



Murrindindi
Shire Council

AGENDA
of the
ORDINARY MEETING OF COUNCIL
to be held on
WEDNESDAY 28 FEBRUARY 2018
in the
ALEXANDRA COUNCIL CHAMBER
commencing at
6.00 pm

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1. PLEDGE AND RECONCILIATION STATEMENT**2. APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE****3. COMMUNITY RECOGNITION**

Council will suspend standing orders to allow the Mayor and Councillors to recognise:

- the appointment of the 2018 school captains from the Yea High School and Alexandra Secondary College
- Neil and Delice Guscott as recipients of the Progressive Melvin Jones Award for 30 years of Lions Club service.

4. DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST**5. CONFIRMATION OF MINUTES**

5.1 Minutes of the Ordinary Meeting of Council held on 24 January 2018.

Officer Recommendation

That the minutes of the Ordinary Meeting of Council held on 24 January 2018 be confirmed.

6. PUBLIC PARTICIPATION TIME

6.1 QUESTIONS OF COUNCIL

6.2 OPEN FORUM

6.3 PETITIONS

7. OUR PLACE

7.1 REVIEW OF MURRINDINDI ENVIRONMENT ADVISORY COMMITTEE

Attachment(s): *No 1 Terms of Reference (refer Attachment 7.1a)*
No 2 Draft Minutes of MURRINDINDI ENVIRONMENT ADVISORY
COMMITTEE Meeting held 19 December 2017 (refer Attachment 7.2b)

Purpose

The Murrindindi Environment Advisory Committee's (Committee) Terms of Reference and membership has expired and requires a review.

Options for future community engagement and advice in relation to environmental performance and delivery of the Council Plan 2017-2021 are presented for Council's consideration, together with the draft minutes for the Committee meeting held on 19 December 2017.

Officer Recommendation

That Council:

- 1. implement the following (option 2 as outlined in this report):**
 - a. revoke of the Terms of Reference of the Murrindindi Environment Advisory Committee**
 - b. set up two expert advisory panels for natural resource management and renewable energy initiatives**
 - c. conduct an annual forum(s) on the environment to showcase projects undertaken by local groups including information about the progress of Council projects and to provide an opportunity for community feedback to Council**
- 2. send letters of appreciation to current members of the Murrindindi Environment Advisory Committee thanking them for their contribution to the Committee.**
- 3. note the draft minutes of the Murrindindi Environment Advisory Committee meeting held 19 December 2017**
- 4. request Department of Environment, Land, Water and Planning (DELWP) to undertake an assessment of alleged breaches by VicForests of the Code of Practice for Timber Harvesting within the Murrindindi Shire, particularly in the Rubicon State Forest, and provide advice to the community about the outcomes of this assessment, as recommended by Murrindindi Environment Advisory Committee**

Background

The Murrindindi Environment Advisory Committee was formed in 2007. The Terms of Reference (TOR) governs the way the Committee operates and is reviewed every three years. The current TOR expired in August 2017.

The Committee's role, as currently defined in the TOR, is one of providing advice. It is not delegated to make decisions on behalf of the Council. The Committee is to consider environmental issues relevant to Murrindindi shire through:

- sharing of expertise and knowledge
- providing expert advice on agenda items
- acting as a conduit to other individuals and/or organisations when required
- supporting Council officers integrate environment into decision making
- providing direction to management and/or Council
- providing a forum for raising and discussing environmental issues.

The members of the Committee comprise of seven community representatives and three agency representatives. The community representatives volunteer their time and expertise and demonstrate ongoing commitment to the Committee. More than half of the Committee membership comprise of people with professional expertise in natural resource management.

Discussion

Evaluation of Existing Committee

In recent times, the current Committee has focussed on local environmental advocacy issues associated with timber harvesting in the Central Highlands Forests. The Committee has had limited involvement in the development and delivery of the Council Plan.

The professional interest and expertise of the current Committee members is extensive in the fields of forestry and natural resource management (biodiversity, land, water). Expertise in corporate environmental management and sustainability, waste, energy, greenhouse gas emissions management, renewables etc. is underrepresented.

Attendance has been decreasing over the last two years.

There are also opportunities to improve the processes and governance of the Committee's operation. Any advisory committee takes significant staff resources to operate effectively and contribute to the broader organisation. The Murrindindi Environment Advisory Committee is no different. As a result it is critical that the Committee is focussed on the priorities of Council and the matters Council can most effectively influence, rather than other environmental priorities.

The Committee has previously provided feedback in the development of:

- Environment Strategy 2011 – 2015
- Roadside Management Plan and Code of Practice
- Roadside Weed and Pest Animal Control Plan
- Council's approach to resource management (energy, water, paper, waste etc.)
- Environment Policy and Strategy Review
- advocacy submissions to State and Federal Government.

The time and expertise contributed by Committee members to these and other items over a number of years is recognised and greatly appreciated.

Feedback From Murrindindi Environment Advisory Committee

Options for future community engagement and advice were discussed at the Committee meeting on 19 December 2017 and included continuation with the current or amended Committee model and/or use of task forces, forums and community panels.

Feedback received from the Committee included:

- Murrindindi Environment Advisory Committee is a strategic committee and should be retained
- the Committee provides independent advice
- the predominant focus of the Committee has been on forestry related issues
- there is need to improve the diversity of the Committee and its capacity to consider a range of perspectives.

What Is Needed?

Council has defined its key focus areas for the next four years in the Council Plan 2017-2021. The community are invited to provide their input into the Council Plan as a minimum every four years, and this sets the key strategies for the Council including for the environment at a local level.

Council has key roles to:

- ensure our activities are as sustainable as practicable
- support communities to be more sustainable through support of relevant community groups and specific programs such as the proposed Solar Bulk Buy and work with the Upper Goulburn Landcare Network
- advocate on behalf of our communities on relevant environmental issues.

Council is not resourced to undertake major advocacy programs and needs to focus its limited resources on the first two elements above, where Council can make the most difference. The current Committee arrangement takes significant resources to support and administer and is not always focused on Council's own environmental priorities within the Council Plan.

Future community input could be focussed on, for example:

- the development of the Council's strategic objectives through a separate reference group like the Murrindindi Environment Advisory Committee
- the delivery of identified projects with assistance from expert community members
- reviewing the delivery of actions and outcomes under the Council Plan through community feedback
- seeking of expert advice from the community.

Initial Options

A number of options have been developed for consideration in relation to the future of Council's environment advisory arrangements:

Task Force:

- a task force is formed based on need and brings together a unit or team of people working on a single defined task or need. A task force would have a defined start and finish. This model would be particularly relevant to Council's focus on renewable energy and energy efficiency projects.

Forum(s):

- Council could opt to have an environmental forum(s) across Murrindindi shire. The forum would be an opportunity to participate in a discussion on what Council and the community are doing to meet the objectives of the Council Plan as well as to showcase what other community groups are achieving in our shire.

Community Panels:

- Council could define areas of expertise that would support the implementation of priority actions in the Council Plan
- panels would be established for the relevant groups of actions such as natural resource management and renewable community energy projects
- Council officers could then draw on the expertise of these panels as required.

Continue the Murrindindi Environment Advisory Committee in a modified way:

- Council could opt to continue with an Environment Advisory Committee (EAC), but change the rules to improve effectiveness such as:
 - clarifying the primary purpose of the EAC is to assist in the delivery of the Council Plan
 - reducing the amount of meetings held per year, e.g. from six to three-four meetings
 - creating specific responsibilities for the EAC (in between meetings) such as assisting organise an environmental forum
 - reducing the number of members to increase focus in the deliberations (say, four-six in total)

- bringing in specific expertise when required by accessing member's community networks and connections
- more active management of the agenda in line with delivery of the Council Plan and Council's annual planning and review cycles
- identification of an independent chair.

Assessment of Initial Options

Task Force:

- this option has the potential to be even more demanding on internal resources as each project could have separate task force membership and require extensive administration and is not favoured.

Forum(s):

- forum(s) could be incorporated with any planned annual reporting to the community envisaged by the Council or could be more focused on environmental issues
- resources to arrange an annual forum(s) could be significant
- proposed forum(s) is supported, although further consideration is needed in relation to the preferred approach.

Community Panels:

- the idea of having expert panels is supported and could add significant value to Council officers in the planning and delivery of Council's actions. The appointment process may take some time however once established the resources required to maintain the arrangement would be minimal.

Conclusion

Council already has its strategy for the environment which was formed largely through its engagement with the community through the Have Your Say program.

The key strategy is to 'strengthen the environmental sustainability of our communities, protect our natural environment and reduce resource consumption'. Council also has identified a number of clear priority actions under this strategy.

The bulk of all work undertaken in the environment portfolio is prepared by Council officers or by consultants engaged for a particular project. Council also uses its networks and attendance at regional forums such as the Goulburn Broken Greenhouse Alliance (GBGA) and the Goulburn Valley Waste and Resource Recovery Group (GVWRRG) to access up to date information. Independent advice could be sought from advisory expert panels.

Council recognises that it cannot be responsible for driving reforms or improvements in every area of the environment strategy and is reliant on community input and initiatives. This is particularly the case in relation to community renewable energy projects where developments are occurring at a rapid pace.

Two key options therefore are:

Option 1: Murrindindi Environment Advisory Committee and forum(s):

- establish new Murrindindi Environment Advisory Committee with revised TOR as outlined above, providing advice and accountability for delivery of the Council Plan
- annual forum(s) to provide an opportunity for broader engagement, information and celebration with the community.

Option 2: panels and forum(s):

- not renew the Murrindindi Environment Advisory Committee (ie. the Committee has expired)
- establish community panels to provide advice to Council in delivery of the Council Plan
- annual forum(s) to provide accountability to the community about how Council has progressed in delivering on the Council Plan, and enable broader engagement, information and celebration with the community.

Neither option will significantly reduce resourcing by Council although the outcomes can be more focussed on Council's priorities. Option 2 is recommended as the most suitable approach moving forward as it better aligns with the objectives and delivery of the Council Plan.

Council Plan/Strategies/Policies

This report is consistent with all four objectives in the Council Plan 2017 - 2021, but has a direct relationship with the strategic objective Our Place:

'We will maintain and enhance places to be attractive and liveable in balance with our natural environment'

'Strengthen the environmental sustainability of our communities, protect our natural environment and reduce resource consumption'.

Relevant Legislation

There is no regulatory requirement to have an Environment Advisory Committee.

Financial Implications and Risk

The cost of running an EAC is funded through Council's operational budget. Under the current model, it costs around \$3,600 to service the Murrindindi Environment Advisory Committee, excluding the impacts of time spent on the delivery of priority environmental projects.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

Discussions were held with the Committee about the future options at the meeting on 19 December 2017.

8. OUR PEOPLE**8.1 EXTENSION OF LEASES AT THE KINGLAKE REBUILDING AND ADVISORY CENTRE****Purpose**

This report seeks Council's endorsement to extend the leases with the current tenants at the Kinglake Rebuilding Advisory Centre for a further 12 months, until 30 June 2019. This is to enable sufficient time for the tenants, including Parks Victoria, to relocate and to allow options for the potential future community use of the facility to be properly formulated and assessed by the community and Council.

**Officer Recommendation
That Council:**

- **authorise the Interim Chief Executive Officer to offer an extension to the current leases arrangements with Parks Victoria and other business tenants at the Kinglake Rebuilding and Advisory Centre for a further term of 12 months, until 30 June 2019**
- **continue to support efforts by the Kinglake community to develop a viable community management model for the Kinglake Rebuilding and Advisory Centre into the future.**

Background

At the May 2017 Ordinary Meeting, Council resolved to extend the current tenancy of the Kinglake Rebuilding and Advisory Centre (RAC) by Parks Victoria and other small business tenants for 12 months until 30 June 2018, whilst options are explored for potential future community use of the facility.

The 12 month extension was also to provide time for Parks Victoria and other tenants to find alternative sites in Kinglake from which to operate.

Discussion

On 22 October 2017 a community led public meeting was held in Kinglake to identify options for the future community use of the RAC. At the meeting a community working group was formed to assess the feasibility of the ideas raised at the meeting. Whilst the group has been working through these ideas there has not yet been sufficient time for the group to formulate a sustainable community management model for the RAC for consideration by Council.

Further, Parks Victoria has advised that it is likely to rebuild its Kinglake facilities on its former site in the Kinglake National Park on National Park Road, however the new facilities would not be ready for occupation prior to 30 June 2019. Consequently it has sought a 12 month extension to its current lease. The three small business tenants at the RAC have also indicated a desire to extend their leases for a further 12 months to 30 June 2019.

It is recommended therefore to extend the current tenancies at the RAC for a further 12 months, and continue to support the development of viable options for community management of the RAC into the future.

Council Plan/Strategies/Policies

This matter is consistent with the Council Plan 2017-2021 strategy under Our People to work with our community and groups to connect, collaborate and plan for our future.

Relevant Legislation

There are no significant legal issues which need to be addressed in the context of this report.

Financial Implications and Risk

The daily operating and maintenance costs of the RAC site have, to date, been largely covered by the current leasing arrangements, with Council retaining financial responsibility for capital renewal.

Moving to a community based operating model for the RAC may require a greater role for Council to financially support or underpin the operations and maintenance of the site, as currently exists for other large facilities in Kinglake and other areas of the shire.

Consideration may also need to be given to the source for any required funding to reconfigure the layout of the RAC in order to best support viable community uses.

It will be necessary therefore that any proposals for community use of the site be considered by balancing the broader community benefits of the proposed use with the impacts on the longer term financial viability of this site, the consequences for the viability of other public facilities in the area and Council's ongoing financial sustainability requirements.

Conflict of Interest

There was no declared conflict of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

Council has not initiated any community consultation with respect to the proposed extension of leases at the RAC. Council officers have been assisting the community working group formed to investigate viable options for future community management and this group is aware that the matter of extending the current leases for a further 12 months is being considered by Council at this meeting.

9. OUR PROSPERITY

9.1 REGIONAL TOURISM PARTNERSHIPS

Purpose

This report considers options for Council's future regional tourism partnership arrangements. In particular, this report presents recommendations in relation to the renewal or otherwise of Council's current Memorandum of Understanding (MoU) with Goulburn River Valley Tourism (GRVT). Council's current MoU with GRVT expires 30 June 2018.

Officer Recommendation

That Council:

- 1. not renew the Memorandum of Understanding with Goulburn River Valley Tourism**
- 2. request Council officers to provide a report to Council recommending an approach to future regional tourism partnership arrangements.**

Background

Council enters into agreements with a regional tourism organisation to provide collective marketing, product development and other tourism support and development services with other councils (and similar organisations).

While Council has entered into agreements with a range of regional tourism organisations over the years, since 2011 Council has had an agreement with GRVT which covers the following local government areas: Mitchell Shire, Strathbogie Shire, Murrindindi Shire and the City of Greater Shepparton. Council's current MoU with GRVT expires on 30 June 2018.

A new draft MoU has been prepared for consideration by each of the partner councils. The City of Greater Shepparton has endorsed the MoU subject to minor changes. The Shire of Strathbogie has resolved to support renewal of the MoU for a period of one year.

Discussion

Any decision to renew (or not renew) the MoU with GRVT should consider:

- the capability and capacity of GRVT to meet the aspirations of Council in the context of the Council Plan 2017-2021
- the strategic alignment of tourism assets and products in Murrindindi Shire with those in other local government areas that are members of GRVT and the impact of this on the strength of collective marketing and other services

- the availability of other partnerships that can deliver greater value to the communities of Murrindindi Shire, consistent with the directions of the Council Plan 2017-2021.

Capability and Capacity of GRVT

GRVT has established itself as a regional tourism organisation since 2011. More recently with the appointment of a new Chief Executive, GRVT is continuing to advocate strongly for the region and developing new programs and campaigns.

Any decision not to renew an MoU with GRVT needs to take into account the investment to date in GRVT and the resources that have been produced through GRVT to support tourism in Murrindindi Shire. This is not insignificant and any transition would need to be managed carefully.

GRVT is however limited by the resources available. Unlike regional tourism boards, GRVT does not receive any base funding from Visit Victoria and is reliant for base funding on councils. No matter the strengths of the team, there is a limit in what can be delivered with current resourcing levels, compared to resources available to regional tourism boards.

GRVT has been successful in gaining some grant funding from Visit Victoria however this would need to increase substantially to provide a level of resources commensurate with what is needed to deliver on Council's aspirations in relation to tourism marketing and development.

Strategic Alignment

The four councils that partner with GRVT under the banner 'Heart of Victoria' provide a tourism offering from nature based tourism, snow and cycling, to food and wine, cultural heritage, equestrian, major events and more. This offering is characterised by diversity rather than strong alignment in tourism products or marketing position.

Alternative Partnerships

Other regional partners for tourism development and marketing are potentially available. This would depend on negotiating an agreement, including services, priorities and funding, with one or more alternative partner organisations. Preliminary discussions indicate that other tourism organisations could potentially be interested in partnering with Council.

If Council decides not to renew the MoU with GRVT, Council officers will progress discussions with potential partners and bring a further report to Council for consideration.

Council may also partner with regional tourism organisations/boards and Visit Victoria on specific campaigns or initiatives rather than relying on a single, formal partnership.

Note that revenues from the Australian Tourism Data Warehouse website for Murrindindi Shire have historically been directed to Yarra Ranges Tourism. Similarly, the Visit Victoria website indicates Murrindindi Shire as being part of the Yarra Valley and Dandenong Ranges region.

Impact on GRVT and Other Councils

A decision not to renew the MoU would impact on the operations of GRVT, reducing the base funding budget for GRVT by ~16%.

Conclusion

On balance, it is recommended that Council resolve not to renew the MoU with GRVT and request Council officers report to Council recommending an approach to future regional tourism partnership arrangements, given:

- the current resourcing and funding available to GRVT limits its capacity provide services commensurate with Council's aspirations for tourism development and marketing

- while there is a diversity of tourism assets and products across the four local government areas currently covered by GRVT, there is significant scope to strengthen alignment and/or complementarity of the tourism offer through alternative partnerships
- preliminary discussions with potential partners confirm the opportunity for arrangements that better meet the needs of Council.

Council Plan/Strategies/Policies

This report is an important step in delivering on the following strategy under the Council Plan 2017-2021 “Our Prosperity” - work with our businesses, regional partners and communities to support a diverse visitor experience that promotes our natural assets, and a vibrant range of events.

Relevant Legislation

Not applicable.

Financial Implications and Risk

The membership fee payable to GRVT for 2018/19 would be \$39,937 (increasing by consumer price index (CPI) in subsequent years). In practice, Council would need to contribute to tourism campaigns and other work in excess of this in order to meet Council’s aspirations in relation to tourism, consistent with the Council Plan.

If Council decides not to approve a renewal of the MoU with GRVT, there will be a need to negotiate a relationship with one or more other regional tourism organisations. As at the date of this report, no alternative agreement is in place and therefore there is a risk that Council is unable to negotiate an acceptable alternative arrangement. Council officers are currently working to manage this risk.

The Victorian Government may review the arrangements for regional tourism organisations, given it is understood most agreements with Visit Victoria currently run until 2019. This may change the funding arrangements for GRVT or for other regional tourism organisations. There is limited capacity to control this risk and therefore Council needs accept this risk and consider this in decision making.

There is a risk with any partnership approach that the entity may fail to perform as expected. Council mitigates these risks by using a clear MOU and agreeing to strategic directions, setting clear and measurable deliverables. Council officers monitor these agreements and advise Council if any concerns arise over the ability of the organisation or partnership to deliver the agreed outcomes.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

Council officers have consulted Goulburn River Valley Tourism and a range of tourism industry stakeholders in gathering information to support preparation of this report.

10 OUR PROMISE

10.1 QUARTERLY COUNCIL PLAN 2017-2021 PROGRESS SUMMARY - 31 DECEMBER 2017

Attachment(s): *Council Plan 2017-2021 Quarterly Report – December 2017 (refer Attachment 10.1)*

Purpose

This report provides the second quarter summary of progress to date in delivering the actions in the Council's Priority Action Plan 2017/18.

Officer Recommendation

That Council receive the quarterly report ending 31 December 2017 on the status of actions from the Priority Action Plan 2017/18.

Background

Council adopted its Council Plan 2017-2021 at the Special Meeting of 21 June 2017. The Council Plan sets out the overall strategic direction of Council over its four year term based on an extensive community consultation program conducted across the Shire.

At the September 2017 Ordinary Meeting Council adopted the Priority Action Plan 2017/18 which outlines the actions that Council will pursue during the 2017/18 year to implement the four year strategies in the Council Plan.

Both the Council Plan 2017-2021 and the Priority Action Plan 2017/18 are published on Council's website.

A report on progress in implementing the priority actions are provided to Council at the end of each quarter.

Discussion

Attachment 10.1 provides a brief summary of activity undertaken to date under each of the four strategic objectives relating to Our People, Our Place, Our Prosperity and Our Promise. Reference is made to the action number from the Priority Action Plan 2017/18.

Highlights from the second quarter (September – December) include the following:

Our People

- we adopted the new Municipal Public Health and Wellbeing plan 2017-2021 to ensure our communities remain active, healthy and connected
- the Walk to School program was completed successfully with seven schools participating in events to promote physical activity and healthy eating
- a youth arts therapy program commenced to support young people with personal development and anxiety issues
- we supported the development of a Good Access is Good Business program to help traders improve access for people with disabilities.

Our Place

- we signed up to the Local Government Energy Savers program to assist in creating energy improvements in Council buildings
- we completed the tender process and appointed a local contractor for the construction of the Murrindindi Bushfire Memorials
- after significant community engagement, we adopted our Domestic Animal Management Plan, setting out our approach for community and animal safety
- our emergency management arrangements were confirmed with the three year update and successful auditing of our Municipal Emergency Management Plan

Our Prosperity

- we launched our "Discover Dindi" Instagram and Facebook sites to enhance promotion of the Murrindindi Shire
- we ran six information sessions to support local businesses to bid for projects and supplier panels established by Council

- we continued working with investors, Goulburn Murray Water and Regional Development Victoria to progress development opportunities in Eildon

Our Promise

- we made a submission to the State Government Planning for Sustainable Animal Industries
- we commenced the installation of Council's new Integrated Asset Management System which aims to improve the way we manage community assets
- we commenced our participation in an industry self insurance workcare scheme, which includes a focus on improving health and safety practices across Council
- we continued to work with VicRoads to identify issues and priorities for road upgrades and safety improvements.

Council Plan/Strategies/Policies

This report is consistent with Council's Our Promise strategic objective in the Council Plan 2017-2021 to work in collaboration with our communities to deliver the best possible outcomes in all that we do.

Relevant Legislation

Council has a statutory obligation to prepare and approve a Council Plan in accordance with Section 125 of the *Local Government Act 1989*.

Financial Implications and Risk

The delivery of the Council Plan 2017-2021 is supported by the four year Strategic Resource Plan and the Annual Budget.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

The actions in the Priority Action Plan 2017/18 have been developed with reference to the priorities identified from the community following the 'Have Your Say' community consultation undertaken in February – April 2017.

10.2 QUARTERLY FINANCIAL REPORT TO 31 DECEMBER 2017

Attachment(s): *2nd Qtr Financial Report (refer Attachment 10.2)*

Purpose

The report provides the quarterly financial report for the period ending 31 December 2017.

Officer Recommendation:

That Council receives the Quarterly Financial Report to 31 December 2017.

Background

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

Council has 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 compares actual and budget revenues and expenses in each of the four prescribed Standard Statements (refer *Attachment 10.2 - Statements A – D*):

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

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, another principle of public sector reporting is that carry forward adjustments need to be made.

Discussion

Annual Council Budget

The draft quarterly financial statements that are attached to this report detail Council's financial position as of 31 December 2017 and provide a record of all financial activity that occurred in the first six months of the 2017/18 financial year. It should be noted that this report continues from the first quarter report that recognised and adjusted for the financial impact of all items carried forward from the 2016/17 financial year. This includes items that were budgeted to occur in the 2016/17 financial year that were incomplete or not achieved prior to 30 June 2017, as well as the impact of items that were initially budgeted to occur from 1 July 2017 onwards, that were required to be recognised in last year's financial statements for accounting purposes. Details of these adjustments were tabled at the 25 October 2017 Ordinary Meeting of Council.

Quarterly Financial Report to 31 December 2017

The table below is a reconciliation between Council's Revised Budget presented in the first quarter report and the December Revised Budget figures within the enclosed Statements, which include the carry forward of unexpended projects from 2016/17.

Table 1 – Reconciliation of Budget Adjustments (next page):

	2017/2018	2017/2018
	Operating Result	Capital Works
	Surplus / (Deficit)	Budget
September Revised Budget 2017/2018 - with carry forwards (Deficit)	(2,664,266)	(10,885,981)
Bushfire Memorials Construction - - \$142,528 Cont & Donations + \$38K from Reserve	133,142	(171,142)
Marysville Tourism & Arts Centre - funding \$126,530 VBAF & \$391,960 Bendigo Bank	518,490	(518,490)
Prime Mover - Waste Services - Cl. Minute 27/9/2017 - from Waste Reserve		(225,046)
Passenger Vehicles - deferred, adjusted actual & inclusion CEO Vehicle		9,610
Mobile Library - Prime Mover (insurance \$43,273 - rec'd June 2016)		(43,273)
Mobile Library - Rejuvenation Project - GR863	40,800	(40,800)
Library Generators - Living Libraries Program - return unexpended grant	(24,603)	24,603
Yea Caravan Park - electrical works		(29,499)
3245 Pools Operations to 3648 Pools Equipment	6,000	(6,000)
Savings - Eildon Boat Ramp - works completed by GM Water		28,000
Works deferred in 2017/18 - carried forward into 2018/19 Budget	423,978	1,566,679
Grants Capital - deferred works - c/fwd Yea Railway Playground, Alex Tennis & Yea Children's Centre	(305,500)	
Operating Grants Carried Forward - Doing Business Better	(121,090)	
Rate Revenue - 1% growth target reduced to 0.75% (achieved 0.5% in 2016/17)	(40,000)	
Special Charge Schemes - deferred until 2018/19 - timing	(87,000)	
Statutory Fees & Fines - Planning \$100K, Building \$20K Septic \$10K & Elections \$11K.	141,082	
User Fees - Aged & Disability \$242K, Waste Landfill \$76K, Leisure Centre \$12K & Shire Halls \$4K.	334,829	
Grants Operating - FDC \$121K, Streaming Growth \$50K, Playgroups \$41K, Meals \$31K plus minor.	269,930	
Contributions - Non Monetary - Gifted Art Works	10,000	
Reimbursements - \$18K Mansfield Building Surveyor / \$4K Roadside Weed contributions	22,229	
Other Revenue - Interest \$50K , Rental (Kinglake RAC) \$55K & Other - Scrap Steel \$9K	114,338	
NET Favourable adjustment Employee Benefits & Materials and Services	80,864	
reallocation \$425K - Business Grants, Events & Tourism - Priority Action Plan	(425,000)	
Depreciation Adjustment - forecast - all categories - includes Landfill amortisation	(432,912)	
Other Expenses - Councillor / Mayoral Allowances	(7,232)	
Finance Costs - no draw down of Loan 2017/18	4,178	
Gain / Loss on Disposal - Land Sales deferred to 2018/19 - including write out of carry values	55,054	
Write Out - Building Assets Disposed - Yea Caravan Park - carrying value	(147,000)	
December Revised Budget 2017/2018 - with all adjustments (Deficit)	(2,099,689)	(10,291,339)

As previously reported to Council, the original budget operating deficit has been impacted by carry forward adjustments as detailed as part of the September 2017 Budget Review projecting a \$2.66 million operating deficit for 2017/18. With revised grant funding, increased income generation through user fees and operating grants, together with a revision of all operating and capital expenditure for the expected year end 30 June 2018 results, Council's Revised Budget for 2017/18 is now forecasting an operating deficit of \$2.09 million.

It should again be noted that the bulk of the operating deficit results from the advance payment of the 2017/18 Victorian Grants Commission (VGC) funding of \$2,224,000 that was unexpectedly received in the last week of June 2017 and not in the 2017/18 year. Several other grant funded projects either advanced or not completed at year end improved the overall 30 June 2017 operating result and increased the levels of cash held by Council. These project budgets will be expended during 2017/18.

The Annual Revised Budget for 30 June 2018 incorporates all adjustments detailed above and included in the attached financial statements.

Balance Sheet (Statement B)

The Balance Sheet – Statement B as at 31 December 2017 shows minimal year to date variance with Cash and Cash Equivalents favourable variance of \$427,000 directly related to the year to date operating result variance as presented within the Income Statement.

Trade and Other receivables year to date show minimal variance and are on track with initial budget projections. Council's debt position has been adjusted to reflect the decision not to borrow an additional \$500,000 in 2017/18, which gives a revised balance as at 30 June 2018 in interest bearing borrowings of \$986,865.

Cash Flow Statement (Statement C)

This statement provides a more holistic picture and reports the important information on Council's cash inflows and outflows. Net cash flow from operating activities in the Cash Flow Statement (a cash view of the operating statement) shows an increase of \$2 million when compared to the first quarter reports. The bulk of this adjustment is in revised projections for payments to suppliers and employees, as well as an improved projection in revenue collected from user charges, fines and contributions. Net cash used in investing activities (Capital Works) shows an overall decrease of \$0.13 million and net cash used in financing activities (mainly Trust and Deposits shows the adjustment of (\$500,000) proceeds from borrowings.

The overall result with the inclusion of the additional cash of \$5.17 million held at 30 June 2017 as detailed in the First Quarter report is reflected in the Balance Sheet with the Revised Budget for 2017/18 projecting an increase in cash of \$1.69 million when compared to the First Quarter report.

Non Discretionary Cash and Council Reserves (Statement E)

Included as part of this report is an additional reconciliation detailing 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 the provision of employee entitlements. The employee entitlement provision includes a nominal amount of 25% of Council's Annual Leave Liability and 25% of the Long Service Leave Liability as of 30 June 2017. An allowance of \$1.41 million has also been recognised as funding for the operational and capital carry forward adjustments. These funds have been included in the increase in projected cash held as at 30 June 2018.

Councillor Expenses (GST Exclusive):

As agreed in the new Councillor Reimbursement Policy that was adopted by Council at its February 2017 Ordinary Meeting, the following table details Councillor expenses for the six month period ending 31 December 2017.

Table 2:

Councillor	Councillor Allowance	Mobile Phone	Training & Professional Development	Accomm. & Travel	Total
Cr C Bisset	\$38,857.84	\$545.45	\$192.62	\$0.00	\$39,595.91
Cr S McAulay	\$13,006.43	\$545.45	\$192.62	\$1,564.27	\$15,308.77
Cr J Ashe	\$13,006.43	\$545.45	\$192.62	\$0.00	\$13,744.50
Cr R Bowles	\$13,006.43	\$545.45	\$192.62	\$711.54	\$14,456.04
Cr L Dunscombe	\$13,006.43	\$545.45	\$192.62	\$3,860.74	\$17,605.24
Cr E Lording	\$13,006.43	\$545.45	\$192.62	\$3,467.79	\$17,212.29
Cr M Rae	\$13,006.43	\$545.45	\$192.62	\$0	\$13,744.50
Subtotal	\$116,896.42	\$3,818.15	\$1,348.34	\$9,604.34	\$131,667.25

It should be noted that accommodation and travel costs include the reimbursement of the claims which a Councillor may choose to submit for travelling to Council meetings, briefings and other functions which they attend in their capacity as a Councillor. Where a Councillor's residence is greater than 50 kilometres from the location of a Council meeting, they may also claim the statutory remote area allowance.

It should also be noted that Councillors' can elect for part of their allowance to be deducted for superannuation purposes.

Council Plan/Strategies/Policies

This report, in relation to the Annual Budget and quarterly financial reporting, is consistent with the Council Plan 2017-18 strategy under Our Promise to maintain Council's financial sustainability through sound financial and asset management practices.

Relevant Legislation

The *Local Government Act 1989* (the *Act*) 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 Implications and 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.

Conflict of Interest

There are no declared conflicts of interest by Council officers in the preparation of this report.

Community and Stakeholder Consultation

The *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*.

The table below is a reconciliation between Council's Revised Budget presented in the first quarter report and the December Revised Budget figures within the enclosed Statements, which include the carry forward of unexpended projects from 2016/17.

10.3 DECEMBER QUARTERLY REPORT – CAPITAL WORKS PROGRAM 2017/18

Attachment(s): *Infrastructure Capital Works Progress Report (refer Attachment 10.3)*

Purpose

This report provides an update on the 2017/18 Capital Works Program (CWP) for the second quarter of the year ending 31 December 2017. The CWP is progressing well overall. The status of individual projects is shown in Attachment 10.3.

Officer Recommendation

That Council note the December Quarterly Report – Capital Works Program 2017/18.

Background

This report is the second quarter report of the CWP. The period of reporting is from 1 October to 31 December 2017. The CWP is comprised of those projects endorsed by Council as part of the 2017/18 Capital Works budget, projects identified for carry forward from the 2016/17 program and approved projects that have received grant funding during the financial year.

Discussion

Work undertaken during the second quarter includes the completion of projects carried forward from the 2016/17 CWP and the design and procurement phases of the 2017/18 capital works projects.

This report also includes an attachment (Attachment 10.3) which indicates the Council officers' level of confidence in projects being completed within the current financial year using a traffic light system. The colours shown highlight the following:

- green –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 Council 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 – works completed.

Additional information on projects is presented below:

1. Major areas of expenditure for the quarter:

- landfill cell capping design - \$28,509
- resource recovery centre shed upgrade - \$9,360
- Yea Caravan Park - \$29,499
- drainage network expansion - \$37,432
- kerb renewal - \$43,565
- drainage upgrade trouble spots - \$46,662
- footpath missing links - \$34,890
- kerb and channel upgrade - \$27,200
- bridge renewal program - \$737,756
- Yea Saleyards truck parking - \$31,589
- roads major maintenance - \$93,613
- gravel road sealing program - \$10,000
- Yea and District Children's Centre – facility upgrade - \$24,798

2. Projects where physical works are anticipated to commence during the next reporting period (1 January to 31 March, 2018):

- sealed roads program
- gravel road re-sheeting program
- Alexandra Shire Hall – window furnishings
- Alexandra Chambers meeting room – lights and curtain renewal
- Bushfire Memorials – construction
- Cheviot Tunnel – condition assessment
- Yea Recreation Reserve – renewal
- Yea Regional Saleyards – truck parking
- Marysville and Triangle Arts and Culture – internal refurbishment
- Kinglake Office and Library – carpet renewal
- path program

3. Projects that are delayed or other significant issues that have arisen which affect the timing or budget for the project:

Buxton Waters Estate Pathway

Due to additional works required before this project can proceed, the project has been removed from the 2017/18 program, and can be considered in future budgets.

Yea Shire Hall

As advised in the September Quarterly Report, Council officers submitted expressions of interest for grant funding to undertake further works at the Yea Shire Hall. Following this, Council was invited to submit a full application. If successful it is unlikely that works will commence prior to the end of the financial year. As such, the existing budget has been transferred into the 2018/19 financial year.

Eildon Boat Ramp

Goulburn-Murray Water has undertaken the fencing works and a Council contribution is no longer required.

Timber Tramway Museum

Council is awaiting the finalisation of lease negotiations between Victrack and other stakeholder groups at the site, which will determine the timing and priority for works associated with Council's exit from the lease with Victrack.

Vegetation Projects

Funds allocated to this project are unlikely to be required until the effects of current project are fully assessed. It is likely a fresh funding allocation will be proposed in the future.

Murchison Street, Marysville

Detailed design will be completed this financial year following the need for extensive consultation with adjoining owners. Construction is to be undertaken next financial year after completion of subdivision and the adjoining owner's development plan.

Yea Children's Centre Upgrade

This project is fully grant funded with grant approval received June, 2017. Service investigations and are nearing completion allowing the detailed design documentation to be prepared. Procurement for construction works will be commencing this financial year with construction to be completed in the first half of the 2018/19 financial year.

Alexandra Lawn Tennis – Court Resurfacing

This project is dependent on a successful grant application to contribute to Council's budget allocation. If successful, it is unlikely that these works will commence this financial year.

[Note: Since the conclusion of the December quarter Council has received advice that the grant application has been successful.]

Yea Playground

This project is dependent on a successful grant application contribute to Council's budget allocation. If successful, it is unlikely that these works will commence this financial year.

[Note: Since the conclusion of the December quarter Council has received advice that the grant application has been successful.]

4. Projects completed in the December quarter:

- Bridge Renewal Program
- carried forward – 2016/2017 Path Program
- Perkins Street Drainage
- Marysville Kindergarten – windows
- Alexandra Landfill – installation of monitoring bores
- Seal Rock Road – drainage
- Yea Regional Saleyards – stage 2 construction
- Alexandra Library – carpet renewal

Council Plan/Strategies/Policies

The CWP is consistent with the Council Plan 2017-2021 “Our Promise” strategic objectives to work in collaboration with our communities to deliver the best possible outcomes in all that we do. It is also consistent with the Council Plan Strategy to maintain Councils financial sustainability through sound financial and asset management.

Financial Implications and Risk

Timely reporting of financial issues assists in early identification of the need for corrective action or reallocation of budget where required. Reporting of project progress also provides Council and the community with an understanding of when projects will commence and communicates delays if they occur.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

No external consultation has been undertaken in the preparation of this report.

11. NOTICES OF MOTIONS**12. MATTERS DEFERRED FROM PREVIOUS MEETING****13. URGENT BUSINESS****14. COUNCILLOR AND PORTFOLIO REPORTS**

14.1 CR MARGARET RAE - LAND USE PLANNING PORTFOLIO

14.2 CR JACKIE ASHE - ECONOMIC DEVELOPMENT PORTFOLIO

14.3 CR ERIC LORDING - INFRASTRUCTURE AND WASTE PORTFOLIO

14.4 CR LEIGH DUNSCOMBE - CORPORATE AND CUSTOMER SERVICES PORTFOLIO

14.5 CR REBECCA BOWLES - NATURAL ENVIRONMENT AND CLIMATE CHANGE PORTFOLIO

14.6 CR SANDICE MCAULAY - COMMUNITY SERVICES PORTFOLIO

14.7 CR CHARLOTTE BISSET – MAYORAL REPORT

15. ASSEMBLIES OF COUNCILLORS**Purpose**

This report presents the records of assemblies of Councillors for 17 January 2018 to 21 February 2018, 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 17 January 2018 to 21 February 2018.****Background**

In accordance with Section 80A of the *Act*, written assemblies of Councillors are to be reported at an Ordinary Meeting of 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 assemblies of Councillors, must disclose the conflict of interest, and leave the meeting while the matter is being discussed.

Discussion

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.

The following summary details are for 17 January 2018 to 21 February 2018:

Meeting Name/Type:	Councillor Briefing
Meeting Date:	17 January 2018
Matters Discussed:	<ol style="list-style-type: none"> 1. Glenburn Roadhouse Planning Application 2. Winery Extension and Liquor Licence Glenburn 3. Business and Events Grant Program 4. Briefing by Tourism North East Representative 5. Review of Local Government Act 6. Community Planning Project 7. 2018/19 Budget Briefing 8. Proposed 2018/19 Capital Budget 9. Kings Road Kinglake West Petition
Councillor Attendees:	Cr C Bisset, Cr S McAulay, Cr L Dunscombe, Cr R Bowles, Cr J Ashe, Cr M Rae, Cr E Lording
Council Officer Attendees:	C Lloyd, M Chesworth, S McConnell, S Brown, T Carter, A Bond, N McNamara, J Canny, N McGuire, D Fotheringham, L Kelly
Conflict of Interest Disclosures:	Nil

Meeting Name/Type:	Councillor Briefing (Council Meeting Pre Brief)
Meeting Date:	24 January 2018
Matters Discussed:	<ol style="list-style-type: none"> 1. Glenburn Roadhouse Planning Application 2. Application for Winery Extension and liquor Licence 3. Business and Tourism Grant Program 4. Kings Road Kinglake West Petition 5. Murrindindi Bushfire Memorials Construction
Councillor Attendees:	Cr C Bisset, Cr S McAulay, Cr L Dunscombe, Cr R Bowles, Cr J Ashe, Cr M Rae, Cr E Lording
Council Officer Attendees:	C Lloyd, M Chesworth, S McConnell, S Brown, A Bond, J Canny, M Leitinger
Conflict of Interest Disclosures:	Nil

Meeting Name/Type:	Councillor Briefing
Meeting Date:	7 February 2018
Matters Discussed:	1. Proposed 2018/19 Capital Budget 2. Current Status of Recycling 3. Regional Tourism Partnerships
Councillor Attendees:	Cr S McAulay, Cr L Dunscombe, Cr R Bowles, Cr J Ashe, Cr M Rae, Cr E Lording
Council Officer Attendees:	C Lloyd, M Chesworth, S McConnell, A Bond, L Kelly, J Canny, M Leitinger, T Carter
Conflict of Interest Disclosures:	Nil

Meeting Name/Type:	Councillor Briefing
Meeting Date:	14 February 2018
Matters Discussed:	1. Recreation and Open Space Assets Review 2. Strategic Resource Plan and Long Term Financial Plan 3. Review of Murrindindi Environment Advisory Committee
Councillor Attendees:	Cr C Bisset, Cr S McAulay, Cr L Dunscombe, Cr R Bowles, Cr J Ashe, Cr M Rae, Cr E Lording
Council Officer Attendees:	C Lloyd, M Chesworth, S McConnell, A Bond, M Leitinger, S Coller, N McNamara, A Kyval
Conflict of Interest Disclosures:	Nil

Meeting Name/Type:	Councillor Briefing
Meeting Date:	21 February 2018
Matters Discussed:	1. Regional Tourism Partnerships
Councillor Attendees:	Cr C Bisset, Cr S McAulay, Cr L Dunscombe, Cr R Bowles, Cr J Ashe, Cr M Rae, Cr E Lording
Council Officer Attendees:	C Lloyd, S McConnell, S Brown, A Kyval
Conflict of Interest Disclosures:	Nil

16. SEALING REGISTER

File Reference	Date Seal Affixed	Description of Documents	Signatures of Persons Sealing
CONT 17/21	25 January 2018	Formal Instrument of Agreement between Murrindindi Shire Council and Fineblade Pty Ltd for construction of the Murrindindi Bushfire Memorials	Craig Lloyd Cr Charlotte Bisset
CONT 17/20	14 February 2018	Formal Instrument of Agreement between Murrindindi Shire Council and Daniel Duna Construction Pty Ltd for Marysville & Triangle Arts & Culture - Internal Refurbishment	Craig Lloyd Cr Charlotte Bisset

Officer Recommendation

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

17. CONFIDENTIAL ITEMS

The Local Government Act 1989 section 89(2) allows Council to resolve to close a meeting to the public to consider confidential information relating to any of the following matters:

- (a) personnel matters
- (b) the personal hardship of any resident or ratepayer
- (c) industrial matters
- (d) contractual matters
- (e) proposed developments
- (f) legal advice
- (g) matters affecting the security of Council property
- (h) any other matter which the Council or special committee considers would prejudice the Council or any person
- (i) a resolution to close the meeting to members of the public.

Where possible Council will resolve to make public any decision it makes in a closed meeting where the resolution does not disclose confidential information. There may be occasions where Council cannot make its decision public.

The reports on the Tender 17/33 – Planning Services Panel, Tender 18/1 – Yea Regional Saleyards – Truck Parking Area, Tender 17/4 – Civil Works Panel and Eildon Jamieson Road – Safety Improvements are being considered in the closed part of this meeting because it is considered under S89(2)(d) contractual matters.

Recommendation

That Council, in accordance with the *Local Government Act 1989* section 89(2)(d), resolve to close the meeting to the members of the public:

- **Tender 17/33 – Planning Services Panel**
- **Tender 18/1 – Yea Regional Saleyards – Truck Parking Area**
- **Tender 17/4 – Civil Works Panel**
- **Eildon Jamieson Road – Safety Improvements**