezoned to a Mixed Use Zone. • That a schedule to the Mixed Use Zone be prepared that sets out the objectives to be achieved for development of the site for tourist accommodation. • That a Design and Development Overlay be applied for the Upper Pondage Jerusalem Creek Road Precinct. • That a Design and Development Overlay schedule be prepared to guide planning, design and development of the site.
Snobs Creek Activity Node	<ul style="list-style-type: none"> • That the Snobs Creek area as shown on the ESP1 be rezoned to Rural Activity Zone.
Rural Living	No specific recommendation
Infrastructure and Services	No specific recommendation
Marinas and Harbours	<ul style="list-style-type: none"> • That a Development Plan Overlay be applied to the Eildon Marinas. • That a Local Policy be prepared for insertion at Clause 22 to provide a planning framework for the location and siting of boat storage sheds

OTHER	<ul style="list-style-type: none"> • That Development Plan and Design and Development Overlay Schedules proposed for the pondage precincts include an assessment of native vegetation and biodiversity values. • That future options for GMW land surrounding the town include a native vegetation and biodiversity assessment. This particularly applies to land south of the Goulburn Valley Highway and Jamieson Creek Road. • That the Murrindindi Shire Council in association with GMW investigate the potential expansion of the Jerusalem Creek Camping Ground. • That the Murrindindi Shire Council and GMW continue to support the Murrindindi Cycle Club in its vision to establish 25km or more of interconnected trail loops providing a half-to-full day riding and exploration experience. • That the Murrindindi Shire Council facilitate discussions between GMW and Outdoor Education Group Eildon (OEG) regarding the need and potential for OEG expansion on adjoining land currently owned by GMW.
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Consultation:

Initial consultation for the project has commenced, and on Tuesday 20 October 2015 a series of meetings and workshops were held. An internal officer and government agency briefing and information gathering session was hosted at the Alexandra Office with 18 attendees. A further project Steering Group meeting was held at the GMW office in Eildon and this meeting had 10 attendees. A community input session was offered that evening, but only attracted 8 attendees. A further community workshop (Issues Paper and Preliminary Structure Plans and ideas) was held on Thursday 5 February 2016, and this event attracted 13 participants.

Further consultation will include:

- Exhibition of the document from Monday 29 February 2016 to Wednesday 30 March 2016 seeking written submissions (advertised in local print media);
- Open house consultation session;
- Community and stakeholder workshop; and
- Email correspondence with all participants offering an opportunity for feedback via a submission during the exhibition period.

Newspaper / Other	Publishing Date(s)
Newspaper:	
Alexandra and Eildon Standard	2 & 9 March 2016
Consultation:	
Open House Session	Saturday 19 March 2016
Community Workshop	Week 21 March 2016

Mail out:	
Email	Government and agency stakeholders
	Working group participants
	Previous session participants

Conclusion:

A structure plan for the Eildon township area will outline the future land use, development and servicing potential of the area for the next 15-20 year period, and assist the Community and Council in working towards those aspirations.

RESOLUTION:

Cr C Healy / Cr C Challen

That:

1. In recognition of the differing opinions in regards to the future use and location of the John Coller Oval in Eildon, specific attention is to be given to this issue in the consultation period, and
2. Council endorse the public exhibition of the Draft Eildon Structure Plan, as contained in the Attachment 6.1, for a thirty day period.

CARRIED

Cr C Healy said that he is confident that the next thirty day period will be good for the town.

6.2 MURRINDINDI REGIONAL EVENTS STRATEGY 2015 - 2020

REF: SF/165

Attachments: Draft Murrindindi Regional Events Strategy 2015-2020 (refer *Attachment 6.2 – TRIM 15/9067*)

Purpose:

This report is to provide Council with the Draft Murrindindi Regional Events Strategy 2015-2020.

Officer Recommendation:

That Council endorse the Murrindindi Regional Events Strategy 2015-2020 as contained in Attachment 6.2.

Background:

As part of the Marysville and Surrounds Tourism and Events Marketing (MSTEP) project, Yarra Ranges Tourism commissioned Dig + Fish to develop a five year event strategy on behalf of Murrindindi Shire Council (MSC) and the Yarra Ranges Shire Council. A project group was formed to guide the development of the Strategy. The project group was made up of Julie Sampson (Yarra Ranges Tourism - CEO), Trudi Ackerman (MSTEP - Project Manager), Sarah Light (Murrindindi Shire Council - Events Coordinator) and Tanya Asper (Yarra Ranges Shire Council – Acting Executive Officer Economic Development).

A decision was taken by the project group to develop two separate strategies (one for Murrindindi and one for the Yarra Ranges Region) under the one project scope. This was due to the differing circumstances in each shire (i.e. available budgets, staffing resources and type and maturity of existing events).

Council Plan/Strategies:

The development of the Events Strategy supports the Our Economy section of the Council Plan 2013 - 2017, which states "We will increase the economic, social and cultural benefits to the Shire of a growing tourism sector" and the Murrindindi Shire Vision 2030 which states "*Our communities are safe and connected, enjoying a healthy and productive lifestyle*".

Likewise it supports the implementation of the Economic Development Strategy 2011 - 2016 which recommends that Council, "Build the events calendar and consider opportunities for one big attraction" and "Support and encourage local, 'place-based' initiatives that will provide direct economic benefit to individual towns and communities".

Legal/Policy Issues:

This strategy provides the Policy framework for Council's support to tourism and community events.

Financial/Resources/Risk:

The total budget to complete the events strategy project was \$40,000. MSC contributed \$5,000, Yarra Ranges Shire Council contributed \$15,000 and the Marysville and Surrounds Tourism and Events Project contributed \$20,000.

Discussion:

Having a comprehensive events calendar with a range of events spread throughout the year is an important component of the offer to visitors and local people alike. Events create a reason to visit the region and importantly encourage increased length of stay, yield and dispersal providing significant economic benefit. A strong events calendar also helps to even out the peaks and troughs in visitation that occur on a seasonal basis and between weekends and mid week.

The intention of the strategy is to:

- a) Provide relevant industry groups/event organisers and the two local government bodies with an analysis of existing events
- b) Provide a specific analysis of strengths, weaknesses, opportunities and threats for current events
- c) To identify new and existing event development opportunities and make recommendations for growth.

The strategy also provides a framework to encourage/support the sustainability of local events into the future and guidance as to which events should be provided with what levels/types of support. Council's role is to support and encourage the delivery of these events.

The strategy proposes use of a tiered system separating events into types similar to that used previously in the Marysville and Surrounds Tourism and Events Project. The system provides a mechanism for decision making when it comes to providing support to events within limited resources.

Tier 1 events are major events that complement regional tourism strengths and have the capacity to attract intrastate and national visitation. Tier 2 events are considered to be medium-sized events that have the capacity to attract intrastate visitation, especially from Melbourne. These events have the capacity to grow and potentially develop regional significance. Tier 3 events enjoy local community significance but may not be well known outside the region.

The strategy makes a series of key recommendations with specific recommendations made for the wider shire and a separate set of recommendations specific to Marysville and Surrounds. Five categories of Tier 1 events are identified including Automotive, Cultural & Arts, Cycling, Music and Lake & River events. The recommendations focus on opportunities to grow existing Tier 1 events, the Big Fish Challenge, the Foggy Mountain Bluegrass Festival, the Yea Arts Carnivale and the Alexandra Truck, Ute and Rod Show as well as developing new events such as a water based event on Lake Eildon and the expansion of a cycling event - the Super Series. The recommendations relevant to Marysville and surrounds focus on improving coordination of effort in the outdoor events market, a spring food, wine, music and arts offer and an expansion of the winter events theme with a focus on growing the Family Fun Day concept.

Despite there being a strong emphasis on Tier 1 events, the strategy makes the point that Tier 2 and Tier 3 events should still be supported via in kind support, promotion of Council's Community Grants Program and by minimising barriers and red tape.

Section 5.3 of the strategy focuses on funding considerations. It is recommended that funding support, if any were to be made available, should be directed mainly at Tier 1 events with a requirement that their long term sustainability is addressed in any application process. A number of funding avenues are identified. Given current restructures occurring at the state government level, previous funding programs are likely to change. Despite this, some events funding is currently available through Regional Development Victoria and Tourism Victoria programs.

The Strategy will guide the expenditure of the \$140,000 funding support received from Regional Development Victoria (as part of the Doing Business Better project), to the Tier 1 and key Marysville and Surrounds events identified for the next two to three year period.

The Strategy will further support the strong links that exist between MSC and Goulburn River Valley Tourism (GRVT) which work together to promote and grow events. MSC provides up to date information to GRVT for the purpose of populating the Events and Markets pages of the key regional promotional brochure – the Goulburn River Valley Holiday Planner.

Council's Tourism and Events Officer encourages and supports event organisers to list their events on the Visit Victoria events website. This listing enables all events to be automatically linked to the GRVT website among a range of others across the country. This mechanism creates a regional events calendar for potential visitors.

Consultation:

Industry consultation was undertaken as part of the process including a survey being sent to a range of people/organisations that deliver events across Murrindindi Shire. Seventeen responses were received. The respondents included organisers involved in events such as adventure/outdoor sports, motor sport, local shows, the arts, open gardens, music and picnic (horse) racing. A full list of the respondents appears on page 58 of the strategy. The opportunity for a one-on-one interview was made available to eight key stakeholders/event organisers with four being undertaken. A similar process of consultation was delivered in the Yarra Ranges Shire with the addition of a forum for event organisers.

Numerous related strategic documents were also referenced to add context including, but not limited to, Victoria's Tourism and Event Industry Strategy 2020, the Goulburn River Valley Tourism Marketing Strategy and Tourism Development Plan, the MSTEP project plan and Events Funding Guidelines and the MSC and Marysville and Surrounds Events Calendars. A full list of the related documents also appears on page 58 of the Strategy.

Conclusion:

The Murrindindi Regional Events Strategy 2015-2020 provides Council with a sound basis from which to make decisions relating to events support and seeks to grow visitation and length of stay. The Strategy also provides guidance and recommendations on how to gain best value from limited resources in efforts to grow established events and to encourage the development of new events.

RESOLUTION:

Cr C Challen / Cr J Kennedy

That Council endorse the Murrindindi Regional Events Strategy 2015-2020 as contained in Attachment 6.2.

CARRIED

Cr C Challen complemented the officers involved and is looking forward to this being an important strategic piece of work of the coming years.

6.3 DEVELOPMENT SERVICES DECEMBER 2015 QUARTERLY REPORT

REF: 16/6396

Attachments: Planning and Building Permit Activity Report (refer *Attachment 6.3a* – TRIM 16/4017), Planning Projects Summary (refer *Attachment 6.3b* – TRIM 15/16697)

Purpose:

The purpose of this report is to provide Council with the December 2015 Quarterly Activity Report of the Development Services Department.

Officer Recommendation:

That Council notes the December 2015 Quarterly Activity Report of the Development Services Department.

Background:

The Development Services Department reports quarterly to demonstrate accountability and responsiveness to our customers.

There are a number of key measurable areas which ensure the services offered are aligned to the local development industry needs and expectations.

Council Plan/Strategies:

This report is consistent with the Council Plan Objective 2013-2017 to “*deliver quality customer outcomes through continuous improvement.*”

Legal/Policy Issues:

There are no legal issues associated with the quarterly activity report.

Financial/Resources/Risk:

There are no financial costs relating to the preparation of this report.

Discussion:***1. Permit Activity (Building and Planning)***

Planning and building monthly permit statistics are attached to this report for the December quarter (refer *Attachment 6.3a*).

For this financial year 111 planning applications have been received, although this is less than half of the 2014/15 total of 255, historical trends indicate that February – May tends to be the most active time of year for applications and therefore this total is in line with previous years. 129 have been determined, (including 18 applications received in the previous year) and 84% of all planning permits have been determined within the statutory timeframe of 60 days. With the average permit taking only 40 days to process, Murrindindi Shire Council compares favourably to the State wide average of 76 days.

218 building permits have been issued this financial year with 98% of these being issued within 30 days. The total value of building works for the quarter is \$7,491,012 (year to date value of building works is \$11,786,753) which is on track to exceed last financial year total of building works of \$19,087,458.

2. Promotional Activities, Participation at Forums & Community Meetings

The following activities have occurred during the quarter:

<i>Promotional Activities, Participation at Forums & Community Meetings October – December 2105</i>	
Media releases	<ul style="list-style-type: none"> September Quarterly Activity Report Swimming pool safety regulations REMPAN
Community consultation	<ul style="list-style-type: none"> Eildon Structure Plan – community and stakeholder consultation sessions x 3
	<ul style="list-style-type: none"> Business and Investment Advisory Forum
Advocacy	<ul style="list-style-type: none"> Advocated regarding the need for more information to business and wider community re broadband rollout schedule and implications. Advocated through Cathy McGowan's office, for remaining high priority Murrindindi Blackspots needing improvement as part of regional submission process for Indi to the second round of the federal govt Black Spot Improvement program. Advocated to Jaclyn Symes MP regarding the need for support for local provision of training in hospitality, outdoor education, aged care and specifically in the manufacturing and trades area.

3. Customer Satisfaction and Feedback

Table 2: Customer Satisfaction Response in the December Quarter

Question	Excellent	Good	Average	Poor
The Professionalism of the team was:	4			
The responsiveness of the planning team was:	4			
The planning team's overall attention to detail was:	4			
From lodgement to determination of your planning application, the planning team's performance in keeping you informed was:	3	1		

A total of 56 surveys were distributed during the months of October, November and December 2015. Two of the four respondents reported that they had a pre-application meeting; all were completed over the phone.

A general comment was received from one respondent that stated; “Recently had what could have been a difficult and time consuming application in, and Karen could not have been more efficient and helpful for us. I wish planners from other councils we deal with could be so helpful!”

3. Strategic Studies and Projects

The planning projects and studies are aligned to the Council Plan initiatives and address important key strategic land use and development future directions. The current studies and amendments are listed below:

Studies

- Gaming Policy

The Murrindindi Shire Gaming Policy Review was adopted by Council on 28/10/2015.

- Eildon Structure Plan

The development of the Eildon Structure Plan is well underway and it is anticipated that a draft structure plan will be exhibited in March 2016.

- Kinglake Ranges, Flowerdale and Toolangi Streetscape Design Framework

The framework plan has been adopted by Council and an amendment prepared by the Minister for Planning. Gazettal of the amendment has not yet taken place.

- Regional Landscape Assessment project

A public exhibition was undertaken to seek feedback on the draft Lower Hume and High Country landscape assessment and the project is now waiting further funding before being finalised.

Amendments

- C46 proposes to implement a 2013 review of the Development Plan Overlay and some minor rezoning of land in Alexandra. The amendment is awaiting approval and gazettal by the Minister for Planning.
- C53 proposes to implement the Kinglake Flowerdale Toolangi Plan. The amendment is awaiting approval and gazettal by the Minister for Planning.
- C54 proposes to implement the 2013 review of the Murrindindi Planning Scheme. The amendment is awaiting approval and gazettal by the Minister for Planning.
- C55 proposes to implement the Yea Structure Plan 2014 and has been referred to a panel for consideration. The panel hearing took place on 15 February 2016.

The planning projects summary have been placed on Council’s website, which is updated monthly and is attached to this report (refer *Attachment 6.3b*).

Consultation:

There has been no consultation in the development of this report.

Conclusion:

The provision of Quarterly Activity Reports will continue to inform Councillors and the public of the work being carried out by the Development Services Department, and importantly, encourage customer feedback to inform improved performance.

RESOLUTION:

Cr E Lording / Cr C Challen

That Council notes the December 2015 Quarterly Activity Report of the Development Services Department.

CARRIED

6.4 PREPARATION OF DRAFT 2016/17 ANNUAL BUDGET AND APPLICATION FOR RATE CAP VARIATION

REF: 16/6853

Purpose:

The purpose of this report is to seek Council's endorsement of the proposed rating increase for the 2016/17 financial year. This increase considers Council's particular financial circumstances and its long term financial planning needs and will allow for the completion of the draft budget for 2016/17 and the application for variation to the recently introduced rate cap for the 2016/17 financial year which was resolved by Council at the January 2016 Ordinary Meeting of Council.

Officer Recommendation:

That Council:

1. Prepares the draft 2016/17 annual budget with a 5.4% rating increase
2. Prepares an application to the Essential Services Commission for a variation to the rate cap for 2016-17 for a rating increase of 5.4%.

Background:

Council is required under the *Local Government Act 1989*, to prepare and adopt an annual budget. The development of the Murrindindi Shire Council Budget for 2016-17 will focus on the financial implications of actions planned by Council for the coming financial year.

The draft budget under development balances the need to deliver infrastructure and services while also providing the best possible value for residents and recognising the need for careful ongoing financial management.

The rate capping framework, known as the Fair Go Rates System, was endorsed by State Parliament and became law on 2 December 2015. On 22 December 2015, the Minister for Local Government announced a rate cap for all local governments in Victoria of 2.5% for 2016/17. The level of the rates cap has been set at the discretion of the Minister for Local Government, and has been linked to the level of the Consumer Price Index ("CPI") for Melbourne.

Councils now have the opportunity to seek a variation to the cap via the Essential Services Commission ("ESC"), with submissions to be made prior to 31 March 2016. Council resolved at the 27 January 2016 Ordinary Meeting of Council its intention to seek a variation to the 2.5% rate cap for the 2016/17 financial year. This report concerns the extent of the variation sought.

Council Plan/Strategies:

This report is consistent with the Council Plan 2013-2017 theme of Financial Sustainability. A key strategy for this theme is to continue to promote an equitable rating strategy for all ratepayers and to provide value for money through the delivery of long term financial plans.

Legal/Policy Issues:

The Budget is a statutory requirement, legislated under Section 127 of the *Local Government Act 1989* ("the Act").

Financial/Resources/Risk:

The proposed draft budget for 2016/17 is conservative in its scope of discretionary spending, providing a responsible and viable financial plan for the ensuing year.

As a consequence of managing the asset renewal gap as part of the capital works program, and being mindful of the impact of the State Governments new "Fair Go Rates" amendment to the Local Government Act, Council will be undertaking minimal new initiatives, thereby limiting to some extent its short and medium term ability to provide expanded services that may be required to meet community needs, and to ensure that its current service delivery and asset management responsibilities are maintained.

A further risk for Council to consider is that the outcome to any submission to the ESC may not be known until May 2016.

Council will still be required to complete its statutory budget obligations by 30 June, which must include a public exhibition period of at least 28 days. Should Council be unsuccessful in its application to the ESC for a variation to the rate cap, it would then need to prepare a secondary budget at the level of the rate cap before releasing it to the public for consultation.

Discussion:

Over the past few months, a number of financial scenarios have been modelled and discussed by Council in preparation for the announcement of the level of the rate cap for 2016/17 by the Minister for Local Government.

The development of the budget for 2016/17 is underway and has been built on the conservative principles discussed above and in Council's Strategic Resource Plan (SRP).

The full impact of the rate cap though is shown in greater detail when compared to Council's existing SRP and Long Term Financial Plan (LTFP). Although Council has shown a capacity and willingness to reduce the underlying increase in rates out to 2024/25, with rate increases ultimately decreasing to 4.0% by this point in time, these assumptions made last financial year are now inconsistent with the final rate cap that has been chosen by the Minister.

As detailed in the report to Council of 27 January 2016, the loss of revenue that will be felt by Council over the next 10 years when compared to the current SRP and LTFP will be \$22.06 million, if the current rate cap is assumed to be applied as a constant over the life of its LTFP.

Revenue loss of this magnitude over the next decade would not be able to be absorbed by Council's current financial structure and cash reserves, and would require extensive review and consultation with the community to determine how Council would need to adapt to meet this new financial challenge over the coming decade.

To remain sustainable into the future, Council will need to find other revenue opportunities, eliminate, reduce or vary services, apply for rate cap variations, increase debt levels, or a combination of the above.

Of these options, alternate revenue opportunities are extremely limited for Council outside of increasing grant funded opportunities. These however are not under the control of Council and are generally part of a competitive bidding process to gain access to additional funding from other government bodies. Grant funding opportunities for existing services or the renewal of existing infrastructure are also uncommon, with most grant funding being linked to the development of new infrastructure or services.

It is worth noting that Council undertook an extensive services review in 2011-12. The outcome of this review resulted in substantial restructuring of operational services, reduced staffing levels, an enhanced asset rationalisation program, comprehensive benchmarking of fees and charges set by Council and the review of a number of Council's strategies, policies and procedures to enhance efficiency and provide greater guidelines and transparency with regard to the application of funds for the delivery of services.

As a result, operational budgets have been tightened substantially, efficiencies gained, and further reductions to operational expenditure could not be realistically introduced without a corresponding reduction in service levels to the community. Reductions to capital expenditure could also not be simply reduced without a correlating impact on the renewal of Council's existing infrastructure, which would result in the degradation of existing public assets over the coming years that are the responsibility of Council.

Another key outcome of the services review that was undertaken in 2011-12 highlighted the need for Council to take greater steps to address the asset renewal gap that it faced in the coming years, due to known future renewal costs of its current and aging infrastructure.

Although asset renewal gaps are a financial challenge faced by all councils, Murrindindi Shire Council's particular asset gap was exacerbated by the increase of more than \$33million of new and gifted assets that were added to Council's asset register following the 2009 bushfires. This challenge for councils has been similarly highlighted by the Victorian Auditor General's Office, with recommendations made that councils should plan for asset renewal responsibilities before they occur, rather than allowing an unfunded gap to continue to accrue, resulting in councils being reliant on non-recurrent grant funding or on decisions being made by future councils.

In an attempt to address the unfunded renewal gap, Council has been "quarantining" one-third of the annual rating increase since 2013, by allocating these funds to an infrastructure renewal reserve. This ensures that current users of Council's facilities and public infrastructure are bearing some of the known financial burden that will exist in the years to come when Council will be required to renew its current and aging infrastructure.

In addition to the infrastructure renewal reserve, Council exercises prudent principles of financial management by utilising reserves to fund other known areas of future financial expenditure. Examples of this include reserves that are allocated to waste management, which is funded by revenue collected that relates to the provision of waste services, but will be utilised to fund both the operations and future capital expenditure associated with Council's waste management responsibilities. Other reserves include funds held for statutory purposes (eg. public open space reserve, caravan park reserves and employee entitlements), as well as an appropriate level to ensure continuity of provision of services to the community.

Council has further addressed its funding situation, following in depth analysis of the costs related to its activities and services and community consultation. This project, known as the Cost and Asset Review Project (CARP) was initiated following the decision by the State Government in June 2014 to not provide further assistance to Council to help meet the ongoing costs of the new and gifted assets that were progressively shifted to Council following the 2009 bushfires, without recognition of the long term burden this would impose on Council.

The scope of this Council-endorsed project is to specifically look at:

- Selling land/facilities it owns which it no longer requires and which impose a cost burden on Council;
- Transferring responsibility for services and financial support for Committees of Management of Crown-land assets back to the State Government;
- Looking to reduce/remove support it provides for some community-owned assets;
- Enabling community groups that use particular assets to take a more active role in meeting costs and maintenance of their asset and reduce the number of assets such as toilets, parks and playgrounds and BBQs across the Shire;
- Ensuring that all operating and maintenance costs for facilities that are leased from Council are recovered from users;
- Identifying opportunities to reduce or eliminate costs being borne by Council which are related to Joint Use Agreements with Victorian Government departments and

- Working with community groups to identify the best possible governance arrangements for management of community facilities, including the possible establishment of town-based Incorporated Associations that can help manage multiple facilities.

It is recognised, however, that these steps represent longer-term objectives to achieve significant cost savings that will ultimately lead to Council having a lower reliance on rating increases to fund its operational and capital requirements.

Council also maintains a conservative debt strategy, and has focused on reducing its debt and resultant financing costs in recent years. Council has determined that a prudent level of debt will not exceed \$500,000 in new borrowings per annum over the next 10 years. On that basis, Council's overall debt level is projected to diminish.

Council generally employs debt to fund capital expansion projects. In 2015/16 these projects were earmarked as plant and fleet replacement (i.e. it should not be used for renewal or maintenance) when the asset life is greater than one generation (i.e. often described as intergenerational equity). The intergenerational equity theory is based on the premise that successive generations and new residents should contribute to infrastructure or facilities that they will enjoy and benefit from.

By borrowing, the Council ensures that current ratepayers are not fully funding these facilities. If Council were to increase borrowings it would result in higher financing costs that would ultimately lead to an inability to invest in capital works or the provision of services due to funds being consumed in debt repayment. Therefore a balance is important and one which Council considers each year in its budget preparation.

With consideration of all factors detailed above, Council approached its preparation for the 2016-17 financial year with a conservative view, but an aim to continue providing existing service levels to the community, as well as continuing to manage its current and future asset management responsibilities.

Further analysis of the proposed budget for 2016-17, which incorporates efficiency savings made in some areas of Council expenditure, whilst offsetting known increases in other areas of Council expenditure that are outside of Council's control (eg. Council election costs), indicates that the previously projected rate increase of 5.5% can be marginally reduced to 5.4%.

This level of rating increase will allow Council to fulfil its commitments highlighted in the 2013-2017 Council Plan and not alter its service delivery model or to lower its asset management responsibilities, whilst delivering a balanced budget for the upcoming financial year.

As per previous years, any rate increase will only be confirmed at the time of formal adoption of the 2016/17 Annual Budget, which will include the process of seeking a variation through the ESC and will include the statutory 28 day period of public consultation that is mandated under the Local Government Act prior to any budget being finalised.

Consultation:

In conjunction with extensive community consultation and engagement around this issue, Council has advocated extensively to both current and former governments regarding the ongoing financial challenges that Murrindindi Shire Council faces in the longer term as a direct result of the 2009 bushfires.

Council also conducted an advocacy campaign in late 2014 which sought community feedback about options which would reduce Council's operating costs and potentially increase income. Council is already acting on a range of those options to reduce costs.

In accordance with the requirement of the Local Government Act, Council is required to give public notice that it intends to adopt the Budget and Council Plan. Both documents must be made available for inspection at its offices and on its website for a period of at least 28 days, and submissions invited from members of the public. This process will occur once Council's draft budget has been completed and the outcome of the submission to the Essential Services Commission is known.

Conclusion:

A well considered and prudently considered budget is essential for guiding Council's operations for the 2016/17 financial year, as well as provide the basis for which the Strategic Resource Plan and 10-year long term financial plan will be founded on.

RESOLUTION:

Cr C Challen / Cr J Kennedy

That Council:

- 1. Prepares the draft 2016/17 annual budget with a 5.4% rating increase**
- 2. Prepares an application to the Essential Services Commission for a variation to the rate cap for 2016-17 for a rating increase of 5.4%.**

CARRIED

CALL FOR A DIVISION

For: Cr J Kennedy, Cr C Challen, Cr J Walsh, Cr A Derwent and Cr M Rae

Against: Cr E Lording and Cr C Healy

6.5 PROCUREMENT POLICY 2015/16 REVIEW

REF: 16/6734

Attachments: Procurement Policy – 2016 Revision – Draft (refer *Attachment 6.5* - TRIM 16/1769)

Purpose:

The purpose of this report is to seek Council's adoption of the revised Procurement Policy in accordance with Section 186A (7) of the *Local Government Act 1989* ("the Act").

Officer Recommendation:

That Council adopts the revised Procurement Policy as contained in Attachment 6.5.

Background:

Council's Procurement Policy was last reviewed and adopted in December 2014. It is a requirement under Section 186A of the *Local Government Act 1989* that a Council must review the current procurement policy at least once in every financial year.

Regular review of the Procurement Policy encourages continuous improvement so that Council's ways of doing business and procurement processes represent best practice.

Council Plan/Strategies:

This report is consistent with the 2013-17 Council Plan theme of Customer Service. A key strategy for this theme is to continue to improve our processes to enhance the efficiency and effectiveness of the organisation.

The proposal to introduce a Local Business Framework Policy links with Council's objectives to support local businesses retention and growth and increased engagement with local business through the Economic Advisory Committee and other industry associations.

Legal/Policy Issues:

Review of the policy is required under Section 186 of the Act.

Section 186A states:

- 1) A Council must prepare and approve a procurement policy.
- 2) A Council must within 12 months after the commencement of section 67 of the *Local Government Amendment (Councillor Conduct and Other Matters) Act 2008* prepare and approve a procurement policy.
- 3) A procurement policy must include any matters, practices or procedures which are prescribed for the purposes of this section.
- 4) A Council must have regard to guidelines made under subsection (5) in preparing a procurement policy.
- 5) The Minister may make guidelines with respect to the form or content of a procurement policy.
- 6) Guidelines made under subsection (5) must be published in the Government Gazette.
- 7) At least once in each financial year, a Council must review the current procurement policy and may, in accordance with this section, amend the procurement policy.
- 8) A copy of the current procurement policy must be available for inspection by the public:
 - a) at the Council office; and
 - b) on the Council's Internet website.
- 9) A Council must comply with its procurement policy.
- 10) In this section procurement policy means the principles, processes and procedures that will apply to all purchases of goods, services and works by the Council.

Financial/Resources/Risk:

Council has an obligation under s186 of the Act to not only have a Procurement Policy, but to review it annually to ensure its compliance with current legislation. Council is also required to report on its compliance in this area as a part of the Local Government Performance Reporting Framework.

Council's Procurement and Risk Co-ordinator is employed to not only oversee the development and review of the policy, but to ensure that Council meets its procurement legislative requirements and compliance with the Act.

Discussion:

In undertaking a review of the current procurement policy, a number of key principles have been considered for discussion, and where appropriate, benchmarking has been undertaken against other small rural Councils to ensure that Murrindindi's policy remains current, relevant and in accordance with market expectations.

The following principles represent the key areas of improvement that can deliver greater value for money in Council's procurement practices and deliver further efficiency savings. A number of current practices can also be streamlined to ensure that Council's suppliers (both current and prospective) are provided with a better customer service experience, and can also be utilised to encourage business development practices with suppliers that provide services currently to Council, or will have the opportunity to in the future.

1. Revised procurement thresholds to improve alignment with Councils' financial delegations and the approach taken in neighbouring councils

The wording of the current procurement thresholds has led to an anomaly. Currently procurements worth \$5,001 to \$15,000 require at least three quotes to be received. However, procurements worth \$15,001 to \$150,000 (goods and services) and \$200,000 (capital works) currently only require a written request to be issued to three potential suppliers.

This anomaly has created significant additional work for officers and the business community in seeking and responding to a large number of quotes regularly for lower value works. Feedback from officers and business stakeholders indicates that this process is increasing the cost of doing business with Council and leading to some suppliers choosing not to quote for works. The increasing difficulty of seeking and receiving three quotes is causing project delays and an increase in the number of Procurement Policy Exemption Requests.

The procurement policy review provides an opportunity to reconsider the thresholds taking into account approaches in neighbouring councils and the need to balance Council's responsibilities to demonstrate value for money, procure efficiently and reduce barriers or costs associated with doing business with Council, particularly for small to medium sized companies.

The table below summarises the approach taken in Murrindindi compared with neighbouring councils. Strathbogie and Nillumbik require two quotes up to the value of \$25,000 and \$20,000 respectively and three quotes up to the statutory threshold of \$150,000 (goods and services) and \$200,000 (works). Strathbogie and Mansfield take a similar approach to verbal and written quotes allowing verbal quotes up to \$5,000 and \$10,000 respectively and written quotes for higher values.

Allowing verbal quotes on low value low complexity projects makes it very easy for businesses to respond. However, verbal quoting can lead to uncertainty in terms of what Council requires and/or the price or works being quoted including any restrictions or limits. Accordingly, it is best practice to confirm requirements in writing and to confirm verbal quotes in writing before they are accepted. For low value and low risk projects it is acceptable for written confirmations to be via email, fax or letter.

	Murrindindi	Mansfield	Strathbogie	Nillumbik
Tier 1	Up to \$5,000 – 1 verbal quote	Up to \$5,000 – Officer judgement	Up to \$500 – Officer judgement	Up to \$5,000 – Officer judgement. 1 written or verbal quote recommended.
Tier 2	\$5,001 to \$15,000 – Receive 3 written quotes	\$5,001 to \$10,000 – Seek 3 verbal or written quotes	\$501 to \$5,000 – Receive 2 verbal or written quotes	\$5,001 to \$20,000 - Officer judgement. 2 written or verbal quotes recommended.
Tier 3	\$15,001 to Statutory threshold – Seek 3 written quotes	\$10,001 to \$50,000 – Seek 3 written quotes	\$5,001 to \$25,000 – Receive 2 written quotes	\$20,000 to Statutory Threshold – Receive at least 3 written quotes. Consider open public tender.

Tier 4	\$150k(G&S)/\$200k (works) – Open public tender	\$50,001 to Statutory threshold – Issue a written request to at least 3 suppliers.	\$25,001 to Statutory threshold – Issue a written request and receive at least 3 written responses.
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The table below outlines the current and recommended revised procurement thresholds. The recommended procurement thresholds:

- Align with Council’s financial delegations
- Focus on setting a minimum limit on the number of businesses asked to quote rather than on the number of responses received. This reduces the risk of officers chasing quotes to meet a quota rather than demonstrating a procurement process that seeks value for money and is efficient.
- Allow verbal quote responses up to \$20,000 to make it easier for businesses to participate whilst minimising the risks of this approach by requiring requests and confirmation of successful quotes to be in writing.

	Current	Proposed
Tier 1	Up to \$5,000 – 1 verbal quote	<i>\$0 - \$5,000 – minimum of one verbal quote from a potential supplier. Council officer to confirm successful verbal quote via email to the supplier. Rationale for selecting successful respondent to be documented.</i>
Tier 2	\$5,001 to \$15,000 – Request verbally or in writing and receive 3 written quotes	<i>\$5,001 - \$20,000 – Issue a request in writing (letter, fax, email) to a minimum of two potential suppliers. Response can be verbal or written. Rationale for selecting successful respondent documented. If successful response is verbal it must be confirmed by the Council officer via email.</i>
Tier 3	\$15,001 to Statutory threshold – Seek 3 written quotes	<i>\$20,001 – Statutory Threshold - Issue a request in writing (letter, fax, email, e-Tender portal) to a minimum of three potential suppliers. Responses to be in writing. Rationale for selecting successful respondent to be documented. Agreement between parties.</i>
Tier 4	\$150k(G&S) / \$200k (works) – Open public tender	<i>No change</i>

2. Purchasing from existing standing offer or panel agreements

Council has established a number of panels for the provision of a range of services including architectural services, project management, plant hire, electrical, plumbing and general maintenance.

The panels offer good value for money and reduce procurement risks as Council has established contract terms with panel suppliers and insurance levels and occupational health and safety processes have been verified as acceptable. Increased use of these panels will drive efficiencies and reduce the time and resources involved in procurement activities.

It is therefore recommended that the Procurement Policy allow the Chief Executive Officer to set purchasing thresholds to support purchases from panel or standing offer agreements that have been established through a competitive and open process demonstrating value for money.

3. Introduction of full electronic tendering

Since Council’s e-Tendering portal was commissioned in January 2015, Council has run over 60 procurements through the e-Tendering portal. The feedback from Council Officers and local businesses have been positive with many stakeholders recognising process efficiencies and cost savings associated with using the e-Tendering Portal.

The use of Council's physical tender box in the Alexandra Office, has dramatically decreased since the introduction of the e-Tendering portal and it is estimated that physical submissions now account for less than 5% of all responses.

For local businesses, greater use of the e-Tendering portal makes it easier to become aware of opportunities as they do not need to wait to be contacted by an officer or scan weekly papers for opportunities. It also makes it easier to access opportunities, download relevant information and receive updates.

For Council, the e-Tendering Portal significantly improves the transparency and probity of procurements, as it provides a complete audit record of when opportunities were issued, who accessed and responded to the opportunity and communications between Council and respondents. The e-Tendering portal also allows council to report back to the community on the outcome of procurements through the "Award" tab.

Given the significant advantages of the e-Tendering portal for local business and Council, and the very low current use of the physical tenderbox, it is recommended that Council adopt full electronic tendering and close the physical tenderbox following communication with industry and the delivery of industry e-Tendering training sessions.

4. Introduce a complaints handling process

The Procurement Policy has been amended to include a reference to Council's Complaints Resolution Policy and statements regarding Council commitment to open and transparent procurement processes and conducting, and being seen to conduct, fair, impartial and ethical procurements.

5. Enhanced conflict of interest management processes

The Procurement Policy has been amended to include a reference to Council's Conflict of Interest Policy and statements regarding Council's commitment to ensuring that conflicts are identified and managed transparently and with a high degree of probity. The definition of conflict in relation to procurement matters has also been expanded to include direct and indirect interest as well as any interest that may reasonably be thought to be in conflict with the person's role in the procurement.

Council's current approach to managing conflict in procurement processes requires anyone participating in a procurement process to declare any interest they may have in the outcome of the procurement process by completing the Conflict of Interest Declaration Form addressed to the Chief Executive Officer.

Given the number of procurement processes being undertaken across Council (both small and larger value), it is proposed that the responsibility for receiving Conflict of Interest Declaration Forms and determining what, if any, action is required, be given to the Evaluation Chair. In addition, it is proposed that this process be overseen by the officer with the financial delegation to commit the funds through the Evaluation Plan approval process which requires completed Conflict of Interest Declaration Forms to be appended and the reporting of any management action taken.

6. Enhanced Procurement Policy Exemption processes

The revised Procurement Policy includes clearer guidance on when an exemption from the procurement threshold may be approved by the Chief Executive Officer to ensure that it remains effective in achieving the right balance between the efficient and effective use of resources, transparency and accountability in the achievement of best value.

Consultation:

This statutory review of the policy is designed to ensure that it remains compliant with the Act and therefore it is not considered necessary to undertake a community consultation process.

Upon approval, the revised procurement policy will become a publically available document and must be made available at Council offices and on Council's website.

Council officers have also utilised the Municipal Association of Victoria's (MAV) model procurement policy (developed in August 2011) and the Local Government Victoria (LGV) Best Practice Procurement Guidelines (developed in June 2013) for reference in assessing each of the recommendations discussed in developing this policy.

Conclusion:

The endorsement of this reviewed policy will support compliance with the Section 186A of the *Local Government Act 1989*.

RESOLUTION:

Cr J Kennedy / Cr J Walsh

That Council adopts the revised Procurement Policy as contained in Attachment 6.5.

AMENDMENT:

That the procurement threshold for Tier 3 be amended to require the receipt of 3 written quotations.

THE AMENDMENT WAS ACCEPTED BY THE MOVER AND SECONDER

THE AMENDMENT BECAME THE MOTION

CARRIED

**6.6 DECEMBER QUARTERLY REPORT – CAPITAL WORKS PROGRAM
2015/2016**

REF: 16/6192

Attachments: Infrastructure Capital Works Progress Report (refer *Attachment 6.6 – TRIM 16/7225*)

Purpose:

The purpose of this report is to provide Council with the December quarterly update on Council's 2015/2016 Capital Works Program. The report will ensure that Council is advised of the progress of the Capital Works Program.

Officer Recommendation:

That Council notes the December Quarterly Report – Capital Works Program 2015/2016.

Background:

At the Ordinary Council Meeting on 23 July 2012 Council resolved that a Quarterly report on the progress and financial status of the Capital Works Program be incorporated in Council's regular reporting cycle.

This report represents the second quarter report of the 2015/2016 Capital Works Program. The period of reporting is from 1 October, 2015 to 31 December, 2015.

The 2015/2016 Capital Works Program comprises of those projects endorsed by Council as part of the 2015/2016 Capital Works budget as well as those projects identified for carry forward from the 2014/2015 program.

Council Plan/Strategies:

Council Plan 2013-2017:

- Our Economy – Strategic objective: ‘We will advocate for the provision of infrastructure and services that support business growth’
- Our Environment – Strategic objective: ‘We will use resources more efficiently and effectively’

Our Environment – Strategic objective: ‘We will apply a whole of life approach to the management and maintenance of Council’s assets’

Legal/Policy Issues:

Council is obliged to prepare a budget annually. The preparations of a detailed Capital Works Program informs and significantly impacts on the budget.

Financial/Resources/Risk:

There is a risk that Council may not invest enough in the replacement of infrastructure to maintain services reasonably required by the community. The preparation of a Ten Year Capital Improvement Plan seeks to mitigate this risk by informing Council of the financial impacts of investment in capital replacement.

The consequence of an insufficient capital investment in replacement is a widening infrastructure gap. The adoption of a Ten Year Capital Improvement Plan provides Council with the ability to manage the infrastructure renewal gap.

Timely reporting of financial issues assists in early identification of the need to reallocate costs where required. Reporting of project progress also provides Council and the community with an understanding of when projects will commence and will communicate any delays if they occur.

Discussion:

Works undertaken during the second quarter of the 2015/2016 Capital Works Program generally consists of the completion of the scoping, planning, design and procurement phases of the 2015/2016 capital works projects.

The December Quarterly Capital Works Program report provides commentary on the following features of the program:

1. Budget Vs. Actual;
2. Identification of any major variances in income and expenditure;
3. Major areas of expenditure for the quarter being reported on;
4. Details of projects where physical works are anticipated to commence during the next reporting period;
5. Details of the projects that are delayed or other significant issues that have arisen which affect the budget for the project. This reporting, if done in a timely manner, removes the element of surprise and gives Council the opportunity to vary the scope of a project if required;
6. Projects completed in the December quarter;
7. Additional project information.

1. Budget Vs. Actual (year to date)

- As at 31 December 2015, the 2015/2016 revised adopted Capital Works budget is \$12.15m which includes \$3.62m of carried forward projects and an additional \$684,950 R2R funding.
- As at 31 December 2015, Capital Works are \$3k below the year to date budget of \$2,236k. There are no major variances.

2. Major areas of expenditure for the quarter being reported on

The major areas of expenditure for the September quarter include:

- Landfill Design \$20,323
- Yea Civic Centre Precinct \$16,446
- Swimming Pools \$79,000
- Gravel Road Resheeting Works \$116,000
- Kerb Renewal \$64,000
- Kinglake Art History Walk \$119,000
- Road Safety \$31,000
- Marysville Cricket Nets \$63,000
- Eildon Bowls Club \$78,000

3. Details of projects where physical works are anticipated to commence during the next reporting period of 1 January, 2016 to 31 March, 2016

Physical works which are anticipated to commence in the next reporting period includes:

- Sealed Roads Program
- Bridge Renewal Program
- Alexandra Library render repairs/painting
- Yarck Rejuvenating Village Hub
- Yea Civic Centre Precinct Works
- Yea Multi Purpose Court
- Re roofing – Alexandra Chambers and Mayors Office
- Alexandra Hall – Replacement of Seating
- Alexandra Shire Offices – Air conditioning
- Alexandra to Eildon Rail Trail Design

4. Details of the projects that are delayed or other significant issues that have arisen which affect the budget for the project. This reporting, if done in a timely manner, gives Council the opportunity to vary the scope of a project if required.

This report also includes an attachment (*Attachment 6.6*) which indicates the officer's level of confidence in projects being completed within the current financial year using a traffic light system. The colours shown highlight the following;

- Green - officers are confident that the project will be delivered within the current financial year.
- Yellow – there is a medium risk that there may be a delay in delivery due to issues outside of officer's control.
- Red – there is a high risk that delivery will not occur within the current financial year for reasons as outlined.
- Blue - the project has been assessed and is no longer required.
- Brown – completed.

Following is further information concerning some of the projects associated with this attachment.

Traffic Treatments – Raglan Street, Yea

Letters have been distributed to residents who reside in this street advising them of the intended works and requesting feedback. A majority of residents objected to the proposal. As a result this project has been cancelled. This decision has been supported by local Police who will monitor traffic speeds in the area.

Leckie Park Expansion Facilities

Initial concept design completed. Extensive community consultation to commence end of January with final design not expected until April. Consultation has been delayed as the Architect has been required to survey and complete existing conditions drawings as there were no existing plans available. In addition, current resourcing within the Capital Works Department have been diverted to an additional project (Bridge Renewal and Upgrade) created from savings in the road rehabilitation program. Expansion works will then be required to be issued for request for quotation and construction will not be completed prior to the end of June. As a result these works will require funds to be carried forward.

5. Projects Completed In The December Quarter

- Marysville Cricket Nets
- Kerb and Channel Works (Bayley, Webster and Coster Streets)
- Eildon Bowls Club Accessible Change rooms/toilets and ramp
- Alexandra and Eildon Swimming Pools – Installation of roof to amenities buildings

6. Additional Project Information

- Landfill Leachate – Contract has been awarded by Council. We have received further comments from the independent auditor. These items are currently being addressed by consultants. This has delayed EPA approval and it is now expected that this approval will not be finalised until late February. The contract cannot be finalised until these plans have been approved. On this basis it is expected that works will commence prior to the end of the financial year, however, there may be some delay with completion.
- Building Energy Improvements – Installation of solar panels – Works have commenced on the specification for the design, supply and installation of solar panels to the following sites:
 - MSC Offices (Perkins Street)
 - UGFM/Alexandra MSC Chambers
 - Alexandra Depot
 - MSC Webster Street officesIt is expected that these works will be put out for request for quotation during February.
- Additional Grant Funded Projects – The following projects have recently been successful in receiving grant funding:
 1. Design of the Alexandra to Eildon Rail Trail
 2. Construction of stage one of the Alexandra to Eildon Rail Trail – This is the section from Eildon along the Eildon Back Road to Outdoor Education Group
 3. Completion of Great Victorian Rail trail and Alexandra Township link
 4. Eildon Town Centre – Stage Two works
 5. Supply and installation of generators to four library sites – The sites include:
 - Kinglake Library and Office
 - Yea Library and Office
 - Alexandra Library
 - Mobile Library
 6. Yea High Street Toilets – Accessible toilet refurbishment

7. Yea Saleyards – Upgrade – Stage Two. Works include;
- Construction of 36 holding pens
 - Construction of roofing over new holding pens
 - Construction of scale house and livestock scales and;
 - Installation of height adjustable loading ramp

Consultation:

The December Quarter Capital Works report has been developed with the respective officers responsible for the delivery of the Capital Works Program.

Conclusion:

The reporting on the Capital Works Program at the second quarter of the year for 2015/2016 informs Council of the progress any major variances for each project.

RESOLUTION:

Cr J Kennedy / Cr J Walsh

That Council notes the December Quarterly Report – Capital Works Program 2015/2016.

CARRIED

6.7 QUARTERLY FINANCIAL REPORT TO 31 DECEMBER 2015

REF: 16/3281 FY1-03

Attachments: Qtr Report Attachment (refer *Attachment 6.7* – TRIM 16/3282)

Purpose:

The report provides the quarterly financial report for the period ending 31 December 2015.

Officer Recommendation:

That Council receives the Quarterly Financial Report to 31 December 2015.

Background:

Financial governance is important for a Council's good governance because the consequences of failure can be very significant for a Council.

Councillors, sitting as Council, have an overall accountability for the Council's finances. This comes in two ways. Firstly, the Council is required to prepare and periodically review its long term financial plan. This is called the Strategic Resource Plan and forms part of the Council Plan.

Secondly a Council must prepare and adopt the annual budget. The Council must also receive regular financial reporting. As a minimum a Council must receive a quarterly financial report which compared actual and budget revenues and expenses.

The format of the budget is prepared generally in accordance with both the financial regulations affecting local government and the best practice guide for reporting local government budgets.

At the end of the financial year, the draft Annual Financial Statements, comprising the Financial Report, Standard Statements and Performance Statement, are considered by the Audit Committee and presented to Council prior to them being submitted to the Auditor General.

It is important that the Annual Budget is framed within the Strategic Resource Plan and contributes to achieving the strategic objectives specified in the Council Plan.

To enable the progress of each to be monitored throughout the year, Council receives quarterly reports on the Annual Budget, the Council Plan activities, and the Capital Works Program.

Council Plan/Strategies:

This report, in relation to the Annual Budget and quarterly financial reporting, is consistent with the Council Plan 2013-17 Our Council theme which has a strategic objective of delivering visible leadership and advocacy for the community backed by a financially strong organisation. A key strategy objective is to administer sound financial management practices.

Legal/Policy Issues:

The *Local Government Act 1989* requires, under section 126, that a Council must prepare a Strategic Resource Plan for a period of four years.

The Act also sets out in section 127 that the Council must prepare a budget for each financial year.

Then, in section 138, the Act requires that quarterly financial reports must be presented to Council.

Financial/Resources/Risk:

The financial governance of a Council is an important role for Councillors. The risk of poor financial management can have a significant impact upon the governance of the Council. The financial implications flowing from this quarterly financial review are outlined in this report.

Discussion:

Annual Council Budget

The Council Budget essentially comprises of four components. Firstly it provides a description of the activities and initiatives to be funded in the Annual Budget and how these will contribute to achieving the strategic objectives that are specified in the Council Plan.

Secondly, it describes the various influences which have impacted upon the preparation of the annual Budget. These have included such things as Federal and State funding programs, such as Road to Recovery Allocations or costs such as the EPA levies.

Thirdly, it includes an analysis of the budget including the sources of revenue such as rates, user fees and grants as well as key expenditure categories.

Finally it includes an analysis of the cash flow and capital works statements along with the four Budgeted Standard Statements of:

- Budgeted Comprehensive Income Statement
- Budgeted Balance Sheet (incorporating Changes in Equity)
- Budgeted Statement of Cash Flow
- Budgeted Statement of Capital Works

These four Standard Statements are replicated in the quarterly financial report that is presented to Council (refer *Attachment 6.7 - Statements A – D*).

It is important to note that these Standard Statements are based upon public sector financial reporting, the key principle of which is that Council is required to account for the revenue in the year that it is received rather than when it is expended. As capital works projects and grant funded programs often extend over one financial year, then another principle of public sector reporting is that carry forward adjustments need to be made.

Quarterly Financial Report to 31 December 2015

These four Statements for the quarter to 31 December 2015 are included in *Attachment 6.7*.

The table below is a reconciliation between Council's Adopted Budget and the Revised Budget figures within the enclosed Statements which include carry forward of unexpended projects from 2014-15.

Reconciliation of Budget Adjustments - December 2015 Quarterly Review	
	Operating Result
	Surplus / (Deficit)
Adopted Budget 2015/2016	(1,614,389)
Carry forward adjustments	(2,794,973)
Other adjustments / Grant Funding Sept 2015 Report	908,315
September Revised Budget 2015/2016	(3,501,047)
Rates & Charges	79,107
User Fees	(81,684)
Grants Recurrent	25,644
Grants - Non Recurrent Operating	12,500
Grants - Non Recurrent Capital - Library Generators	139,900
Contributions - Cash	1,500
Reimbursements	(22,375)
Other Revenue	(83,128)
Employee Benefits	44,629
Materials & Services - Operating	440,743
Depreciation - amortisation - Landfill Airspace	(18,000)
Other expenses	1,141
Proceeds from Sale of Assets	(203,045)
Carrying amount of assets sold	213,007
December Revised Budget 2015/2016	(2,951,108)
Variance reduced deficit	549,939

The original budget operating deficit has been impacted by carry forward adjustments as detailed as part of the September 2015 Budget Review projecting a (\$3.50m) operating deficit for 2015-16. With additional Grant Funding together with revision of all operating and capital budgets for year end 30 June 2016 results, Council's Revised Budget for 2015-16 is now forecasting a reduced operating deficit of (\$2.95m).

It should also be noted that generally Local Government Income Statements report a surplus because the statement includes all of Council's income sources, but does not include all of Council's expenditure as Capital expenditure is reported via a separate Capital works Statement D.

The 2015-16 operating deficit has however been impacted significantly by \$2.1m Grants Commission funding paid in advance in June 2015 as adjusted in the Sept 2015 Review.

Summary of Budget Adjustments

Rates & waste charges increased by \$79k with additional supplementary valuations processed \$35k and additional bin services applied \$44k.

User fees have been reduced in Home Care (\$69k) driven by service level demand, Garbage disposal – domestic garbage reduced by (\$65k), offset by inclusion of fees from the temporary operations of the Yea Caravan Park \$53k.

Recurrent Grant Funding has increased with the addition of \$12k HACC funding, \$50k In Home Child Care, however Community Care Package funding has been reduced by (\$36k) due to vacant packages.

Non Recurrent Grant Funding has also increased with \$2.5k L2P Driver funding, Youth Resilience Funding of \$10k and \$140k Living Library Funding for generators at all Library sites.

Contribution Cash increased by \$1.5k for incentive payment for completion of Certificate IV Home Care.

Reimbursements decreased by (\$22k) due to significant recoupment of legal expenses which was applied to rate debtors late June 2015.

Other Revenue decrease (\$35k) for sale of scrap steel due to drop in price, (\$9k) Co-mingled recyclables, (\$10k) recoupment of legal expenses, and rental (\$29k) – mainly relating to Yea Caravan Park.

Although some movement within program budgets, the decrease in Employee Benefits (\$44k) is mainly related to saving in WorkCover premium for 2015-16.

Favourable budget revision in Materials and Services is detailed in the table below.

Materials & Services (as per Income Statement "A")	
Utilities - savings Street Lighting costs	21,033
Contractors - various explained below	180,587
Legal Expenses - increased FOI project	(11,500)
Insurance - saving on premiums Property & Plant	53,907
Materials - increased funding equipment & activities	(39,565)
Contributions - revised forecast Waste Management Levy	136,281
Consultants - Advancing Country Towns Trail Design to Capital	100,000
	440,743

Contractor expenses in table above are made up of transfer of Rail Trail works \$60k to Capital program, Community Aged Care vacant packages \$22k, revised maintenance cost Yea Saleyards \$13k plus various Waste Management adjustments – Garbage Collection savings (new contract) \$98k, Recycling collection costs (\$36k), Illegal Dumping \$27k, Mulching costs \$29k, Landfill Operations \$73k and Transfer Station bin shifting \$9k, with overall projected saving going to Waste Reserve.

Other increases relate to the inclusion of costs relating to the Yea Caravan Park operations (\$85k), though these are offset by the increase in fees associated with the park detailed previously and the utilisation of the Caravan Park cash reserves. Other increases relate to Home Child Care - grant funded (\$50k), Library eBooks & magazines transferred from capital (\$8k), with the balance of \$28k made up from numerous minor program savings.

Depreciation has been adjusted \$18k due to revised accounting treatment for amortisation of Landfill Airspace.

Other expenses \$1.1k savings is combination of savings of \$4.5k Councillor allowances offset by increased waivers for Commercial Garbage & Recycling service (\$3.4k).

Proceeds from Sale of Assets have been adjusted with the deferral of sale of land in Eildon (\$180k) pending outcome of Eildon Structure Plan. Sale of Marysville Retirement Village Units have come in under budget (\$40k). Sale of passenger vehicles is favourable \$17k.

The Carrying amount of Asset Sales budgeted for land in Eildon have also been adjusted \$213k to be carried forward into the 2016/17 Budget.

The Annual Revised Budget for 30 June 2016 incorporates all adjustments detailed above.

Balance Sheet (Statement B)

The Balance Sheet – Statement B as at 31 December 2015 shows minimal year to date variance with Cash & Cash Equivalents favourable variance of \$166k directly related to the year to date operating surplus variance as presented within the Income Statement.

Property Plant & Equipment variance is explained and reconciled with reference to Statement D Capital Works.

The overall Revised Budget position maintains a higher level of cash as at 30 June 2016 of \$21.3m which is \$0.44m above the September 2015 Revised Budget of \$20.9m. The bulk of this relates to the increased level of Reserves \$0.2m with movements detailed in Statement E Reconciliation of Non Discretionary Cash & Reserves, plus carry forward of capital projects of \$0.3m.

Cash flow Statement (Statement C)

This statement provides a more holistic picture and reports the important information on Council's cash inflows and outflows. The *Net cash flow from operating activities* line in the Cash Flow Statement (a cash view of the operating statement) shows from the revised budget an increase of \$0.6m. The bulk of this adjustment is in grants and reduced payments to suppliers as detailed in summary of budget adjustments. *Net cash used in investing activities* (Capital Works) shows an overall decrease of (\$0.16m) and *Net cash used in financing activities* (mainly Trust & Deposits) remains as presented in September 2015.

Non Discretionary Cash & Council Reserves (Statement E)

Included as part of this report is an additional reconciliation flowing from the cash flow statement of Council's Non Discretionary Cash Flow requirements. This reconciliation lists all Council reserves together with funds held as Deposits or Trust which are required to be refunded, and an allowance for provision of employee entitlements – being a nominal amount of 25% of Council Annual Leave Liability and 18.75% of the current Long Service Leave Liability (moving towards 25% by 30 June 2017). This is then offset against the level of projected cash at year end.

Operating – Year to Date Review

Overall the income statement reflects minimal variances in both operating revenue and operating expenditure, with several projects behind anticipated expenditure budgets.

The Year to Date Summary of the Income Statement for the period ending 31 December 2015 is provided in Table 1 as follows:

Table 1 – Summary of Income Statement

	YTD	YTD	
	Budget	Actual	Variance
	\$k	\$k	\$k
Revenue	23,166	23,094	(72)
Expenses	11,125	10,776	349
Surplus	12,041	12,318	277

The Year To Date (YTD) operating result at 31 December 2015 shows income up by (\$72k) and expenditure down \$349k generating a larger than expected YTD surplus of \$277k or 2% better than the year to date budgeted surplus.

The key components comprising both Revenue and Expenses variances are summarised by category in Tables 2 and 3 as follows:

Table 2 – Key Revenue Component Variance

Variance		
\$k		
(72k)	Unfavourable to budget	
Key Components	Type	Particulars
(23)	User Fees	Unfavourable variance on Aged & Disability (\$22k).
(55)	Grants - Recurrent	Aged Care Package funding unfavourable – CACP (\$24k) & EACH (\$32k) – with substantial carry forward from prior year & introduction of Consumer Directed Care creating some initial vacant packages.
8	Proceeds from Sale of Assets	Better than projected trade on vehicle changeovers.

Table 3 – Key Expense Component Variance

Variance		
\$k		
349	Favourable to Budget	
Key Components:	Type	Particulars
184	Employee Benefits	Year to date saving across organisation due to vacant positions or in the Community Services area driven by service level demand. Favourable variance relate to; <ul style="list-style-type: none"> • Community & Children Services \$100k • Infrastructure Operations \$39k, and • Business Service \$34k
165	Materials & Services	Favourable variance mainly relate to; <ul style="list-style-type: none"> • Business Services / Administration \$44k • Facilities Maintenance \$33k, • Infrastructure Maintenance \$40k

		<ul style="list-style-type: none"> • Aged & Disability \$16k, plus • Numerous minor variance spread across programs <p>It should be noted these are year to date variances to budget and not forecast savings as budgets have been revised.</p>
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Capital - Year to Date Review

As at 31 December 2015, Capital Works is \$3k below the year to date budget of \$2,236k. Statement D, as attached, indicates that across the asset categories, the largest variances are (\$37k) in Buildings and \$40k in Plant & Machinery.

Table 4 – Summary of Capital Works Completed (Financial)

Asset Category	YTD Budget	Actuals	Variance	Complete to
	31/12/15	31/12/15	YTD	YTD Budget
	\$'000	\$'000	\$'000	%
Land	-	-	-	0%
Buildings	869	906	(37)	-4%
Plant & Machinery	349	309	40	12%
Roads & Paths	264	269	(5)	-2%
Bridges	276	277	(0)	0%
Footpaths and Cycleways	321	318	3	1%
Drainage	54	53	1	1%
Heritage Assets	-	-	-	0%
Furniture & Equipment	42	43	(0)	-1%
Library Bookstock	61	60	1	1%
Works in Progress	-	-	-	0%
Total Capital Works	2,236	2,234	3	0%

Table 5 – Key Capital Component Variance

Variance		
\$k		
3	Favourable to Budget	
Key Components:	Type	Particulars
(37)	Buildings	These variations are a combination of minor variations across several projects.
40	Plant Machinery & Equipment	Variance relates to lower purchase price on several vehicles that have been changed over.

With minimal Year to Date variance, the capital works program overall appears to be running along well as at 31 December 2015. The overall budget had increased from \$7.52m to \$12.15m with \$3.62m carry forwards from unexpended capital work projects forecast to be completed by 30 June 2015 (reported to Council 26 August 2015) and the inclusion of several new grant funded capital works projects – which were detailed separately as a part of the September Quarterly Review.

As part of the December Review for 2015-16, budgets have again been revised with the inclusion of additional grant funded projects, and any identified savings that are forecast to be achieved by 30 June 2016 position. In addition, projects that will be required to be carried forward for completion in the 2016-17 financial year and will be reflected in next year's budget have been identified and adjusted accordingly.

These adjustments are detailed in Table 6 below.

<u>Table 6 - Revision of 2015-16 Capital Works Program</u>	
	Capital Works Budget
Adopted Budget 2015/2016	7,516,619
Capital Works Program 2014-15 End of Year Report 26 Aug 2015	
Table 1 - c/fwd with recommendations	375,608
Table 2 - carry forwards - committed works	3,240,017
Recurrent Grants - Capital (R2R) - additional funding	684,950
Advancing Country Towns - transfer to capital projects	196,603
Yea Community House - Melbourne Water Funds	7,184
Additional Contribution - Eildon Bowling / Marysville Nets	24,750
Reserve Transfer - N&G Assets - 2 new vehicles	99,484
September Revised Budget 2015/2016	12,145,215
Library Generators - Non Recurrent Grant Funding	139,900
Advancing Country Towns - transfer to capital projects	100,000
Rails Trail surface works - transfer from operating	60,000
Library Bookstock - eBooks & magazines - transfer to operating	(8,170)
Waste - Taylor bay Compound Upgrade from Reserve	55,000
Waste - Resource Recovery Centre - back to Reserve	(85,000)
Marysville Caravan Park - Capital - drainage & floors works	26,035
Savings - not required Apex Park BBQ & Eildon VIC	(11,400)
Projects deferred to be carried forward into 2016/17	
Yea Shire Hall	(27,510)
Leckie Park Pavilion	(50,000)
Public Convenience Renewal - Leckie Park	(88,563)
Vegetation Projects	(101,000)
Flood Levee Buxton	(46,800)
December Revised Budget 2015/2016	12,107,707

Further details by category can be found in Statement D.

Consultation:

The Local Government Act requires that Councils give public notice of their annual review of the Council Plan (which includes the Strategic Resource Plan) and also its Annual Budget. All submissions received by Council must be considered, in accordance with section 223 of the Act.

Conclusion:

Awareness by Councillors of general budgeting and reporting requirements will facilitate the preparation of the Annual Budget and Strategic Resource Plan. Operating performance for the December 2015 quarter has been largely in line with the total budget. Council remains in a favourable cash position despite the challenges that it faces.

RESOLUTION:**Cr A Derwent / Cr E Lording****That Council receives the Quarterly Financial Report to 31 December 2015.****CARRIED****6.8 QUARTERLY COUNCIL PLAN 2013-2017 REPORT TO 31 DECEMBER 2015**

REF: SF/291

Attachments: *Council Plan Report Year Three – Quarter Two (refer Attachment 6.8 - TRIM 16/5486)***Purpose:**

This report provides an update on the progress on year three activities listed in the Council Plan 2013-2017 for the second quarter ending 31 December 2015.

Officer Recommendation:

That the report for the second quarter of the Council Plan 2013-2017 on the status of Year Three Council Plan activities be received.

Background:

The Council Plan for the period 2013-2017 was adopted by Council at its Ordinary Meeting of 26 June 2013 in accordance with Section 125 of the *Local Government Act 1989*. The annual review was conducted and the Council Plan 2013-2017 Year 3 was adopted by Council at its Ordinary Meeting of 27 May 2015.

Council Plan/Strategies:

The Council Plan is the key planning document which translates Council's obligations under the *Local Government Act 1989* into strategies and actions. Specifically the plan:

- guides Council's strategic direction
- identifies Council priorities and strategic indicators
- contributes to the development of the annual budget for the next four years

The Council Plan is a key document for local community groups, residents, investors, and other levels of government who play a vital role in helping the Council deliver on its commitments. It sets out what we expect to achieve over a four year period and guides the allocation of finances through the Strategic Resource Plan.

Legal/Policy Issues:

Council is obliged under the *Local Government Act 1989* to review its Council Plan on an annual basis.

Financial/Resources/Risk:

The Council Plan, in particular the Strategic Resource Plan, includes Council's long term financial plan and its implementation is supported by the Annual Budget.

Discussion:

The second quarter progress report on year three actions of the Council Plan 2013-2017 is contained in *Attachment 6.8*.

At the end of the second quarter 3% of activities for the year were complete and 90% of actions were progressing without delays. 5% of actions were not yet scheduled to commence, with only 2% of activities being reported as experiencing delays.

In addition to its strategic activities, 10% of Council's determined Key Performance Indicators (KPI's) have been achieved by the end of the second quarter. A further 63% of KPI's have been classified as likely to be achieved in the 2015-16 year, with an additional 24% of KPI's either unable to yet be measured or assessment would be premature after only two quarters of the financial year. Only 3% of KPIs are currently classified as unlikely to be achieved.

The highlights for the second quarter include the following:

- Council presented its submission to the Senate Select Committee Panel reviewing the Murray Darling Basin Plan and Constraints Management Strategy in October.
- Council was represented on a steering group of industry professionals providing input into the Animal Industries Advisory Committee which will ultimately advise the Government on the wider, systematic problems of the state's planning laws in relation to farming.
- On behalf of the community, Council advocated to VicRoads in relation to proposals associated with safety measures on the Goulburn Valley Highway between Yea and Molesworth.
- A submission was made to the State Government on the review of the Local Government Act and Council advocated to the Essential Services Commission outlining the impacts of the proposed rate cap on Local Government.
- Council commenced a shared services relationship with Mansfield Shire Council during the quarter for the provision of building surveying works.
- Council completed a comprehensive review of its aged care services in preparation for the transition from State to Commonwealth funding arrangements.
- The Municipal Relief and Recovery Plan was finalised and adopted by Council in October 2015.
- Council was successful in securing funding for the Ribbons of Remnant Roadsides and the Green Army projects which is a joint collaborative effort with the Upper Goulburn Landcare Network to raise awareness in relation to the importance of protecting remnant roadside vegetation.
- Additional grant funding was received during the quarter to assist with the renewal of Council's road network through the Federal Government's Road to Recovery Program.
- Council secured funding from the Commonwealth Government to advance plans to improve facilities at the Yea Saleyards for cattle weighing and additional holding pens.
- An economic modelling tool, REMPLAN, was procured during the quarter to provide a relevant source of statistical information to support existing and potential industry sectors and businesses.

Consultation:

Community consultation is undertaken in relation to individual projects and activities identified in the Council Plan. This report provides the opportunity for Council to promote its achievements for the second quarter of the 2015-16 financial year in relation to the implementation of the strategies from the Council Plan.

Conclusion:

The 31 December 2015 report for the Council Plan 2013-2017 reflects the outcomes of the second quarter for year three of this Council Plan. The majority of activities are on schedule, ongoing or target likely to be achieved reflecting a strong commitment by Council to meet the requirements set by the Council Plan.

RESOLUTION:

Cr J Walsh/ Cr J Kennedy

That the report for the second quarter of the Council Plan 2013-2017 on the status of Year Three Council Plan activities be received.

CARRIED

7. SEALING REGISTER

REF: 13/6325

File Reference	Date Seal Affixed	Description of Documents	Signatures of Persons Sealing
SF/2312	10 February 2016	Release & Indemnity Agreement between Murrindindi Shire Council and John Charles Stewart and Kathleen Mary Stewart. Property: Road R1 (PS743275P) Part of 3226 Healesville Kinglake Road, Kinglake 3763.	Margaret Abbey Margaret Rae
CONT 14/12	16 February 2016	Recyclables acceptance and sorting contract between Murrindindi Shire Council and Visy Paper Pty Ltd	Margaret Abbey Margaret Rae

Officer Recommendation:

That the list of items to which the Council seal has been affixed be noted.

RESOLUTION:

Cr J Walsh / Cr J Kennedy

That the list of items to which the Council seal has been affixed be noted.

CARRIED

8. COUNCILLOR PORTFOLIO REPORTS**8.1 LAND USE PLANNING PORTFOLIO**

Cr C Challen:
No report this month.

8.2 ECONOMIC DEVELOPMENT PORTFOLIO

Cr J Kennedy:

Quite a few positive initiatives emerged on the Economic Development & Tourism portfolio over recent weeks, particularly tourism.

I attended a Goulburn River Valley Tourism Board Meeting (GRVT) at the impressive Holmesglen Eildon facility, where the Strategic Marketing Plan for the year ahead was presented. Some new concepts for a logo reflecting our position as 'the Heart of Victoria' were also launched as part of an ongoing campaign to raise our region's profile. With a number of new Directors appointed I am impressed at the skills now contained within the GRVT Board.

The GRVT has gained the services of an office internee for an eight week period under a new program introduced by the Victorian Chamber of Commerce & Industry to assist new graduates to obtain workplace experience. Georgia Odgers who comes from Ardmona will graduate with a Marketing Degree from the La Trobe University Bendigo campus in April and like a lot of new graduates needs some workplace experience. She is the first recipient of the Chambers internship program where they meet the salary costs.

Georgia is working in the Euroa office on the GRVT's new website under development and is nearing release and should be online end of March-early April. Her new intern position was highlighted recently by a news item on WIN News and in local papers.

There is also a major new Tourism Victoria marketing campaign to promote rural and regional Victoria launching at the end of the week that is using television, theatre and press advertising and promotion. It should be beneficial to the four shires that make up the GRVT.

I also attended the first of the Murrindindi Inc. board meetings held in Yea on 16 February which formulated a long list of key initiatives for the rest of the year under their 'Doing Business Better' objective.

This morning, representing the Council, I attended the Alexandra Traders and Tourism Association (ATTA) business breakfast in Alexandra which attracted 58 local business people.

The three presenters were Shivaun Brown the Council's Manager Development Services, Wendy Jones Executive Officer of GRVT and Matthew Buckland former manager of the CBA Yea and now at Mansfield.

All three speakers with their positive updates on what projects are underway to grow business, increase development and boost tourism activity throughout the Shire were well received and congratulations to the ATTA for running such a perceptive community event.

8.3 INFRASTRUCTURE AND WASTE PORTFOLIO

Cr E Lording:

Officers are to be congratulated for their excellent job in the bridge tenders with money saved and a lot of work done.

Eildon streetscape works are to be completed this year.

Cleanaway trucks will be coming through the Murrindindi Shire from Mansfield for an interim period.

8.4 COMMUNITY SERVICES PORTFOLIO

Cr A Derwent:
No report this month.

8.5 CORPORATE AND CUSTOMER SERVICES PORTFOLIO

Cr C Healy:
No report this month.

8.6 NATURAL ENVIRONMENT & CLIMATE CHANGE PORTFOLIO

Cr J Walsh:
No report this month.

8.7 MAYOR AND DELEGATED COMMITTEE REPORTS

Cr M Rae:
This month has seen a range of activities at which I have represented Council:

- a presentation by the Goulburn Catchment Management Authority to receive an update on recent community consultations and to provide input into their report on the Constraints Management Strategy - it was disappointing to learn that the report had already been submitted to the State Government prior to our final input and comment;
- the Vietnam Veterans graveside memorial service - this event was to commemorate 98 members of the armed forces who lost their lives in Vietnam and were repatriated to Victoria. The service was performed simultaneously across Victoria and in Murrindindi Shire was conducted by the Vietnam Veterans Association at the Marysville Cemetery where Jim Menz, a member of the local community, is buried, having been killed in action in Vietnam;
- the quarterly meeting of the Council's Audit Committee;
- the quarterly meeting of the Alexandra Racecourse and Recreation Reserve Committee;
- a tourism industry function at Holmesglen - this followed a meeting of the Goulburn River Valley Tourism Board and was also attended by industry representatives and stakeholders. This provided an excellent opportunity to network and to share experiences and ideas.

I also attended:

- a meeting of the north east branch of the Australian Local Government Women's Association (ALGWA);

We facilitated:

- a meeting of the Alexandra Railway Precinct Project Reference Group;
- a meeting of the Alexandra Sesquicentary Committee.

8.8 GENERAL BUSINESS

Nil

9. MATTERS DEFERRED FROM PREVIOUS MEETING

No matters deferred from the previous meeting.

10. MOTIONS FOR WHICH NOTICE HAS PREVIOUSLY BEEN GIVEN

Nil

11. ASSEMBLIES OF COUNCILLORS

REF: CY16/118

Purpose:

This report presents the records of assemblies of Councillors for 27 January 2016 to 10 February 2016, for Council to note in accordance with Section 80A of the *Local Government Act 1989 (the Act)*.

Officer Recommendation:

That Council receives and notes the record of assemblies of Councillors for 27 January 2016 to 10 February 2016.

Background:

In accordance with Section 80A of *the Act*, written assemblies of Councillors are to be reported at an Ordinary Council Meeting of the Council.

An assembly of Councillors includes advisory committees, where one or more Councillors were present, along with planned or scheduled meetings involving at least half of the Councillors and a Council Officer.

A Councillor who has a conflict of interest at an assembly of Councillors, must disclose the conflict of interest, and leave the meeting while the matter is being discussed.

A written record is required to be kept of every assembly of Councillors, including the names of all Councillors and staff at the meeting, a list of the matters considered, any conflict of interest disclosed by a Councillor, and whether a Councillor who disclosed a conflict left the meeting.

Summary:

Meeting Name / Type	Council Pre Meeting Session
Meeting Date	27 January 2016
Matters discussed	<ol style="list-style-type: none"> 1. Planning Application – Dove Lane 2. Proposed Rezoning and Subdivision – Yarck 3. Amended C57 – Kinglake West 4. Fair Go Rates Program 5. Yea Saleyards
Attendees: Councillors – Cr Rae, Cr Kennedy, Cr Challen, Cr Derwent, Cr Walsh, Cr Lording, Cr Healy	Staff –M Abbey, E Wyatt, M Chesworth, A Bond, S Brown, K Girvan, J Canny
Conflict of Interest disclosures - Nil	

Meeting Name / Type	Councillor Briefing Session
Meeting Date	3 February 2016
Matters discussed	1. Yea Saleyards 2. Draft Budget 2016/2017
Attendees: Councillors – Cr Rae, Cr Kennedy, Cr Challen, Cr Walsh, Cr Lording, Cr Healy	Staff –M Abbey, E Wyatt, M Chesworth, J Canny, A Bond, S Brown, K Girvan
Conflict of Interest disclosures - Nil	

Meeting Name / Type	Councillor Briefing Session
Meeting Date	10 February 2016
Matters discussed	1. VicRoads Update – Goulburn Valley Highway 2. Murrindindi Bushfire Risk Profile 3. Goulburn Broken Greenhouse Alliance Presentation 4. Development Service Department December & Quarterly Report 5. Economic & Tourism Development Business Plan 6. Pre 2006 Native Vegetation Offsets Program 7. Development Quarterly Report – Capital Works Program 2015/2016 8. Draft Budget 2016-2017
Attendees: Councillors - Cr Rae, Cr Kennedy, Cr Challen, Cr Walsh, Cr Healy,	Staff – M Abbey, M Chesworth, E Wyatt, S Brown, J Canny, M Leitinger, A Bond, C Price, N Stewart, H Bradbury
Conflict of Interest disclosures - Nil	

RESOLUTION:

Cr C Challen / Cr J Kennedy

That Council receives and notes the record of assemblies of Councillors for 27 January 2016 to 10 February 2016.

CARRIED**12. URGENT BUSINESS**

Nil

RESOLUTION:

Cr J Kennedy / Cr J Walsh

That the meeting be closed to the public pursuant to s.89(2)(h) of the *Local Government Act 1989* due to matters which the Council or special committee considers would prejudice the Council or any person.

CARRIED

The meeting closed to the public at 7.16pm

RESOLUTION:

Cr J Walsh / Cr J Kennedy

That the meeting re-opens to the public.

The meeting re-opened to the public at 7.36pm.

13. CONFIDENTIAL ITEMS**13.3 BRIDGE RENEWAL/REFURBISHMENT PROGRAM 2015/16**

REF: CONT15/37 and CONT15/38

RESOLUTION:**Cr J Walsh / Cr J Kennedy****That Council:**

1. **Accept the tender from Fineblade Pty Ltd for the lump sum price of \$225,601.10 (\$205,091.91 excluding GST) for Major Culverts Replacements – Package A (Attachment 13.3a)**
2. **Accept the tender from North Central Construction for the lump sum price of \$210,248.50 (\$191,135.00 excluding GST) for the Bridge Renewal/Refurbishment Program 2015/16 – Mainly Steel Components – Package B (Attachment 13.3b)**
3. **Authorise the signing and sealing of;**
 - **Contract number 15/37 Major Culvert Replacements (Package A) and;**
 - **Contract number 15/38 Bridge Renewal and Upgrades (Mainly Steel Components) (Package B)**
4. **Affix the Council seal to these contracts.**
5. **To expend all grant funds endorse the reallocation of project savings to bridge renewal works, selected from the proposed list below:**
 - **Caravan Park Bridge, Court Street, Yea**
 - **Abes Lane Bridge, Killingworth**
 - **Drayton's Bridge, Fairview Road, Kerrisdale**
 - **Homewood Hall Bridge, Homewood Road, Homewood**
 - **Leckies Bridge, Binns Road, Acheron**
 - **Breakaway Road Bridge, Acheron**
 - **Fawcett Hall Bridge, Spring Creek Road, Fawcett**

CARRIED**13.5 RE-APPOINTMENT OF THE CHIEF EXECUTIVE OFFICER**

REF: Personnel File (TRIM Per 2287)

Purpose:

The purpose of this report is to provide Council with the process and outline of the passage of recommendations required to consider the re-appointment of the Chief Executive Officer.

Officer Recommendation:

That Council resolves to provide Public Notice of its intention to re-appoint the Chief Executive Officer (Margaret Abbey) without the position being advertised.

Background:

The current Chief Executive Officer (CEO), Margaret Abbey, was originally appointed to commence in this role on 28 June 2010 for a term of 3 years. On 24 April 2013 Council resolved to re-appoint Margaret Abbey to the CEO role for a further term of 3 years from 28 June 2013.

Council Plan/Strategies:

This report supports the implementation of the Council Plan 2013-2017 in relation to the Leadership Goal to provide strategic leadership and effective governance that supports the aspirations of our community.

Legal/Policy Issues:

The current contract for the Chief Executive Officer provides for her re-appointment.

The *Local Government Act 1989 (the Act)* also provides the process for the re-appointment of a Chief Executive Officer.

Financial/Resources/Risk:

There are no budget implications in respect of this report for the 2015-16 financial year given that Council is proposing to re-appoint the CEO without advertising this position.

Discussion:

The current contract for the Chief Executive Officer provides that the advertising of the position of the CEO does not apply if in the six months immediately before the Expiry Date (in this case 27 June 2016) Council resolves to re-appoint the CEO pursuant to Section 94(4) of the Local Government Act, 1989. The CEO has sought re-appointment for a further 2 year term (which she has done by letter to the Mayor and Councillors dated 1 December 2016) and Council has subsequently proposed that the CEO will be re-appointed without advertising this position.

Section 94(4) of the Local Government Act 1989, provides that where Council wishes to re-appoint the Chief Executive Officer, Council must pass a resolution to do so. Further, at least 14 days prior to that resolution being passed, public notice must be given of the intention to put the resolution. That notice must contain a statement that the passing of the resolution would result in the re-appointment of the CEO without the position being advertised.

In consideration of a Council resolution to re-appoint the CEO without advertising the position, Council must make details of the total remuneration of the CEO available for public inspection within 14 days after the passing of the resolution. The term of the new contract must also be determined and disclosed.

The following timelines are therefore proposed with regard to the re-appointment process:

- 24 February 2016 – Ordinary Meeting of Council – A Confidential Report that recommends provision of a public notice of the intention to put a resolution to re-appoint the CEO without the position being advertised
- 23 March 2016 – Ordinary Meeting of Council – A preliminary discussion in the open meeting concerning the rationale for re-appointment without advertising and a Confidential Report that considers resolution to appoint the CEO and contractual matters.

Consultation:

The Local Government Act provides for notification processes if Council wishes to reappoint a Chief Executive Officer.

In accordance with Section 94 (4)(b) of the Act, there needs to be at least 14 days clear notice prior to the Ordinary Meeting where the resolution to re-appoint the CEO will be considered. The publishing dates set out below are proposed, subject to Council’s consideration of this report. This would enable the Council to meet its statutory obligations and to resolve to re-appoint Margaret Abbey to the CEO role at the Ordinary Meeting of Council on 23 March 2016.

Newspaper / Other	Publishing Date(s)
<i>Newspaper:</i>	
Alexandra Standard	2 March 2016
Yea Chronicle	2 March 2016
Marysville Triangle	4 March 2016
North Central Review	1 March 2016

Conclusion:

Reappointment or recruitment of a Chief Executive Officer is an important role for Council and must be undertaken in the coming months.

RESOLUTION:

Cr J Kennedy / Cr J Walsh

That Council resolves to provide Public Notice of its intention to re-appoint the Chief Executive Officer (Margaret Abbey) without the position being advertised.

CARRIED

There being no further items of Business, the Chairperson declared the meeting closed at 7.37pm.

CONFIRMED THIS _____

CHAIRPERSON _____