



South Gippsland
Shire Council

Come for the beauty, Stay for the lifestyle

COUNCIL AGENDA PAPERS

12 June 2013

**SPECIAL MEETING OF COUNCIL
COUNCIL CHAMBERS, LEONGATHA
COMMENCING AT 12NOON**

MISSION

To effectively plan and provide for the social, built, economic and natural environments that ensure the future wellbeing of South Gippsland Communities.

SOUTH GIPPSLAND SHIRE COUNCIL

**NOTICE IS HEREBY GIVEN THAT SPECIAL MEETING OF
COUNCIL OF THE SOUTH GIPPSLAND SHIRE COUNCIL WILL BE
HELD ON 12 JUNE 2013 IN THE COUNCIL CHAMBERS,
LEONGATHA COMMENCING AT 12NOON**

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Tim Tamlin
Chief Executive Officer

SECTION A - PRELIMINARY MATTERS

A.1 Welcome

Please ensure Mobile phones remain 'off' during the Council Meeting.

A.2 Opening Prayer

We pray to God to guide us so that the thoughts we have and the decisions we make this day, are in the best interests of the people of the South Gippsland Shire.

Amen

A.3 Acknowledgement of Traditional Custodians

The South Gippsland Shire Council respectfully acknowledges the Traditional Custodians of this Land, Elders past and present, their Spirits and Ancestors.

A.4 Apologies

Councillor James Fawcett

A.5 Declaration of Conflict of Interest for Councillors

Any interest that a Councillor or staff member has deemed to be significant and has disclosed as either a direct or an indirect interest is now considered to be a conflict of interest. Conflict of interest legislation is in sections 77A, 77B, 78, 78A-D and 79 of the Local Government Act 1989. This legislation can be obtained by contacting the Council's Organisational Development Department (Governance) or by accessing the Victorian Legislation and Parliamentary Documents website at www.legislation.vic.gov.au. An interest may be by close association, financial, conflicting duties or receipt of gifts.

If a Councillor or staff member discloses any interest in an item discussed at any Council Meeting (whether they attend or not) they must:

- Complete a disclosure of interest form prior to the Meeting (forms are available from the Organisational Development Department – Governance).
- Advise the Chair of the interest immediately before the particular item is considered (if attending the Meeting).
- Leave the Council Chamber or Meeting room while the item is being discussed and during any vote taken (if attending the Meeting).

The Councillor or staff member will be advised to return to the Council Chamber or Meeting room immediately after the item has been considered and the vote is complete.

Councillors should check the Minutes of the Council Meeting to ensure their disclosure is recorded accurately.

Councillors are not required to disclose conflict of interest in relation to matters only considered at Meetings they do not attend.

Detailed information is available in Conflict of Interest in Local Government – A Provisional Guide with amendments to 1 October 2010.

Type of Interest		Example of Circumstance
Direct Interest		Reasonably likely that your benefits, obligations, opportunities or circumstances will be directly altered. Reasonably likely to receive a direct benefit or loss measurable in money. Reasonably likely that your residential amenity will be directly affected.
Indirect Interest	Close Association	A member of your family has a direct interest or an indirect interest. A relative has a direct interest. A member of your household has a direct interest.
	Indirect financial Interest	Likely to receive a benefit or loss, measurable in money, resulting from a change to another person's interest. Holding shares in a company or body that has a direct interest (subject to threshold) When a person with a direct interest owes money to you.
	Conflict of Duty	Manager or member of the governing body of an organisation with a direct interest. Trustee for a person with a direct interest. Past dealings in relation to the matter as duty to another person or body.
	Applicable Gift	Gifts valued at \$500 in previous 5 years. Election donations valued at or above \$500 in previous 5 years. Gifts other than election campaign donations that were received more than 12 months before a person became a Councillor are exempt.
	Party to the Matter	Initiated or became party to civil proceedings in relation to the matter.

Privacy

Council is required to keep minutes of each Council meeting. The minutes contain details of proceedings which may include personal information about community members disclosed as part of presentations, submissions and questions. The minutes of Council meetings are a public record and can be inspected by members of the public.

Council undertakes audio recordings of Council Meetings as a contribution to good governance and accuracy of minutes. An audio recording of this meeting is being made for the purpose of verifying the accuracy of minutes of the meeting. In some circumstances the recording may be disclosed, such as where Council is compelled to do so by court order, warrant, and subpoena or by any other law such as the Freedom of Information Act 1982. It should be noted that other people present at the meeting may be recording the meeting and Council has limited power to regulate this. Council has developed a policy to regulate recordings, "Sound Recording of Council Meetings". A copy of this policy is located on Council's website www.southgippsland.vic.gov.au. Further information or a copy of the policy or can be obtained by contacting Council's Organisational Development Department (Governance).

A.6 Declaration of Conflict of Interest for Staff

Sections 80B and 80C of the Local Government Act 1989 require members of Council staff who have delegated functions and /or provide advice to Council or a Special Committee to disclose conflicts of interest. If Council staff have written, provided information/advice or approved a Council Report and have a conflict of interest it is the responsibility of that staff member to disclose the interest. Guidance to identifying and disclosing a conflict of interest is contained in Department of Planning and Community Development in '*Conflict of Interest A Guide for Council staff*', October 2011.

SECTION B - COUNCIL REPORTS

B.1 PUBLIC SUBMISSION HEARING FOR THE DRAFT 2013-2107 COUNCIL PLAN, DRAFT 2013-2014 ANNUAL PLAN, DRAFT 2013-2014 ANNUAL BUDGET AND COUNCILLOR ALLOWANCES

Corporate Services Directorate

EXECUTIVE SUMMARY

At the Council Meeting 26 April 2013, Council endorsed the Draft 2013-2017 Council Plan, draft 2013-2014 Annual Plan, Draft 2013-2014 Annual Budget and Councillor Allowances for public exhibition. At the Council Meeting 22 May 2013 Council amended the date, time and place for the Special Meeting to hear, consider and determine the submissions received from 19 June 2013 to 12 June 2013 to enable the majority of Councillors to be present to hear and consider the submissions received.

Submissions closed on 29 May 2013 with 25 submissions received by close of business. The submissions along with a response and recommendations are presented in this report for Council's consideration at this Special Meeting of Council.

Decisions by Council in regard to the submissions will be utilised to finalise the 2013-2017 Council Plan (Council Plan), 2013-2014 Annual Plan (Annual Plan), 2013-2014 Annual Budget (Budget) and Councillor Allowances to be presented to Council for adoption at the 26 June 2013 Ordinary Council Meeting.

Document/s pertaining to this Council Report

- **Attachment 1** - Submitters speaking to their submissions

LEGISLATIVE / ACTION PLANS / STRATEGIES / POLICIES

Local Government Act 1989, sections 125, 129 and 223

INTERNAL POLICIES / STRATEGIES / DOCUMENTS

Communication and Consultation Policy

Councillor Code of Conduct

Strategy and Plan Management Policy

Public Submission Process (Section 223)

COUNCIL PLAN

Strategic Goal:	5.0	A Leading Organisation
Outcome:	5.1	Good Governance
Strategy No:	5.1.1	Direction Setting

CONSULTATION

Council commenced a formal Section 223 Public Submission process for the draft 2013-2107 Council Plan (draft Council Plan), draft 2013-2104 Annual Plan (draft Annual Plan), draft 2013-2014 Annual Budget (draft Budget) and for Councillor Allowances.

Twenty five (25) submissions were received by the closing date of 29 May 2013. The submissions have been reviewed and recommendations developed for each submission by various Council Departments for Council's consideration. The submissions along with their corresponding reports and recommendations are contained within Part C of the Agenda as individual reports. An index of the submissions for submitters wishing to be heard is contained in **Attachment 1**.

A further 2 late submissions, along with a request for an extension, were received after the closing date. Late submitters were advised that their submissions were unable to be received as part of the formal process, however they were all offered an opportunity to present their request to Council at a Public Presentation session, if desired.

A Council briefing was held on 5 June 2013 to provide Councillors with a copy of the submissions and associated draft reports and recommendations so that questions and financial ramifications of any changes could be raised and answered in time for consideration at this Special Meeting.

REPORT

Background

The role of Council is to provide leadership for the good governance of the Shire. This is achieved by establishing strategic directions articulated in the four year Council Plan and in the provision of approximately 120 services provided by Council. These are required to be funded in a sustainable and responsible manner. The Budget articulates the allocation of resources to achieve all of these outcomes. The Local Government Act 1989 (Act) sets out in sections 125, 129 and 223, the requirements to be met in developing the Council Plan and Budget.

A combined formal public submission process in accordance with Section 223 of the Act has commenced for these plans and the Councillor Allowances. The submission period was open for a minimum 28 day period. It was closed at close of business on Wednesday 29 May 2013, with 25 written submissions received.

Discussion

There were a number of key themes arising from the submissions. These included:

Concern with the rate increase in general and as burden on businesses/farmers;

Concern with staff costs and the provision of services although few responses provided suggestions on the types of services that should be considered for reduced provision or removal. Those that were suggested included:

- Community Vision 2050 - defer or cancel;
- Coal Creek; and
- Green Waste Fees;
- Concern with Council expenses including fleet, telephones and staff development;
- Concern with Planning Permits;
- Concern with fees increases for Food Act registrations;
- Concern with Councillor Allowances;
- Support for recreation reserves and bicycle facilities, including:
 - Arthur Sutherland Reserve;
 - Dumbalk Reserve;
 - Foster Showgrounds;
 - Terrill Park; and
 - Shire Master Plans;
- Request for Regional Libraries;
- Request for increased support for Arts and Culture; and
- Question regarding the sealing of roads.

The only responses received that may require amendments to the strategic directions set out in the Council Plan relate to the Community Vision 2050 project.

The majority of responses addressed concerns or requests for the Budget and one or two action items in the Annual Plan. Responses have been

prepared for all submissions. These are contained as separate reports in Part C of this Agenda for Council's consideration and resolution.

Options

Council may choose to accept, amend or alter any or all of the recommendations for each submission.

Any amendments to the Budget are likely to require amendments to the Annual Plan and potentially the directions outlined in the Council Plan.

Any amendments to the Budget will lead to modifications in the four year Strategic Resource Plan contained within the Council Plan.

Proposal

It is proposed that Council hear those people who have indicated a desire to speak to their submissions. These are outlined in **Attachment 1**. It is then proposed Council to consider and determine each submission individually after hearing all submissions.

FINANCIAL CONSIDERATIONS

The current Budget is sustainable and meets the requirements determined by the Act. Many of the submissions have indicated that the rate rise of 7.5% is too high and will place a financial burden on various members of the community including businesses/farmers.

Council in determining any potential reduction in the rate rise will need to consider not only the current year, but also ramifications of the impact for future years. Council is required to ensure that a sustainable budget can be passed that will not place a financial burden on future generations.

RISK FACTORS

If Council determines that only reasonably insignificant changes be made to the Council Plan, Annual Plan or Budget, then these plans can proceed with only minor amendments to the adoption stage required by 30 June 2013.

If Council determines that significant changes are to be made that will have a detrimental impact on sections of the community by either increasing or decreasing the Budget and/or Council services, then Council may be required to undertake a further Section 223 public consultation process.

If this is required, Council may not be able to meet the legislated deadline and Council's resolutions for the adoption of the Council Plan, Annual Plan, Budget and/or Councillor Allowances by 30 June 2013. In this situation a request to the Minister for Local Government for an extension of time would be required by Council, however the Minister may choose not grant an extension, potentially leaving Council in breach of the Act. Further, Council

would need to amend its resolutions for these plans to be adopted by 30 June 2013.

Council needs to consider if any changes determined today create a significant shift from the endorsed Council Plan or Budget thereby warranting a further Section 223 public consultation process. If this outcome is deemed necessary then Council should consider moving an additional recommendation to seek the Minister's permission for an extension of time in which to adopt the Council Plan and amend its resolutions on 24 April 2013 to reflect the need for a further formal public consultation process.

CONCLUSION

The Council has dedicated an extensive amount of time over the past seven months to set the strategic direction in place for the coming four years and to fund it responsibly.

This report requires Council to hear people that have requested to speak to their submissions, consider the submissions and determine a response to the submissions. Submitters will be notified of Council's decision, along with the reasoning upon which it has been based.

RECOMMENDATION

That Council:

- 1. Now hear people speak in support of their submission, as outlined in Attachment 1.**
- 2. After hearing all submissions consider and determine the 25 submissions received.**
- 3. Require the 2013-2014 Council Plan, 2013-2014 Annual Plan, 2013-2014 Annual Budget and Long Term Financial Plan and Councillor Allowances be amended to align with the decisions made to the submissions prior to formal adoption by Council.**

STAFF DISCLOSURE OF INTEREST

Nil

Attachment 1

The following persons have requested to speak to their submissions.

#	Time	Person/ Organisation	Submission	Directorate	Status
1.	12.05pm	Mr Ian Bristow	Green Waste Fees and presentation of petition	Community Services	No Budget change
2.	12.15pm	Ms Sasha Lamont – Digital Arts Collection Group	Arts Industry Cluster Strategy	Community Services	No Budget change
3.	12.25pm	Mr John McKay	Rate increase concerns	Corporate Services	No Budget change
4.	12.35pm	Mr Malcolm Davies	Farm Rate concerns	Corporate Services	No Budget change
5.	12.45pm	Mr Owen Kindallen – Foster Showgrounds Special Committee	Recreation reserve maintenance grant funding	Community Services	No Budget change
6.	12.55pm	Mr Lloyd McKenzie	Rate increase concerns	Corporate Services	No Budget Change
7.	1.05pm	Mr Gary Napthine	Rate increase concerns	Corporate Services	No Budget change
8.	1.15pm	Ms Andrea Verboon	Authority of Council	Corporate Services	No Budget change
9.	1.25pm	Ms Anna Dark	Tarwin potable water issue	Development Services	No Budget change

SECTION C - COUNCIL REPORTS

C.1 S223 #1 OBJECTION TO GREEN WASTE FEES

Pathway/TRIM D1951813 Date 29/5/2013 Wish to be heard Y
From Mr Ian Bristow / Mirboo North Residents

COUNCIL PLAN

Strategy 1 A Prosperous Shire
Objective 1.3 Improve the sustainability of the local and regional environment.
Strategy 1.3.2 We will promote sustainable waste management practices, energy efficiency and management of our natural resources.
Responsible unit Sustainability Services

SUMMARY OF ISSUES RAISED

- Opposed to introduction of Green Waste Fees.
- Petition of 707 Mirboo North residents objecting to the Fee.
- Concerns related to current contractual arrangements for waste management

MANAGEMENT RESPONSE

- Council has committed to the introduction of the Fee through the Council resolution on 24 April 2013.
- The costs of managing green waste at transfer stations is not financially sustainable and is at odds with the strategic direction of Council in regard to Sustainability and Waste Management.
- Generators of waste should contribute to the cost of providing the service through a fee, rather than ratepayers subsidising their use of the service.
- To offset the up-front costs borne by residents in paying for disposal of green waste, mulch will be available to the public free of charge.
- An amnesty is available from Melbourne Cup Day to the end of December for property owners to take their green waste to the transfer station free of charge.

- Illegal dumping of green waste will be actively investigated and enforcement action undertaken where appropriate.

BUDGET CONCLUSION

- | | |
|--------------------------------|---|
| a) Amend | |
| b) No change | ✓ |
| c) Further discussion required | |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

To : Chief Executive Officer
South Gippsland Shire

From : Ian Bristow

Submission for consideration prior to finalising the Shire's 2013 Budget.

Myself and other residents of Mirboo North request that the Shire do not introduce a charge for dumping of green waste at Shire Waste Management Stations on July 1 2013.

The objections to the introduction of this charge are based on the following :

- A petition containing 707 signatures of Mirboo North residents who are concerned about the environmental impacts and the financial costs resulting from this charge.
- Concerns regarding the suggested savings to the Shire resulting in the implementation of this charge.
- Concerns regarding the present contractual agreement in relation to waste management.

I understand there will be an opportunity to discuss these objections with councilors and Shire Officers prior to the finalization of the 2013 budget.

Ian Bristow.

C.2 S223 #2 PROPOSING ADDITIONAL FUNDS FOR AN ARTS INDUSTRY CLUSTER

Pathway/TRIM D1937613 Date 29/5/2013 Wish to be heard Y
From Digital Arts Collection Group (Ms Sasha Lamont)

COUNCIL PLAN

Strategy 3 Integrated Services and Infrastructure
Objective 3.1 Deliver affordable modern community services and facilitates through an integrated approach to planning and infrastructure development.
Strategy 3.1.4 We will plan for the service needs of the Shire's changing demographic.
Responsible unit Community Strengthening

SUMMARY OF ISSUES RAISED

- Council provides inadequate financial support for Arts and Cultural activity.
- Other forms of recreational activity are well supported relative to arts and cultural activity.
- Arts activity is an important economic driver and creates employment.
- Council should develop an Arts Industry Cluster strategy to promote Art, Tourism and Economic Development.
- Improving accessibility of art particularly to youth.

MANAGEMENT RESPONSE

- No allocation has been made in the current budget to fund the development of an Arts Industry Strategy
- Council is committed to working with the broad arts and cultural community and can collaborate with the arts community during 2013/14 to develop an understanding of how an arts industry cluster strategy may be beneficial to the South Gippsland community and consider seeking external resources or a grant through the Council's Community Grants program, which opens on 1 July 2013, to develop a strategy.
- Council does commit considerably more to arts and cultural activity than listed in the submission.

- In partnership with programs such as Advancing Country Towns, Council is able to support new arts initiatives such as a Digital Artists Trail.
- Council will consider a new Arts & Culture Policy at the Council Meeting to be held on 26 June 2013.
- The policy outlines support provided to arts and culture activities taking into consideration that Council no longer employs an Arts Officer.

BUDGET CONCLUSION

- | | |
|--------------------------------|---|
| a) Amend | |
| b) No change | ✓ |
| c) Further discussion required | |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

Dear Mr Tamlin,

I was asked by my colleagues in arts' community to prepare our response to Council Plan and Proposed 2013-2014 Budget. I am speaking not only for the Digital Arts Collection Group i represent , but for much wider creative community. I did my best to collate information and summarise the views present in the community.

We propose development and implementation of Arts' Industry Cluster Strategy to promote Art, Tourism and Economic Development. You will find the details of our proposal in the attachment.

We would like to take an advantage of the opportunity to present our submission at the Special Council Meeting on 12 June 2013.

With Kindest Regards

Sacha Lamont
Project Manager
Digital Arts Collection



Digital Arts Collection Group

Submission to South Gippsland Shire Council re Councils Plan and Budget

The Digital Arts Collection Group is a cooperative organisation/network that involves local artists in South Gippsland working on creative projects. At the moment we are finishing the filming and editing profiles of twelve artists from the area promoting our culture, natural beauty and vibrant communities. We think our Shire will hugely benefit from developing and implementing **Arts' Industry Cluster Strategy to promote Art, Tourism and Economic Development** and we can present some hard figures to substantiate such a bold and unusual claim.

At present since changes in Council in early 2000's, Council's support for the arts and art activities of Council has been considerably reduced. It currently spends some \$12,000 per annum or 43c per head. However, **it is common knowledge that participation in the arts far outweighs participation in sports.** According to the most recent ABS survey active participation in teams sport is around 20% of the community, where active participation in the arts is over 30%. Council's expenditure on its own recreation reserves, capital expenditure on recreation facilities, sports grants to Recreation Reserve Committee of Management, community grants to Recreation Reserve Committee of management annually amount to over \$1,142,000 or \$204 per user. Similarly Councils support for pools, who service a declining and predominately 7-14 year olds for 1/3 of a year, amount to over \$167 operational and \$143 capital per person assuming that 100% of 5-14 use the pool each year.

Council needs to examine the equity of its support for different segments of the community. Continuing to fund activities based on historical precedent is not necessarily taking into account changing preferences (pools), the fairness in distribution of support and facilities and groups (recreation vs. Arts) that are funding their own activities. The current distribution of Council's support is not equitable and rests primarily on historic precedent, rather than nuanced, planned and fair distribution of community support of activities. It is pleasing to note that Council will be examining the equity of community facilities.

Area	Cost/user	Estimated users/participants
Pools	\$310	3581 users as distinct from attendance
Recreation	\$204	5800 participant abased on ABS survey
Arts	\$0.47	8400 participants
Eco Dev	\$13	per resident

Figures talk for themselves.

Arts is not only important to the enrichment of people's lives, but is increasingly been seen as a major contributor in its own right to employment and economic activities and to tourism. The creative industry employment is growing rapidly and represents 3% of all employment. To build on this, we believe, we need to have a planned and evidence based approach to promoting the strong arts industry-tourism cluster that already exists in the Shire. We are not asking for a major arts facility, but to use best practice in delivering an art industry strategy. An increasing number of rural councils have an arts strategy as part of good community planning and good business practice.

The following figures from the Cultural Ministers Council Statistical project attest to its importance:

1. That as many as 3.5 million Australians work in our culture and leisure sector.
2. That 85 per cent of Australians attend at least one cultural venue or event in a year.
3. Australia exported over \$534 million in cultural goods in the last financial year.
4. A growing number of Australians are finding employment and work opportunities in the arts and cultural sector. 22 per cent of all Australians aged 15 years and over (that is 3.5 million people) undertook some paid or unpaid work in cultural/leisure activities in the 12 months prior to April 2007.¹ Of these, 1.1 million or 30 per cent received payment for their work.
5. 473 552 Australians were employed in cultural activities as their main job in 2006. 284 793 people had a cultural occupation as their main job in 2006 (that is 3.1 percent of employed people).
6. 85 per cent of Australians attend cultural venues and events.

We strongly advocate developing and implementing Arts' Industry Cluster Strategy to promote Art, Tourism and Economic Development. We have very strong arts community, which at present has been under-utilised and marginalised in terms what it can deliver to bolster our economic growth and ameliorate social tensions. The developing of a strategy would provide the framework for advancing and capitalising from the residing artists and creative endeavour in the Shire. The indicative cost of this is \$30k with potential for 2:1 state funding or a net cost to council of \$10k. This we believe, given that it would be an investment gaining a positive employment and tourist return, is more than reasonable request.

Creativity is our strongest selling point when it comes to developing cultural tourism, a sector with the most prominent growth rate globally. There is also a potential for developing cooperative enterprises run by artists that would make art and workshops accessible to wider audience and create more attractions for visitors in the area. There is huge untapped creative potential as many creatives work other jobs to make ends meet. Unleashed, this potential has capacity to spur the economic growth, but having and implementing Arts' Industry Cluster Strategy is essential. Unless there is system in place to nurture and grow the potential we have, the massive amount of creative energy

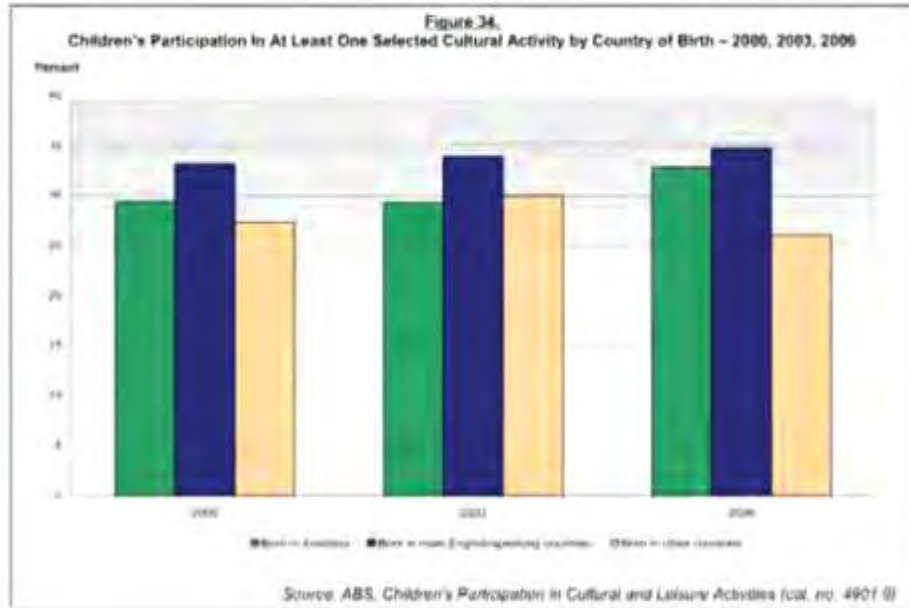


Table 13.
Adult Participation: Average Time Spent on Selected Culture and Leisure Activities - 2006

Activity	Participants average	Participation rate %	Total time spent by all Australians	Average % of day spent on activity by all Australians
	Minutes per day	%	Million of person hours per day	%
Visiting entertainment and cultural venues	114	4.3	1.3	0.3
Attendance at sports events	127	1.6	0.5	0.1
Religious activities/ceremonies	61	5.3	1.3	0.3
Sport and outdoor activity	88	25.0	6.2	1.5
Games/hobbies/sports	100	17.7	4.9	1.2
Reading	76	43.1	8.9	2.3
TV watching/listening	179	67.4	47.0	10.8
Video/DVD watching	709	8.3	2.4	0.6
Listening to radio	123	47.9	15.9	4.1
Listening to records/tapes/CDs and other audio media	71	3.6	1.1	0.3
Attendance at courses (including school and university)	113	0.6	0.2	-
Audiovisual media (B)(c)	83	22.7	5.8	1.3

- (a) or rounded to zero (including all null cells)
 (a) Includes only those that have taken part in the activity
 (b) Includes cultural activities that were undertaken as a secondary activity
 (c) Computer and internet use other than for games.

Source: ABS, How Australians Use Their Time, 2006 (cat. no. 4153 0)

C.3 S223 #3 CONCERN WITH ESCALATING SHIRE RUNNING COSTS, RATES, FORWARD BUDGETS, FLOOD DAMAGED ROADS AND STAFF NUMBERS

Pathway/TRIM D1942113 Date 28/5/2013 Wish to be heard Y
From Mr John McKay

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council,
including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue
and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Concern has been raised in relation to:

- Perceived escalation in the running costs of the shire
- Rate predictions in forward budgets
- Delay in repairing flood damaged roads
- Organisation structure and number of staff

MANAGEMENT RESPONSE

Concern about escalation in the running costs of the shire

Council has determined to provide a variety of services including an associated capital works program. Their funding requirements drive the annual and longer term budgets. The associated costs tend to increase at a greater rate than the consumer price index for a variety of reasons outside of Council's control. The capital construction costs also tend to be considerably higher than the consumer price index. It is projected that capital works costs will increase by 5.25%.

Council is party to an Enterprise Agreement that remains in force to 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year.

Concern about rate predictions in forward budgets

Council unfortunately in the previous financial year faced challenging financial circumstances that have impacted on the preparation of the 2013/14 Annual Budget and Long Term Financial Plan. This included a much higher than anticipated and budgeted for, unfunded superannuation call, reduced Victoria Grants Commission allocation, reduced interest income and other cost pressures.

Council uses a series of key financial performance indicators to assess the integrity of the budgeted financial statements in the Annual Budget and the Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General's Office use to assess the financial sustainability of all Victorian councils.

As a result Council had to increase the general rate by 7.5% and will borrow funds in 2013/14 to help fund the capital works program and maintain service levels whilst ensuring that the financial integrity of the budget and the longer term financial plan is not compromised.

The following years rate rises are projected to be 6.5% in 2014/15, 5.5% in 2015/16 and 2016/17, 5.25% in 2017/18 and 5.0% each year thereafter.

Concern about delay in repairing flood damaged roads

Council had over 140 sites that were damaged by the severe rain and storm events from the past two seasons. The sites were assessed and then prioritised in accordance to risk so that the highest risks were dealt with first, however, these types of works can only be carried out when weather condition allows, which can extend the timing to complete works.

Council has put in place additional measures to work through the outstanding works from the severe rain and storm events. For example:

- Council submitted an application to the Federal Government through the 'Natural Disaster Financial Assistance Program' to fund the road infrastructure works.
- Council allocated \$1 million in 2012/13 for the high priority maintenance of our road infrastructure, including drainage maintenance across the Shire.
- Addition staff resources were also directed towards the general maintenance works as Council received approximately double the customer requests for road maintenance.
- Engaged contractors to assist with the backlog of road infrastructure maintenance works.

In addition to the above, VicRoads has allocated \$1 million to Council each year for 4 years (commenced 2011/12) for the high priority maintenance of road infrastructure, including drainage maintenance across the Shire.

Concern about organisation structure and number of staff

The Council has a broad program of major projects and service outcomes to be achieved. Staff resources have been established to deliver those projects and programs, while still delivering the levels and breadth of services the community require.

Staff numbers are reflective of the services provided and grow to deliver increased activity arising out of population growth, grant funded programs, legislative compliance requirements and new activities.

The Council provides around 120 discrete services to its community. These are provided within the constraints of legislative requirements and grant conditions. The community deserve a high level of service from its local government and having the right management structure in place is integral to delivering quality services.

The field staff need support to deliver these services, many requiring technical expertise, risk management requirements and legislative constraints that far exceed the requirements of by-gone years when two streams of administration were suitable. The Council works in an increasingly complex environment, with increasing reporting and compliance constraints that are not easily understood. Without the support and risk management requirements in place to guide front of house staff, the cost of doing business would increase and service standards decrease.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

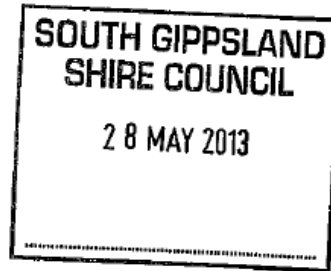
RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

John McKay
P O Box 281



To: The Chief Executive Officer
South Gippsland Shire Council
9 Smith Street
LEONGATHA, Vic., 3953

26-5-13

South Gippsland Shire Council Draft Budget for 2013-2014

Dear Mr Tamlin,

The following is a copy of my letter to the councillors.

I send it to you as a courtesy, and to request that it will be an agenda/discussion item at the open meeting on 12/19-6-13. I intend to attend this meeting.

“Dear Councillor,

I am sending this letter to all nine councillors to register concern at the proposed rate increases set out in the draft budget.

Let me start by saying that I fully subscribe to the adage that ‘Fools and children should not view unfinished work’, however, I believe that the subject document has been offered to ratepayers as an item for (constructive) review and comment.

After studying the various letters to the press on this subject, I offer some comments of my own. These comments are based on my experience in private industry where, over more than forty years it has been my privilege to experience the same problems that are evident in our shire. May I emphasise that none of these problems are new, and none of them are insoluble.

The problems, as reported, include an escalation in the running costs of the shire. (And this escalation is in excess of the reasonably predicted increase in rates.) One other problem appears to be an unwillingness to recognise what is reasonable, as opposed to what could be put into effect (in terms of rate increases), without incurring the displeasure of, or hardship to the ratepayers.

It is of concern to overhear (in the street), shire employees gleefully discussing their projected pay increases.

Another concern is that it made TV news when an announcement was made that some of our flood damaged roads will be repaired.....This is several months after those roads were rendered unusable.

I am further concerned by the rate prediction set out in the draft budget. These are alarming. It is not unreasonable to feel that –if we accept this years’ proposal, will not the subsequent rises been even higher ?

It has been well publicised that we (the shire) employ over 250 people. Further, whilst I do not question the quality or the dedication and ability of these shire servants, the number is extremely high for a shire population of less than 30,000. Also well documented is the statement that the shire administration comprises four departments, and that these in turn administer twenty three 'sub' departments, all requiring a manager who, one presumes, enjoys an 'executive style salary and 'perks'

I respectfully reject councillor Hutchinson- Brooks' suggestion that we, the ratepayers indicate which services should be cut to allow a modest rate increase'. This borders on arrogance. Savings should be found elsewhere.

We must seek savings by making our operation more efficient, and it is imperative that we effect operational cost savings

Briefly, and because this is the largest cost, the salaries bill must be reduced, and this should be achieved by reducing the number of management personnel, and possibly by implementing salary levels.

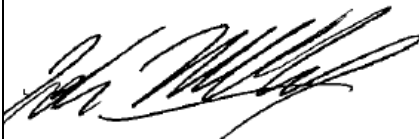
For example, we have four major management strains, and twenty three departments. For such a small shire this is far too many. Perhaps we should revert to the 'pre-amalgamation' days when shire administration comprised two streams ; Financial/ Administration and Technical/Planning and Maintenance.

My suggestion is that council embark upon a strenuous examination of the functions of all of the shire's 'departments' and generate a plan to streamline our operations. We obviously have a surfeit of managerial staff, and no doubt these are very competent people. But,...can we afford them ? and furthermore,..do we need them ? The simple mathematical solution is that if the four major strains and twenty three departments were halved, savings of at least two million dollars would be achieved.

There is no need to engage 'consultants for this task. We have the ability within the shire to conduct a 'self examination'.

Our aim must be to recognise and effect sufficient savings to equal the proposed rate increases.

We need a leaner and more efficient council. We have allowed too much in the way of managerial growth. I have every confidence in the workforce that we see attending to the 'outside tasks, such as road, pathways, and gardens maintenance."



Yours Faithfully
John McKay

C.4 S223 #4 CONCERNS WITH PROPOSED RATE INCREASES IN PARTICULAR DIFFERENTIAL RATES FOR FARMERS

Pathway/TRIM D1957413 Date 29/5/2013 Wish to be heard Y
From Mr Malcolm Davies

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council, including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr Davies raises concerns with the proposed rate increases, in particular the differential rate for farmers and the increasing financial burden on their business.

MANAGEMENT RESPONSE

Council unfortunately in the previous financial year faced challenging financial circumstances that have impacted on the preparation of the 2013/14 Annual Budget and Long Term Financial Plan. This included higher than anticipated unfunded superannuation call, reduced Victoria Grants Commission allocation, reduced interest income and other cost pressures.

Council uses a series of key financial performance indicators to assess the integrity of the budgeted financial statements in the Annual Budget and the Long Term Financial Plan. Council had to increase the general rate by 7.5% to ensure these financial indicators are maintained at an appropriate level.

In the proposed 2013/14 Budget, Council has not adjusted the differential rates for the financial year however Council has identified differential rates as an area of immediate concern. In light of this, Council is planning to review its Rating Strategy which includes objectives and justification for each Differential Rating class of land to establish a fair and equitable rating differential for the 2014/15 financial year.

Council is bound by the Local Government Act which sets the rating methods available to Councils. Site Value (SV) or Capital Improved Value (CIV) are the only two rating methods allowed by the Act. Unfortunately for your request, both methods involve valuing the land as a component of the overall valuation. We understand all but one Council in Victoria uses the CIV method of valuation.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

GREENWALD PASTORAL COMPANY

**SOUTH GIPPSLAND
SHIRE COUNCIL**
29 MAY 2013

27/5/2013

Dear Mr Tamlin

In presenting this submission to the Shire of South Gippsland CEO I wish to protest against the proposed 7.5% increase in our Shire rates. As a farmer and beef producer I am finding it increasingly difficult to understand how our council can justify continuous rises in the rates collected year in year out. The Shire is forecasting average rate rises of 6% each year over the next four years. I believe farmers are at their financial limits now and to add an ever increasing burden to their businesses is detrimental to the future of farming in this region.

As stated in my letters to our local newspapers, proposed rate collections for the 13/14 budget are

- Residential properties ave. \$1038 per unit with only one rate assessment
- Farm properties ave. \$2440 per unit with the average farmer receiving 3 to 4 assessments.

In its submission to the State Government in February 2013 the VFF (see attachment) found that the average farmer pays 8.5 times more in dollar terms than residential ratepayers but compared to some business and industrial rate payers receives no added services for their higher rates.

The process of using CIV for the calculation of rural rates, disadvantages farms, as it is a land intensive business. The value of the land does not accurately reflect the yearly income generated and most farmers are unable to pass on cost increases to customers.


I therefore ask the Shire to consider having a more equitable and fairer rating system towards farmers by imposing a rate only on houses and buildings and not rating farmland.

If this proposal is unachievable then I ask that the Council to reduce the differential farm rate to 75% which would help ease the financial burden on farmers.

Furthermore, as my research (see attached letters) into the proposed budget shows, savings can be found to cover a budget shortfall should changes in rates for farmers be implemented.

I would like to speak on this submission to the council on June 12 2013.

Yours sincerely,



Malcolm Davies

C.5 S223 #5 SUPPORT FOR PROPOSAL OF ADDITIONAL FUNDS FOR RECREATION RESERVE

Pathway/TRIM D1905913 Date 27/5/13 Wish to be heard Y
From Foster Showgrounds Special Committee (Mr Owen Kindallan)

COUNCIL PLAN

Outcome 2 Closely connected communities
Objective 2.1 Engage and work collaboratively with our community.
Strategy 2.1.3 We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide.
Responsible Unit Community Strengthening

SUMMARY OF ISSUES RAISED

- Support for the proposal to provide an additional \$150,000 to Shire recreation reserves.
- Increased maintenance funds to be used to assist volunteers to address the increased financial cost associated with the upkeep of these facilities.
- Submitter also intends these funds be allocated to replace equipment, address problem areas, improve playing surface, general upkeep of recreation reserve, weed spraying and oval repairs following show.

MANAGEMENT RESPONSE

- Council values the Shire’s recreation reserves and the volunteers who maintain them.
- A funding increase of \$150,000 for reserves is included in the 2013/14 budget as a new initiative.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required


✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the funds allocated to Recreation Reserves when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to this matter including the reason/s for the decision.**

SUBMISSION

<p>Chief Executive Officer South Gippsland Shire Council Private Bag 4 LEONGATHA Vic 3953</p>	<p>SOUTH GIPPSLAND SHIRE COUNCIL 24 MAY 2013</p>
<p>Dear Councillors,</p>	
<p>DRAFT 2013/14 BUDGET SUBMISSION</p>	
<p>The proposal to provide an additional \$150,000 to the maintenance of recreation reserves should be strongly supported, as it will benefit the entire community.</p>	
<p>Reserve committees are required to make the most of the funding available to provide the best possible facilities for the community. It is a very difficult and time consuming task. This additional funding will greatly assist the volunteers who contribute hundreds of hours to maintaining these important community assets.</p>	
<p>Increased funding would allow us to:</p>	
<ul style="list-style-type: none">• Replace equipment• Address problem areas• Improve the playing surface• Improve facilities around the ground	
<p>One significant factor for our committee is the Annual Agricultural Show, which includes horse events. The damage to the ground is substantial, and needs to be addressed. The best option would be to Verti-drain the entire ground twice a year for three years, then once per year, at cost of \$1500 per treatment. Additional funds would be required for seed and fertiliser, and the contractor employed to carry out the ground maintenance. The total cost to redress the annual damage done by horses to the oval is close to \$15,000, far greater than the \$7,800 currently given to maintain the entire showgrounds. Please see the attached report by an independent soil and turf expert. At this stage a soil test is the only part of his recommendations that we could afford.</p>	
<p>This is an extremely important issue and I urge to support increased funding. Thank you for your support,</p>	
<p>Yours sincerely,  Owen Kindellan Foster Showgrounds Committee President</p>	

Meeting Foster Showgrounds Thursday 9th May at 4.30 pm

Attendees

James Slater (Community Colleges Gippsland), Kevin Flett, Geoff McCraw, Ian Lyons, Mal Davies, Owen Kindellan Showgrounds President.

Introduction

James Slater has considerable turf experience. He looks after Gardening and Turf Apprentices in the Region and has had 30 years in the horticulture industry. He was invited to the Showgrounds to give his thoughts on the condition of the ground and to offer some advice on its future Management.

Foster Showground existing usage:

The Ground is a multi- purpose arena. It has the following users

- Football season from March to Sept Training 3 times per week and home game every fortnight. Auskick weekly and Juniors 6 times a season
- Foster Community Market 6 times per year from Nov to April Rotary train with small engine and two carriages from 10.00 am to 3.00 pm approximate weight 6000 kg
- Foster Show last Saturday in Feb. This usage consist of horse dressage and jumping which cause considerable surface damage which is partially reinstated by the ShowGrounds Committee.
Football season commences in March which is only 4 wks after the Show
- There is presently no cricket played on the ground but this is the subject to ongoing discussion

Key Recommendations following site inspection

- The soil consists of a sandy loam with sewn Rye Grass. The ground is lacking in trace elements and is an open sandy base. A soil test should be carried out to determine an accurate soil analysis
- The ground has patchy grass growth and grass has little root structure. **Lack of a watering system is a major problem**
- The Club could look at changing the type of grass to a more resilient grass.
- James will undertake a preliminary soil test. He took samples at several locations the Clubhouse wing, Station St Goal end and Nelson St goal end
- The Club could consider getting turf reps involved who will analyse turf and develop a program for management e.g. KB Adams Turf (Bill Shannon)
- The grass is being cut to low at the moment. It is suggested lifting the mowing height to 50mm (2 inches) this will let grass have a chance to establish good root systems and improve its general health .the shorter the grass leaf blade on individual plants currently reduces the plants ability to photosynthesis and produce food At the moment the shallow root system is also allowing grass to be displaced easily.
- The ground is rolled to often which is breaking up root structure and causing compaction of the lower sub soil structures it is thus making it hard for root systems to penetrate it is suggested a weighted gate behind tractor may be more effective
- Cheaper soil additives that would help improve the soil e.g. Molasses 20 litres diluted in hot water then mixed with 800lt of water, Epson Salts at 2 kg/ 100 m2. This will improve soil structure and increase humate levels within the soil and allow trace elements to be used by the grasses.
- Due to the current weather conditions amount of use that the field is currently being used it would be doubtful that over sowing would be of any benefit as the time is not there for the establishment of good cover. Over sowing should be considered in early autumn next year. Without water there is

no point attempting it at the end of the football season as the grasses would die off quickly during the summer.

-Over sowing could be undertaken with a rye grass blend.

-Management of the ground lacking a watering system is a major problem and we are suffering a particularly dry period which will probably continue in future years due to climate change

-Club should consider talking to other clubs /sporting bodies to save costs with bulk purchases of chemicals and work by contractors.

Other Issues

- The Ground is poorly drained. Agri drains have been constructed around the perimeter of the ground but in need of inspection to establish if working. The main drainage outlet to Station Rd needs upgrading.
- The Club is in contact with South Gippsland Water and the possibility of obtaining treated sewage effluent in future years

Immediate Action

1. The Showground Committee and Football Club need to Verti drain the entire ground with experienced contractor and add organic dynamic lifter @ 40 kgs per 100 m² (Crushed not pellets) Also add lime 150gm per m².
This work could happen now prior to weather breaking and would not interrupt football season.
2. Contact experienced turf representative for soil test and turf management program



TIME FOR SOIL TESTING!

Let us provide you with a truly independent soil report

Send samples to

AGCSATech

Suite 1 Monash Corporate Centre, 752 Blackburn Road, Clayton 3168

C.6 S223 #6 2013/14 ANNUAL BUDGET, RATE INCREASE, COST SAVINGS, COMMUNITY VISION 2050 AND COAL CREEK

Pathway/TRIM D1966413 Date 6/05/2013 Wish to be heard Y
From Mr Lloyd McKenzie

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council,
including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue
and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr McKenzie has raised concerns and recommendations with the proposed Annual Budget for 2013/14 relating to the proposed rate increase, cost saving opportunities, Community Vision 2050 and Coal Creek.

MANAGEMENT RESPONSE

Rate Increase

Council has determined to provide a variety of services including an associated capital works program. Their funding requirements drive the annual and longer term budgets. The associated costs tend to increase at a greater rate than the consumer price index.

The capital construction costs also tend to be considerably higher than the consumer price index. It is projected that capital works costs will increase by 5.25%.

Council is party to an Enterprise Agreement that remains in force to 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year.

Council unfortunately in the previous financial year faced challenging financial circumstances that have impacted on the preparation of the 2013/14 Annual Budget and Long Term Financial Plan. This included higher than anticipated unfunded superannuation call, reduced Victoria Grants Commission allocation, reduced interest income and other cost pressures.

The superannuation call was initially expected to be approximately \$1.2m following initial advice from Council superannuation provider and Council had

planned and budgeted for this eventuality within the long term financial plan and original proposed rates. The actual superannuation call ended up being \$4.6m, which has caused the main pressure on Council's need to borrow funds and raise the rates higher than initially had been budgeted or intended. The Defined Benefit Superannuation Scheme was closed as a scheme in 1994/95, however, the residual effects will impact Councils across the State for many years to come. The pressure arises in times of economic decline.

Council uses a series of key financial performance indicators to assess the integrity of the budgeted financial statements in the Annual Budget and the Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General's Office use to assess the financial sustainability of all Victorian councils.

As a result Council proposed to increase the general rate by 7.5% and will borrow funds in 2013/14 to help fund the capital works program and maintain service levels whilst ensuring that the financial integrity of the budget and the longer term financial plan is not compromised.

Provision of Services

The provision of Council delivered services in many areas including Arts and Culture, Sustainability and Children and Family Services are made available due to community need and demand.

Several services provided by the Community Services Directorate are largely grant funded and have minimal impact on ratepayer funds. There are also legislative requirements to deliver some services and removal would create a void in essential services such as Maternal and Child Health and Immunisation provided by the Children and Family Services Department.

Section 208B of the Local Government Act 1989 states that all services provided by a Council must be responsive to the needs of its community; each service provided by a Council must be accessible to those members of the community for whom the service is intended; and a Council must achieve continuous improvement in the provision of services for its community.

Local Government is a complex business. The Council provides around 120 discrete services to its community. These are provided within the constraints of legislative requirements and grant conditions. The SGSC community deserve a high level of service from its local government and having the right management structure in place is integral to delivering quality services.

Cost savings opportunities

Council has conducted, during the preparation of the 2013/14 Draft Budget, a significant review of all costs, including discretionary costs, to ensure savings are made or redirected towards priority activities with a view to minimising the proposed rate increase. This has included reviews of many areas of Council expenditure. One example includes the provision of Waste Services, being

brought in house instead of being outsourced, which Council has forecasted will save Council \$1m over the next 10 years.

Community Vision 2050: can it be deferred or is it required?

The new Council has indicated that engaging with the community on the creation of a shared vision for the future of the Shire and encouraging continued interaction on matters that will guide the development of the Shire, are fundamental elements that will inform their decision making responsibilities.

At the 27 February 2013 Council Meeting, Council decided to establish a Community Vision 2050 Committee and allocate budget of \$60,000 from salary vacancies year to date to appoint a project manager for an initial period of 10 months to manage the delivery of the Community Vision 2050 by December 2013. A budget of \$127,840 has also been established in the 2013/14 Draft Budget, which includes the \$60,000 for the project manager and costs for an experienced consultant to facilitate the development of the Community Vision 2050.

Council may consider deferring the Community Vision to 2014 / 2015 as an amendment to the 27 February 2013 decision, as a response to community feedback received regarding rate increases and this specific project. This would require the removal of the project from the draft 2013/14 Annual Plan.

Council will consider all submissions from the public in relation to the prioritisation and timing of key initiatives whilst adopting its 2013/14 Budget.

Close Coal Creek

Coal Creek Community Park and Museum which is located on Crown Land, has been Council's direct responsibility since 2007.

Since then Council has grown the visitation of Coal Creek from 11,000 to 62,000 patrons per annum at a cost of approximately \$650,000 per year to Council.

Council has considered options to close Coal Creek, reduce maintenance expenditure or to invest in Coal Creek to off-set the burden to the rate payer.

Analysis has shown that closing Coal Creek would cost approximately \$2m to rehabilitate the site by returning it park land, notwithstanding any operational complications associated with the disposal of museum collections, buildings and the community concern associated with this option.

The second option of removing a number of buildings to reduce maintenance costs has proven to be unpalatable to the Korumburra community.

Council has therefore strategically agreed to pursue a cost – neutral strategy by developing a feasibility study on further investment to further increase revenue produced by Coal Creek. This feasibility study has been completed

and adopted by Council and a development strategy is currently being pursued to investigate the detailed costs and benefits of a school camp precinct, a restaurant and a revitalisation of the overall heritage experience. On the surface Council is confident that if this investment can be realised, this will go a long way towards achieve cost neutrality for Coal Creek.

Council has made significant progress towards achieving these strategic outcomes, although this project is currently in progress.

BUDGET CONCLUSION

- | | |
|--------------------------------|---|
| a) Amend | |
| b) No change | |
| c) Further discussion required | ✓ |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Continue undertaking the Community Vision 2050 project but this project will be conducted in a more cost effective manner.**
- 3. Consider the percentage rate rise when finalising the budget.**
- 4. Advise the submitter/s in writing of the decision relating to these matters including the reason/s for the decision.**

SUBMISSION

From: Lloyd & Alayne McKenzie
Sent: Wednesday, 29 May 2013 12:24 PM
To: Council
Subject: Att Tim Tamlin - re Proposed Rate Increase

Dear Tim

Like all of the other ratepayers I have spoken to , I am very concerned at the level of SGSC rates charges , & for the proposal for further significant increases this year & in future years.

I fully support the concerns raised by Mr Malcolm Davies & Mr Gary Napthine in their correspondence on this Issue.

It should be clear to all that ratepayers are really struggling financially at the moment

- dairying has been suffering difficult conditions propounded by poor prices
- beef industry in severe difficulty
- small business struggling

Even in normal times all businesses & individuals take a careful view in relation to incurring discretionary costs. When times are hard, a very disciplined approach must be taken to pruning back discretionary spending . When times are hard it is proper to cancel or at least defer spending that does not give a clear return in the short term. It is no good incurring spending with a doubtful payback , or spending that will pay back in many years time if it increases the likelihood of causing severe financial difficulty in the short term – you may not survive (financially) long enough to reap the benefits .

These principles apply equally to the council – as though the council is only spending other peoples money , it must see itself as a reflection & representation of its ratepayers . It is not proper to ignore its ratepayers circumstances , set its budgeted expenditure based on it would like to do , work out how much rates it needs to cover this , & just send out the bill .

I , like the average ratepayer , do not have great knowledge of the detailed aspects of the budgeted expenditure . However even with my limited knowledge there seems to me to be examples of expenditure that could be pruned with little negative impact to the ratepayers

- the \$98376 proposed to be spent on a project manager for Vision 2050 to create a community vision for the shire certainly seems to be a prime example of discretionary spending that should be pruned , or at least deferred for now . For the mayor to say in the face of criticism of this that that the funds for this would “ come from existing finances “ is clearly inadequate , as it is still not proper that these “existing finances “ be spent in this way . If I understand it correctly , this project manager is only the initial cost & there may well be further consultants costs to help him develop this vision. Is this all really necessary at this stage ?

- Coal Creek is being continually propped up . Periodically we have an outline of the net cost increases re this , with a Note that more consultants ideas will be sought on how this item may be made cost neutral . We need to face facts & close This down , or pass it over fully to a separate private or community body if they want to run it – with no further cost to the Council .

As indicated , I do not have full knowledge of the details of the council's existing & proposed spending , but the examples above Indicate that the circumstances of the ratepayers have not been properly considered , & inadequate discipline has been exercised in evaluating the case for much council spending .

I would urge the council to review its budget with a more stringent test for discretionary spending , to reduce spending & ensure the proposed rates increase is not needed .

Sincerely
Lloyd McKenzie

C.7 S223 #7 PROPOSED COUNCIL PLANS, ANNUAL BUDGET 2013/14, RATE INCREASES, STAFF NUMBERS AND COSTS, ASSET MANAGEMENT COSTS AND PROPOSED CAPITAL WORKS

Pathway/TRIM D1949513 Date 29/05/2013 Wish to be heard Y
From Mr Gary Napthine

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council, including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr Napthine has raised numerous concerns with the proposed Council Plans and the Annual Budget for 2013/14 relating to rate increases, staff numbers and costs, asset management costs and proposed capital works.

MANAGEMENT RESPONSE

Realistic Nature of Plans and Proposed Budget

There is often little point in producing various draft plans, unless they are realistic. Actual future events consistently show that the original plans and proposed budgets are invalid in both their assumptions and expected outcomes.

Each year, Council oversees the development and adoption of an Annual Plan in accordance with the requirements of the Local Government Act 1989. Once adopted this Annual Plan then guides the activities and priorities of Council staff during that financial year.

Many of the Key Strategic Activities in each Annual Plan relate to policy and framework development, which are either required by various laws or are intended to improve Council's capability to deliver services, maintain infrastructure and comply with relevant legislation.

The development of each Annual Plan, is overseen and adopted by Councillors to ensure community priorities, Council's legislative obligations, service delivery obligations and strategic risks are effectively addressed. The development of each Annual Plan is coordinated by Councils Executive Leadership Team, to ensure that the Annual Plan is realistic, adequately

resourced and measurable. This draft Plan is provided to the community with a rolling Strategic Resource Plan each year.

Council provides a public report each quarter on progress towards the achievement of the Annual Plan's Key Strategic Activities and Annual Budget to Council and the South Gippsland community. The Quarterly Performance Report also provides a wealth of additional information on Council's services and delivery of other plans and strategies.

In the 2011 / 2012 Financial Year, Council's Annual Report reported that it fully achieved 35 and partially achieved 5 out of the 42 Annual Plan Key Strategic Activities. The remaining 2 Key Strategic Activities were not achieved due to unforeseen circumstances outside the control of Council.

Each year the achievement of a number of Council's Annual Plan Key Strategic Activities is audited by an External Auditor, engaged by the Victorian Auditor General's Office (VAGO), to ensure the effective achievement of the Annual Plan. Council's Annual Plan level of achievement is then reported to Council, Council's Audit Committee, the community and the Minister for Local Government through Council's Annual Report and External Auditor report.

Staff Costs and Numbers

Anticipated employee cost (wages etc) growth is generally less than actual, especially since 2008. There has been a blow - out in employee costs since then.

A look at the 2011 budget in particular would exemplify this. There are many references to such processes as 'develop a policy', 'investigate funding', 'strategic planning', 'planning assessment', 'framework review' etc. These types of processes require higher paid people. However, the direct and actual benefit to the rate payer is very questionable.

The Council has a broad program of major projects and service outcomes to be achieved. Staff resources have been established to deliver those projects and programs, while still delivering the levels and breadth of services the community require.

Staff numbers are reflective of the services provided and grow to deliver increased activity arising out of population growth, grant funded programs, legislative compliance requirements and new activities determined by Council or imposed on Council by other levels of government.

There are 4.01 new effective full-time (EFT) positions included in this Budget. The salaries for these positions have been covered by grant funding, capital project funding and operational savings, requiring no additional funding from rates revenue.

Asset Management Cost Increases

- (a) *How much as a proportion of running and fuel costs is contributed by staff from their salary sacrifice scheme?*

42 staff on average salary sacrifice for a vehicle. This provides a good offset to Council's running costs for these vehicles.

- (b) *Why is the turnover of fleet vehicles so high? In corporations, vehicles may be turned over every 2 years or so to obtain a tax advantage through claiming depreciation. As far as I know, councils don't pay tax.*

Vehicles are turned over as per market trends to gain the maximum benefit to Council and the turnover is cyclic over a 2 or 3 year period proportioned over the whole Fleet.

- (c) *Fleet expenditure in 2013 is shown as \$930,000, and income from resale is \$390,000. Based on these figures, the council is losing \$540,000 per year on fleet vehicles, not to mention maintenance costs.*

The above figure of \$930,000 is for the whole Council fleet not just staff private use cars. The income by reselling the cars is only a prediction and may vary depending on the Market. Council does not lose \$540,000 per year on fleet vehicles as we would have to spend more if we were to hire or lease vehicles for Council's Service delivery.

- (d) *The average yearly km per vehicle is about 27600km. This would appear to be an extraordinarily high figure given the prime purpose of the vehicle. What actual proportion of these kms is related to council use?*

Council has a fleet of 82 vehicles. Business needs vary for every vehicle depending on staff locations, roles and the business needs. Approximately 67% of kilometres are business use.

- (e) *Why are so many vehicles available for after-hours use? If a vehicle is included as part of a salary package, then I would suggest that council removes this benefit, except in very particular cases.*

The provision of a salary sacrifice option of a vehicle as part of a salary package does assist Council in attracting quality candidates for positions. Quality staff value-add to an organisation through their skills, experience, motivation and delivery of services. The provision of a vehicle for after-hours use also allows required staff to respond quickly to emergency situations that arise out of hours.

- (f) *The 1996 budget referred to the item 'Asset Management . \$50000' (that's fifty thousand dollars). How much is it now?*

The operating budget for Asset Management in 2013/14 is \$142,143 in operating budget.

Proposed Capital Works Costs

(a) *For example, on what basis are the following capital works proposal made, and/or are they that necessary?*

- *2013-14 .. Toilet block Waratah Bay .. \$397477 .. nearly \$400,000 for a toilet block? Are consultants involved?*

The Waratah Bay Toilet Block is proposed to be replaced due to the existing toilet blocks physical / structural condition, remaining useful life, inability to meet current and future service and functional requirements. The proposed budget is based on quantity surveyors estimated costs for the proposed drawings and scope of works involved.

- *2013-14 .. Public toilets reconstruction .. 2 * \$152504 .. expensive toilets!*

The construction of the public toilets in Toora and Fish Creek is proposed for 2014/15 and the cost is based on the recently completed Dumbalk toilet facility construction (similar sized facility) with escalations included (eg. consumer price index etc).

- *2013-14 .. Caravan park Rotunda .. \$216000 .. hardly necessary.*

The Waratah Bay Caravan Park Rotunda is proposed to be replaced due to the existing rotunda's physical / structural condition, remaining useful life, inability to meet current and future service and functional requirements. The proposed budget is based on quantity surveyors estimated costs for the proposed drawings and scope of works involved.

- *Do the toilet block reconstruction and rotunda have anything to do with the aim of the council to take over operation of caravan parks?*

No. The proposal is not influenced by current or future operational mode of the caravan parks. The projects were identified as part of Council's Building Capital Works Program in accordance with the Building Asset Management Plan.

- *2014-15 .. Depot office refurbishment .. Leongatha .. \$398000 .. why does a depot office need this much spent?*

The Depot Office Refurbishment aims to provide suitable office accommodation which includes office space, a meeting room, male, female and accessible amenities, lunch and tea room facilities. The current Depot lacks the suitable provision of these functional and operational requirements.

- *2014-15 .. Child Care Hub Korumburra .. \$4,555,000 .. necessary?*

The Integrated Children’s Centre is planned to meet a critical need for families in Korumburra for child care, kindergarten, out of school hours care, maternal & childhood services and specialist children’s services. The concept has been developed by South Gippsland Shire Council in response to requests by the community over the past 5 years.

There are currently waiting lists for child care in Korumburra with some parents having to travel to Leongatha to access service. The Korumburra kindergarten is operating at full capacity through innovative and flexible session times, but has no ability to meet increased demand. Universal Access reforms required by the Government will result in further pressures, with children being denied access to kindergarten due to ageing infrastructure being unable to respond to new regulations.

The size of the facility has been based on population statistics, growth projections, new regulations of staff to child ratio, compliance and best practice. Consideration has been given to the predicted growth of young families moving to the western region of the Shire, including Korumburra, Poowong, Bena, Jumbunna, Loch and Nyora. The new 120 place facility will meet the needs of today and into the future.

This project has been thoroughly investigated and planned with ongoing community involvement. In addition to the land, South Gippsland Shire Council will contribute \$2.045 million to the development of the centre. Parents of the existing child care centre and kindergarten have contributed \$100,000 and a funding contribution of a total of \$3.055 million is being sought from the Commonwealth and State Government.

- *2015-16 .. Major office refurbishment .. Leongatha .. \$1,746,000 .. if necessary, prove it?*

The proposal is to refurbish the 40+ year old Main Office facility to meet current building, functional and service regulations and requirements and maximise the use of the existing floor space.

- *2016-17 .. Splash Hydro Therapy Pool – Leongatha .. \$ 2,204,629 .. a ‘nice to have’ but hardly a necessity*

Stage 3 (hydrotherapy pool) of the SG SPLASH development was a recommendation of the “Aquatic Strategy for the South Gippsland Outdoor Pools and Feasibility Study for SG SPLASH” in 2009. The design phase for Stage 3 was adopted in Council’s Capital Works Program in 2011/12. Tenders were let for the Design and Documentation of Stage 3 - Hydrotherapy Pool, with full construction documentation completed in April 2013.

Construction costs are estimated at being \$1,828,693 in 2013, escalated to \$2,204,629 in 2016/17. It is envisaged that Council will apply for a government grant prior to construction on a \$1:\$1 basis, which will reduce Council contribution to the project by 50% if provided.

- *2017-18 on .. What is the ‘Consolidated Future Program’? .. a process that constructs more buildings requiring more maintenance?*

The consolidated future program is anticipated for capital building renewals / upgrades / extensions projects identified in accordance with the Building Asset Management Plan.

- *Streetscapes?.. Long Jetty Restoration?*

Streetscapes projects are usually driven by the community and commercial / business interests. Streetscape works could be as small as beautification works (eg street trees, parking bay realignments etc) or as big as complete reconstruction works (eg roads, footpath, kerb & channel, drainage etc). Extensive consultation is undertaken with the community and VicRoads when appropriate. These projects are proposed due to ageing infrastructure which does not meet current and future service and functional requirements.

The restoration of the Long Jetty at Port Welshpool has been identified as part of Council’s Corner Inlet Tourism Development Project. The Port Welshpool Long Jetty is an iconic 906 metre long curved maritime structure completed in 1938. It is considered to be of considerable local significance epitomising historic, aesthetic and technical values. Until its closure in 2003 it provided access to the deep waters of Lewis Channel for the fishing industry, local residents and recreational fishing and boating visitors. Negligible maintenance or repair of the structure has occurred since closure, and this has resulted in further deterioration of the structure.

Gippsland Ports supports the concept of redeveloping the Long Jetty as a public promenade and recreational fishing facility, however, since the jetty’s change of function, no longer has need to manage the asset (Hatts, 2004).

- *Has it ever been made clear to the ratepayers what these proposed major projects, together with the increased number of employees and employee benefits, will cost them as increased rates? That information should be presented on every plan and proposal.*

These Major Projects have all been prepared for and considered by Council with due regard and concern for need (usually community driven), costs and their benefits to the community.

Council Function

I would question who is actually running the council. Is it the councillors or the council employees? Who is deriving the most benefit from the operation of the Council? Is it the ratepayer or the council employees?

Councillors in adopting a Council Plan, Annual Plan, Annual Budget and in making decisions are required to meet the objectives of a Council, as defined under the Local Government Act 1989 section 3C (1) and (2). The primary objective “is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.” In seeking to achieve this objective a Council must have regard to the following facilitative objectives:

- (a) to promote the social, economic and environmental viability and sustainability of the municipal district;
- (b) to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- (c) to improve the overall quality of life of people in the local community;
- (d) to promote appropriate business and employment opportunities;
- (e) to ensure that services and facilities provided by the Council are accessible and equitable;
- (f) to ensure the equitable imposition of rates and charges; and
- (g) to ensure transparency and accountability in Council decision making.

When Council either adopt a plan or make a decision, Councillors are provided with and consider a wide range of information from Council staff, the community and other sources via reports, briefs and public presentations to ensure that decisions made by Council work towards the achievement of Council’s objectives. Decisions made by Council are determined by a vote of the majority of Councillors in accordance with the requirements of the Local Government Act 1989 and Council’s Local Law No. 3 2010 Processes of Municipal Government (Meeting Procedures and Common Seal). The Chief Executive Officer’s role is to implement the decisions of Council.

Mr Naphthine’s submission proposes a need to review services and staff structures. Council, in its Draft Annual Plan 2013/14 has outlined actions to review services and staff structure and costs. These activities go hand in hand, as services are provided by people. If the services are required then

the level of service needs to be set and as a result the resourcing is also considered. This may involve temporary or permanent staff, consultants or contractors.

The South Gippsland Shire community deserve a high level of service from its local government and having the right management structure in place is integral to delivering quality services.

Council notes the comments made in Section E of the submission in relation to Council decision making.

BUDGET CONCLUSION

- | | |
|--------------------------------|---|
| a) Amend | |
| b) No change | |
| c) Further discussion required | ✓ |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the percentage rate rise when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to these matters including the reason/s for the decision.**

SUBMISSION

South Gippsland Council Proposed Budget 2013-14, and Budget Trends

27th May 2013
Submission by ..
Gary Napthine
40 Davies Rd West , Waratah North, 3959
gnapthine@gmail.com

Preamble:

I'm not being paid to produce these comments and conclusions, or do the background research. There could be particular errors, but the overall trends and conclusions are evident. And I didn't receive all of the information I requested from council. Also, the analysis can be disjointed.. a product of spending as little time as possible, as distinct to being paid to produce a glossy and comprehensive document.

A submission regarding a proposed budget with increasing rates and increasing usage costs is necessarily also a submission regarding expenditure and council operation. This is because rates are the primary source of income to the council, and usage costs the third main source after government grants.

This submission includes letters sent to 'The Mirror'. These letters highlight particular trends in rates, usage costs and expenditure, especially over the more recent term. Also refer to the accompanying spreadsheet for figures from earlier budget documents.

I have the distinct impression that very little analysis has been done on both revenue and expenditure trends in South Gippsland Shire. The budget documents tend to highlight shire comparisons, and draw conclusions on the basis of overall state trends, rather than look particularly at trends within the shire. I would have thought that this should have been a pressing need, given the consistent and chronic trends in rate and usage cost increases.

There also appears to be a disturbing lack of both willingness and approach to controlling costs, especially in what I would regard as the non-core council services. The recent council plans 'Draft_Council_Plan_2013-2017.pdf' and 'Draft_Council_Annual_Plan_2013-2014_-_26_June_2013.pdf' would yet again appear to be mainly a list of motherhood statements which offer little other than a vague 'Financial Strategy' on how costs can be contained.

Also, by producing various plans with a large and increasing range of objectives, outcomes, strategies, visions and the like, the council is creating an imperative to spend more money to achieve these ends. No doubt 'plans' are great for the bureaucrats and the planners, and do make for good headlines and photo opportunities, but the ratepayers ultimately have to pay for the proposed outcomes of these plans, once they are accepted by councillors.

Again and again we see references in budgets and plans to identifying and supplying what the community wants e.g. visions. It would appear from my conversations with a number of people that essentially the community wants well maintained roads and drains, efficient and cost-effective rubbish removal , ability to dispose of waste at a reasonable cost, affordable level of traditional services such as libraries, and low rates. In other words, they want the council to act as a service organisation rather than a visionary organisation. Why would this appear to be so hard for some councillors and council executives to understand? Perhaps it's because the employment opportunities and benefits are limited.

Comments:

A .. There is often little point in producing various draft plans, unless they are realistic. Actual future events consistently show that the original plans and proposed budgets are invalid in both their assumptions and expected outcomes.

For example ..

When comparing draft plans and expected outcomes in various budgets to what actually happened, we can see the following trends ..

A1 .. Anticipated employee cost (wages etc) growth is generally less than actual, especially since 2008. There has been a blow-out in employees costs (EC) since then.

Budget	Proposed EC Growth, and current number of FTE employees	Actual EC Growth to 2007-08 , \$000	Actual EC Growth to 2010-11, \$000	Actual EC Growth to 2013-14, \$000	Comment
2003-04	3.5% pa CPI 3% FTE = 237	12286 ->13383 1.8% pa (approx)	12286 -> 16543 4.9% pa (approx) over 7 years	12286 -> 21145 7.2% pa over 10 years	Actual wages growth was constrained until 2008 .. then has increased at a much higher rate than forecast
2007-08	4% pa CPI 2.6% FTE = 217		13383 -> 16543 7.9% pa over 3 years	13383 -> 21145 9.7% pa over 6 years	As above, and there is an acceleration in employee cost increase in recent years
2010-11	3.8% Then 3.9% CPI 2.7%, then 3.1% FTE = 238 .. no change expected			16543-> 21145 13.9% p.a. over 2 years	Refer to above
2013-14	8.9% for year, then 4% p.a. ? CPI 2.6% FTE = 257				

The FTE increased from 237 in 2003, to 257 in 2013 i.e. 18.4% in 10 years, and this included a period from 2003 to 2008 of a reduction in FTE. Employee cost growth has risen by 7.2% p.a. during the 2003-13 period i.e. 72% in 10 years. This exceeds the expected rate of wages growth of between 3.5% and 4% p.a. A reasonable conclusion would be that there has been an increase in the number and wages of management and bureaucratic positions to the detriment of menial/hands-on/ actual service providing positions during this period.

A look at the 2011 budget in particular would exemplify this. There are many references to such processes as ‘developing a policy’, ‘investigate funding’, ‘strategic planning’, ‘planning assessment’, ‘framework review’, ‘implement image building’, ‘conducting an analysis’ etc. These types of processes require higher paid people. However, the direct and actual benefit to the ratepayer is very questionable.

From 2013 on, the draft plan indicates a rise in working capital i.e. surplus. However this is based on assumed wage increases of 4%. Previous actual expenditure consistently shows that this assumed figure is not correct.

A2 .. Proposed future rate increases are consistently less than what actually occurs. There is generally a projection that rate increases will fall to 5.5% or so after about 3 years, but THEY NEVER ACTUALLY FALL.

	Proposed Rate Increase in budget	Actual Rates Revenue Increase to 2007-08, \$000	Actual Rates Revenue Increase to 2010-11, \$000	Actual Rates Revenue Increase to 2013-14, \$000	Comment
2003-04	2003 6% 2004 7.5% 2005 7% 2006 5.5% 2007 5.5%	16310 -> 22227 7.2% p.a. over 5 years	16310 ->27698 8.7% p.a. over 8 years	16310 -> 34147 10.9% p.a. over 10 years	Rates revenue increases were moderately constrained until 2008, but have become much higher than forecast since then
2007-08	2008 6.0% 2009 6.0% 2010 6.0% 2011 5.5% 2012 5.5%		22227-> 27698 6.2% p.a. over 4 years	22227->34147 8.9% p.a. over 6 years	Refer to above
2010-11	2010 6.5% 2011 5.04% 2012 4.81% 2013 4.81%			27698->34147 7.8% p.a. over 3 years	Refer to above
2013-14	2013 7.8% 2014 6.25% 2015 5.32% 2016 5.32% 2017 5.09% 2018 4.87%				Here we go again!.

Also, user charges have increased by around 400% since 1996, and more than doubled from 2003 to 2013. This could be seen as a further addition to the rates increases. Increases of this magnitude have never been proposed as such in any budget, strategy or plan.

A3: Actual increases in rates revenue are higher than suggested by the announced rate rises.

This could partly be explained by increasing property values, and increasing number of rateable properties. However, the overall trend is clear .. refer to the previous table and the spreadsheet

A4: Some statements made in proposed budgets that were not realised (and were never likely to be)

For example ..

In 2007-08 .. 'Borrowings reduced to M\$4. From 2008-09 surpluses are expected.'

In 2010-11..

'No additional staffing resources beyond the 2010/2011 level have been modelled into the Long Term Financial Plan'

'Cash at the end 2010/11 is projected to be \$8.3 million. In following years, the overall cash position is expected to remain relatively flat and not compromise Council's underlying working capital position.'

B: There is an increasing range of more costly bureaucratic and managerial positions at the expense of menial and hands-on positions.

It is impossible to actually quantify this comment as the council's Governance Officer refused to supply the following information..

The position name (not the employee name), FTE value, and department/directorate to which the position is linked. The total wages/benefits at department level omitting information that would provide a link to an employee.

His reasons for not supplying this information were that principles 2 and 4 of the Information Privacy Act would be contravened. As employee names were specifically not requested, I would see this as a misuse of the Act, and an attempt to withhold information. Given his interpretation it would appear that council itself is in violation of the Act, as it shows position names, employee names and linked departments in its organisation structure. All councillors have been emailed the letter from the Governance Officer.

I would hope that the council does obtain other legal advice on this issue, and responds accordingly.

C: Asset management costs have substantially increased

Much of this is related to increased fleet expenses. The letter from the Governance Officer also provided the following information after a request was made..

The council currently has 82 fleet vehicles.

42 of these are used by staff for 'out-of-hours' use through a salary sacrifice scheme.

In 2012-13, 36 vehicles were purchased with about 30 to be purchased per annum in future years.

In the current financial year, vehicles were retained for an average of 29 months, with an average odometer reading of 69000km.

The average resale price was approximately half the purchase price.

I would make the following points ..

- (a) How much as a proportion of running and fuel costs is contributed by staff from their salary sacrifice scheme?
- (b) Why is the turnover of fleet vehicles so high? In corporations, vehicles may be turned over every 2 years or so to obtain a tax advantage through claiming depreciation. As far as I know, councils don't pay tax.
- (c) Fleet expenditure in 2013 is shown as \$930000, and income from resale is \$390000. Based on these figures, the council is losing \$540,000 per year on fleet vehicles, not to mention maintenance costs.
- (d) The average yearly km per vehicle is about 27600km. This would appear to be an extraordinarily high figure given the the prime purpose of the vehicle. What actual proportion of these kms is related to council use?
- (e) Why are so many vehicles available for after-hours use? If a vehicle is included as part of a salary package, then I would suggest that council removes this benefit, except in very particular cases.

The 1996 budget referred to the item 'Asset Management .. \$50000' (that's fifty thousand dollars). How much is it now?

D: Some proposed capital works would be unnecessary. Some costs appear to be very high.

For example, on what basis are the following capital works proposal made, and/or are they that necessary?

2013-14 .. Toilet block Waratah Bay .. \$397477 .. nearly \$400,000 for a toilet block? Are consultants involved?

2013-14 .. Public toilets reconstruction .. 2 * \$152504 .. expensive toilets!

2013-14 .. Caravan park Rotunda .. \$216000 .. hardly necessary

Do the toilet block reconstruction and rotunda have anything to do with the aim of the council to take over operation of caravan parks?

2014-15 .. Depot office refurbishment .. Leongatha .. \$398000 .. why does a depot office need this much spent?
2014-15 .. Child care hub Korumburra .. \$4,555,000 .. necessary?

2015-16 .. Major office refurbishment .. Leongatha .. \$1,746,000 .. if necessary, prove it?

2016-17 .. Splash Hydro Therapy Pool – Leongatha .. \$ 2,204,629 .. a ‘nice to have’ but hardly a necessity

2017-18 on .. What is the ‘Consolidated Future Program’? .. a process that constructs more buildings requiring more maintenance?

Streetscapes?, Long Jetty Restoration?

Has it ever been made clear to the ratepayers what these proposed major projects, together with the increased number of employees and employee benefits, will cost them as increased rates? That information should be presented on every plan and proposal.

There does not appear to be any specific mention in the budgets of the actual ratepayer services that have been reduced, cancelled, or now attract a fee when previously they were free e.g. tip closure, green waste collection.

E: I would question who is actually running the council. Is it the councillors or the council employees? Who is deriving the most benefit from the operation of the council? Is it the ratepayer or the council employees?

It would appear that many current and previous councillors are or were too willing to vote yes to plans, processes and schemes leading to every increasing costs to ratepayers. More consideration should be given to the cost/benefit aspect of any proposal, especially from the average ratepayer’s perspective. Wide eyed acceptance of new visionary proposals is not acceptable, and outside the range of what most ratepayers expect. Councillors should not assume that management proposals and schemes are totally for ratepayer benefit. Also, council planning requirements are putting a more costly and onerous load on ratepayers, and in turn producing new positions and income for council employees. There should be much more direction from council to the executive, and accountability for the directives being carried out. For example, the councillors should be making directives to the CEO re overall expenditure. Why aren’t they?

Overall Conclusions:

In my opinion ratepayers have been poorly served by the council in the last 15 or so years, and especially since 2009. There has been a marked increase in the number and costs of managerial and planning positions at the expense of core services to the ratepayer. To pay for these types of positions the ratepayers have experienced rate rises much greater than expected from a range of budget documents, and well above CPI. As a result there would still appear to be insufficient and proportionately decreasing funds for ongoing maintenance and future capital works. In recent times the current CEO and his executive team have presided over these events with, it would appear, the tacit approval of some councillors.

The development of various types of plans, frameworks, assessments, policies, strategies and visions has not been of direct benefit to the ratepayer, has resulted in significantly higher rates, and WILL result in further higher than anticipated rate rises if allowed to continue. The Vision 2050 concept, following on so soon after the Vision 2020 concept, would have to be the height of wastefulness in this regard.

The instituted concept of the four restructured directorates in 2010 has not been of any real benefit to the ratepayers, and has resulted in significantly increased costs in a relatively short period. The usual ‘motherhood’ statements mentioned in documents such as section 1.2 of the 2011 budget, ‘CouncilPlanSection2_Implementations2010_2014.pdf’, and in the more recent council plans (there are just so many

of them!), are an excuse to increase the amount of 'planning' and 'new program development' – little of which has been of direct ratepayer benefit.

In fact, the introduction and further development of the 'director' level of management has proved to be disastrous for ratepayers. There has been a 56% increase in rates revenue in 6 years, and this in a time of declining property values and economic difficulty for many.

What should be done? :

To reduce costs, and the unwarranted and unsustainable load on ratepayers ..

The council should ..

Not accept the current budget proposal

Instruct the CEO to produce a more acceptable budget proposal taking the following into account ..

The CEO, or other preferably independent party, to institute a major restructure to reduce both the number and overall cost of management and planning positions. If this also involves a review and then reduction in the range of non-core council services then so be it.

All other aspects of management e.g. asset management, should be reviewed, and instructed to significantly reduce their costs. This would particularly apply to fleet vehicles and items like office refurbishment. Particular departments should be closed.

Some significant fraction of these savings should be directed back to ratepayers in the form of reduced rates, reduced charges, and/or reinstatement of meaningful and affordable services.

The sale of Carino's complex should be considered.

Particular non-necessary capital works programs should be postponed or cancelled.

The CEO and the executive leadership team should be put on notice that failure to implement these reforms within a designated time period will result in a review of their positions. Some of their own positions should be made redundant.

C.8 S223 #8 CONCERN WITH COUNCIL'S AUTHORITY TO IMPLEMENT A COUNCIL PLAN, ANNUAL PLAN AND ANNUAL BUDGET

Pathway/TRIM D1969213 Date 29/05/2013 Wish to be heard Y
From Ms Andrea Verboon

COUNCIL PLAN

Strategy 4.0	A Leading Organisation
Action 4.2	Pursue best practice in organisational development and operation of the organisation
Measure/Target 4.2.2	We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement
Responsible unit	Corporate Services

SUMMARY OF ISSUES RAISED

Ms Verboon has raised concerns with the implementation of the Draft Council Plan 2013-17, Draft Annual Plan 2013/14 and the Draft Budget for 2013/14. These concerns are raised on the grounds of a lack of authority of the Council to implement the above proposals and that Council is not acting within the bounds of the law, in Ms Verboon's opinion and based on previous documentation provided to Council by Ms Verboon.

MANAGEMENT RESPONSE

Council has previously responded to Ms Verboon's inquiries in relation to the constitutional legitimacy of laws passed by Parliament and the legitimacy of Local Government in Victoria, in letters from Council's Chief Executive Officer, Tim Tamlin.

Included with these letters was a Fact Sheet from Local Government Victoria, as part of the Department of Planning and Community Development, which addressed the legitimacy of Councils and rating powers. This Fact Sheet is mentioned in Ms Verboon's submission.

Council has been given authority to exist and to act through the Local Government Act 1989. Until such time as the State Government instructs otherwise, South Gippsland Shire Council, is required to fulfil the duties delegated to councils by the State Government, including the requirement to set an Annual Budget 2013/14, Council Plan 2013-17 and Annual Plan 2013/14 in accordance with the Local Government Act 1989.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

To The South Gippsland Shire Council,
C/O CEO Mr.T Tamlin,
Smith St,
Leongatha 3953

To Mr Tamlin & councilors

29th May 2013

I am writing in response to the Draft Council Plan 2013-1027, the annual plan 2013-2014 & the proposed budget for 2013-2014.

As a rate payer and land owner I am concerned with the above instrutments you are intending to implement and the content of information.

As per the information that has been presented to you by myself regarding the lack of authority the council has at this stage to implement any of the above proposals is an act of fraud on the people of South Gippsland as your logo states you are a shire/council not a Government as yet as per the information given to you.

The fact sheet that you forwarded to me in relation the Local Council Myths has no logo or signature from whom the source was, so therefore it could have been fabricated at primary school.

I therefore state that you have been and some of the councilors been served with documentation that states you are not acting within the bounds of the lawful law of our land.

I request to have the opportunity to present to you and the council on Wednesday the 12th June 2013 a submission/presentation regarding the implementation of agenda 21 via the Planning & sustainability as per sources of information from the United Nations treaties which our government has put us in.

This is to prove that the councilors do not deserve any reward for standing in council they definitely cannot make any decisions of planning or other shire concerns as they are limited by your control.

Therefore I object to the above proposals and will be attending the council meeting to put my objections forward.

Yours Sincerely,

Andrea Verboon

C.9 S223 #9 POLICY RELATING TO THE TARWIN POTABLE WATER CATCHMENT

Pathway/TRIM D1931413 Date 27/5/13 Wish to be heard Y
From Ms Anna Dark

COUNCIL PLAN

Strategy 1.1.3 We will actively encourage sustainable development and growth of agriculture, industry and commercial business
Action Develop Tarwin Catchment Dwelling Study and present to Council for adoption
Measure/Target By 30 June 2014
Responsible unit Strategic Planning and Development

SUMMARY OF ISSUES RAISED

- Submitter owns land (2.4 acres) within the Tarwin water catchment
- An application for a planning permit to use and develop the land for a dwelling would likely be refused following referral to South Gippsland Water (SGW) after assessing the application under the 'Planning permit applications in open, potable water supply catchment areas' November 2012 guideline
- Land owner would not have purchased the land (purchased in September 2012) if they were aware of the planning controls
- Refusal of the permit application would put the land owner under financial duress. As the land is only 2.4 acres it is unlikely to be saleable for consolidation into a larger farming lot

MANAGEMENT RESPONSE

- Council is required to refer all new planning permit applications for dwellings within declared open, potable water supply catchment areas for comment to the responsible water authority under s.55 of the Planning and Environment Act 1987
- Water Authorities assess planning permit applications for new dwellings using the Department of Sustainability and Environment guideline for 'planning permit applications in open, potable water supply catchments areas'. In the absence of satisfying a category exemption, these guidelines limit the development of new dwellings within water catchment areas to 1 in 40 hectares (ha) or more explicitly 8 dwellings within a 1km radius i.e. 8:314 ha.

- The Minister for Water reviewed these guidelines in November 2012 following concerns raised by Councils through the MAV that the guidelines did not have the appropriate scientific merit and resulted in undesirable development restrictions
- The review of these guidelines resulted in the retention of the 1 in 40 ha dwelling density guideline. However, four exemptions were included and if satisfied, the water corporation will consider allowing a higher density of development than would otherwise be permitted by the guideline
- Council is currently in discussion with SGW to identify options to satisfy the various category exemptions listed in the dwelling density guideline. Options include developing a Catchment Policy, implementing a Municipal Domestic Waste Water Management Plan (MDWMP) or placing an Environmental Significant Overlay (ESO2) over the Tarwin Catchment which has a schedule which allows consideration for certain development proposals. Developing strategies to SGW satisfaction may allow a higher density of development than would otherwise be permitted by the dwelling density guideline
- A catchment policy is considered to be the most appropriate category exemption to allow for development potential above the current guideline restrictions of 1:40 ha
- The development of a catchment policy is estimated to cost up to \$100k
- The Tarwin Catchment covers approximately one third of the Shire's total area and covers the townships of Leongatha, Korumburra, Koonwarra, Meeniyar, Dumbalk, Mirboo and the southern extent of Mirboo North. The purpose of the Tarwin Catchment is to protect the potable water supply of Meeniyar and Dumbalk. Both townships draw water from the Tarwin River.
- Recent discussions with SGW investigated possible grant opportunities to fund the development of a catchment policy for the declared Tarwin catchment. The outcome of these discussions should be known in the next 2-4 weeks
- If grant funding is not available, Council should commit funds or investigate alternate funding options for the development of a catchment policy.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Continue to work with South Gippsland Water to secure grant funding for the development of a Catchment Policy for the declared Tarwin potable water supply catchment; and**
- 4. Reconsider this matter should grant funding to complete the Catchment Policy not be secured.**
- 5. Advise the submitter in writing of this decision including the reason/s for the decision.**

TARWIN POTABLE WATER CATCHMENT

I am writing to thank you for considering the Tarwin Potable Water Catchment issue.

This issue is of great importance to myself and my family as we have bought land within the catchment area, that we are now having extreme difficulty in obtaining building permission. We bought the land in September 2012 (after doing preliminary enquiries into its suitability for a home) and are currently renting, awaiting building approval.

We have now been told by South Gippsland Council and South Gippsland Water not to lodge our application for building permit as it will be rejected under the recent guidelines that were formally introduced after we bought the land. Had we been made aware of this issue, we would not have bought the land and therefore not be in our current situation which is financially crippling and stressful, of paying rent and a mortgage upon land that may be deemed unusable, as it is 2.4 acres and not re-sellable as farm land. We moved here from The Mornington Peninsula, after many years consideration, as we have always loved South Gippsland and felt it offered a wonderful lifestyle and community in which to raise our son.

I request that money be allocated in the upcoming financial year with a view to people, such as ourselves, being able to use their land for dwellings in the TPWC as soon as possible.

I would like the opportunity to speak to my submission.

Yours sincerely

Anna Dark

The following persons have made a submission, but not requested to speak to their submission.

#	Person/ Organisation	Submission		Directorate	Status	
1.	Ms Melissa Grimes and Mr Jason Denhollander - Bicycle Network	Bicycle Infrastructure	Network	Community Services	No change	Budget
2.	Ms Jo Darvil – Arthur Sutherland Recreation Reserve Inc.	Recreation maintenance funding	reserve grant	Community Services	No change	Budget
3.	Mr Norm Wilkins – Terrill Park Recreation Reserve Special Committee	Recreation maintenance funding	reserve grant	Community Services	No change	Budget
4.	Mr Graeme Watkins - Terrill Park Recreation Reserve Committee	Recreation maintenance funding	reserve grant	Community Services	No change	Budget
5.	Ms Marilyn Flet	Recreation maintenance funding	reserve grant	Community Services	No change	Budget
6.	Mr Nicholas Hill and Mr Steve Riley - Dumbalk Recreation Reserve Committee of Management	Recreation maintenance funding	reserve grant	Community Services	No change	Budget
7.	Mr John Murrell	West Gippsland Regional Library		Community Services	No change	Budget
8.	Mr Troy and Ms Amy Cranston – Nyora Pizza and Takeaway	Fee Structure for Registration of Food Premises		Development Services	Amend - Food Act registration fees	
9.	Mr Graeme Watkins	Rate increase concerns and sealing gravel roads		Corporate Services	No change	Budget
10.	Mr Henry C Casson	Rate increase concerns		Corporate Services	No change	Budget
11.	Mr Steve Finlay	Rate increase concerns		Corporate Services	No change	Budget
12.	Ms Shirley Westaway	Rate increase concerns		Corporate Services	No change	Budget
13.	Mr Barry Richards	Rate Concerns	increase	Corporate Services	No change	Budget
14.	Mr Bill Fuller	Rate increase concerns		Corporate Services	No change	Budget
15.	Mr Michael Giles	Rate	increase	Corporate	Further discussion	

	Concerns	Services	required Councillor allowances	-
16. Mr David Hoy	Councillor allowances	Corporate Services	Further discussion required Councillor allowances	-

C.10 S223 #10 REQUEST FOR INVESTMENT IN BICYCLE INFRASTRUCTURE

Pathway/TRIM D1846413 Date 1/5/13 Wish to be heard N
From Bicycle Victoria (Ms. Melissa Grimes)

COUNCIL PLAN

Outcome 3 Integrated Services and Infrastructure
Objective 3.1 Deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development.
Strategy 3.1.3. We will develop an integrated planning approach for our townships and villages, so that facilities are located in areas where they are most appropriate
Responsible unit Community Strengthening

SUMMARY OF ISSUES RAISED

- Bicycle Victoria encourage Council to contribute funds to the development of bicycle infrastructure
- Bicycle Victoria advise Council that they believe that bicycle infrastructure investment is beneficial for health, environment, social and economic aspects of the community

MANAGEMENT RESPONSE

- Council has shown a clear and significant commitment to bicycle infrastructure through the extensive investment in the extension of the Great Southern Rail Trail from Foster to Welshpool that is currently being undertaken.
- Council has allocated funds in the 2013/14 annual Budget to the Great Southern Rail Trail and the Strzelecki Rail Trail (Mirboo North to Boolarra) Committees of Management to assist with maintenance of these rail trails.
- Council continues to advocate and work towards linking the Black Spur section of the Great Southern Rail Trail.

BUDGET CONCLUSION

- | | |
|--------------------------------|---|
| a) Amend | |
| b) No change | ✓ |
| c) Further discussion required | |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION



BICYCLE
NETWORK

Mr Tim Tamlin
Chief Executive Officer
South Gippsland Council
Mailed to Private Bag 4
Leongatha VIC 3953
[Emailed: council@southgippsland.vic.gov.au]



1 May 2013

Dear Mr Tamlin

RE: Budget Submission

I write in support of the 700+ riders in our Namebank who live in the municipality of South Gippsland.

We refer to the Proposed 2013-14 Budget that is currently on public exhibition. We encourage you to commit meaningful investment in bicycle infrastructure in the 2013-14 Budget.

There is a direct connection between bike infrastructure development and a growth in riding numbers. Investing in bike infrastructure now functions as an indicator of future riding levels.

Bike infrastructure is crucial to the health, environmental, social, economic functioning of our urban areas.

No other transportation investment of comparable size can deliver the level of benefit to so many people. Council has the potential to leave a great legacy for all road users, through investment in bikes.

If you would like to discuss the matter, or have any questions please contact Melissa Grimes on 8376 8893. We look forward to hearing from you.

Yours sincerely,



Melissa Grimes
Local Government Facilities Coordinator
Bicycle Network

C.11 S223 #11 SUPPORT FOR PROPOSAL OF ADDITIONAL FUNDS FOR RECREATION RESERVE

Pathway/TRIM D1778713 Date 15/5/13 Wish to be heard N
From Arthur Sutherland Recreation Reserve (Ms Jo Darvil)

COUNCIL PLAN

Outcome 2 Closely connected communities
Objective 2.1 Engage and work collaboratively with our community
Strategy 2.1.3 We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide.
Responsible unit Community Strengthening

SUMMARY OF ISSUES RAISED

- Support for the proposal to provide an additional \$150,000 to Shire recreation reserves.
- Increased maintenance funds to be used to assist volunteers to address the increased financial cost associated with the upkeep of these facilities.
- Submitter also intends these funds be allocated to replace equipment, improve playing surfaces, upgrade facilities to attract more user groups and adhere to OHS & Community Building Policy.

MANAGEMENT RESPONSE

- Council values the Shire’s recreation reserves and the volunteers who maintain them.
- A funding increase of \$150,000 for reserves is included in the 2013/14 budget as a new initiative.

BUDGET CONCLUSION

- | | |
|--------------------------------|-------------------------------------|
| a) Amend | <input type="checkbox"/> |
| b) No change | <input type="checkbox"/> |
| c) Further discussion required | <input checked="" type="checkbox"/> |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the funds allocated to Recreation Reserves when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to this matter including the reason/s for the decision.**

SUBMISSION

ARTHUR SUTHERLAND RECREATION RESERVE INC.

A.B.N: 95 449 088 492

President: David Grylls	55 881 398 / 0426 858 961	Vice President: Ilda Parry	0426 006 567
Treasurer: Julie Anedda	55 881 112	Secretary: Jo Darvill	0431 626 233

C/- Secretary, PO Box 26, Watshpool 3956

Chief Executive Officer
South Gippsland Shire Council
Private Bag 4
LEONGATHA VIC 3953

**SOUTH GIPPSLAND
SHIRE COUNCIL**
15 MAY 2013

Dear Councillors,

DRAFT 2013/14 BUDGET SUBMISSION

We, the committee members of the Arthur Sutherland Recreation Reserve Inc, congratulate the Shire on recognising a grass roots opportunity to help communities by supporting one of the major ongoing costs occurred by small committees as they continue to maintain their Recreation Reserves as integral parts of their community and a meeting place for members of all ages and persuasions. The proposal to provide an additional \$150,000 to the maintenance of recreation reserves should be strongly supported as it benefits the entire community.

Reserve committees are required to have an exceptional ability to stretch a dollar to provide the best facilities possible for the community. The additional funding will greatly assist the volunteers who contribute hundreds of hours to maintaining these important community assets.

A significant increase to the maintenance grant will allow our committee the opportunity to

- Replace equipment
- Address problem areas quickly and efficiently
- Improve playing surfaces
- Maintain / upgrade facilities to attract more user groups
- Adhere to OH&S and Community building policy promptly

We appreciate your support.

Yours Sincerely


Jo Darvill
Secretary

C.12 S223 #12 SUPPORT FOR PROPOSAL OF ADDITIONAL FUNDS FOR RECREATION RESERVE

Pathway/TRIM D1894813 Date 27/5/13 Wish to be heard N
From Terrill Park Recreation Reserve Committee – Fish Creek (Mr Norm Wilkins)

PROPOSING ADDITIONAL FUNDS FOR RECREATION RESERVE

COUNCIL PLAN

Outcome 2 Closely connected communities
Objective 2.1 Engage and work collaboratively with our community.
Strategy 2.1.3 We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide.
Responsible Unit Community Strengthening

SUMMARY OF ISSUES RAISED

- Support for the proposal to provide an additional \$150,000 to Shire recreation reserves.
- Increased maintenance funds will be used to assist volunteers to address the increased financial cost associated with the upkeep of these facilities.
- Submitter also intends these funds be allocated to replace old and tired equipment, address problem areas that have been ignored over the years, improve playing surface, drainage, general upkeep of recreation reserve and weed spraying.

MANAGEMENT RESPONSE

- Council values the Shire’s recreation reserves and the volunteers who maintain them.
- A funding increase of \$150,000 for reserves is included in the 2013/14 budget.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the funds allocated to Recreation Reserves when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to this matter including the reason/s for the decision.**

SUBMISSION

Chief Executive Officer
South Gippsland Shire Council
Private Bag 4
LEONGATHA VIC 3953

**SOUTH GIPPSLAND
SHIRE COUNCIL**

23 MAY 2013

Dear Councillors,

DRAFT 2013/14 BUDGET SUBMISSION

The proposal to provide an additional \$150,000 to the maintenance of recreation reserves should be strongly supported as it will benefit the entire community.

As a current committee member and volunteer of the Terrill Park recreation reserve for the last 15 years, the extra funding will be greatly appreciated. Every year, its proving to be a huge commitment by volunteers to upkeep Terrill Park with minimum funds.

A significant increase in the maintenance grant will allow our committee the opportunity to

- Replace old and tired equipment
- Address problem areas that have been ignored over the years
- Improve playing surface
- Drainage
- General upkeep of recreation reserve, weed spraying etc

Thank you for your support.

Yours Sincerely

Norm Wilkins

Terrill Park Committee

C.13 S223 #13 SUPPORT FOR PROPOSAL OF ADDITIONAL FUNDS FOR RECREATION RESERVE

Pathway/TRIM D1955713 Date 29/5/13 Wish to be heard N
From Terrill Park Recreation Reserve Committee – Fish Creek (Mr Graeme Watkins)

COUNCIL PLAN

Outcome 2 Closely connected communities
Objective 2.1 Engage and work collaboratively with our community.
Strategy 2.1.3 We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide.
Responsible Unit Community Strengthening

SUMMARY OF ISSUES RAISED

- Support for the proposal to provide an additional \$150,000 to Shire recreation reserves.
- Increased maintenance funds to be used to assist volunteers to address the increased financial cost associated with the upkeep of these facilities.
- Submitter also intends these funds be allocated to replace equipment, address problem areas, improve playing surfaces and maintain existing assets.

MANAGEMENT RESPONSE

- Council values the Shire’s recreation reserves and the volunteers who maintain them.
- A funding increase of \$150,000 for reserves is included in the 2013/14 budget as a new initiative.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the funds allocated to Recreation Reserves when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to this matter including the reason/s for the decision.**

SUBMISSION

Chief Executive Officer
South Gippsland Shire Council
Private Bag 4
LEONGATHA VIC 3953



Dear Councillors,

DRAFT 2013/14 BUDGET SUBMISSION

The proposal to provide an additional \$150,000 to the maintenance of recreation reserves should be strongly supported as it will benefit the entire community.

Reserve committees are required to find an exceptional ability to stretch a dollar to provide the best possible maintenance for the community assets. The volunteers who contribute hundreds of hours to maintaining these important community assets:

A significant increase in the maintenance grant will allow our committee the opportunity to

- Replace equipment.
- Address problem areas
- Improve playing surface
- Maintain existing assets.
-

Thank you for your support.

Yours Sincerely

Laene Watkins

*Secretary/Treasurer
Terrill Park Recreation Committee*

C.14 S223 #14 SUPPORT FOR PROPOSAL OF ADDITIONAL FUNDS FOR RECREATION RESERVE

Pathway/TRIM D1966713 Date 28/5/13 Wish to be heard N
From Ms Marilyn Flett

COUNCIL PLAN

Outcome 2 Closely connected communities
Objective 2.1 Engage and work collaboratively with our community.
Strategy 2.1.3 We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide.
Responsible Unit Community Strengthening

SUMMARY OF ISSUES RAISED

- Support for the proposal to provide an additional \$150,000 to Shire recreation reserves.
- Increased maintenance funds to be used to assist volunteers to address the increased financial cost associated with the upkeep of these facilities.
- Submitter also intends these funds be allocated to purchase and maintain equipment, create storage areas, improve playing surface, improve drainage of the oval and environs, create an extended undercover area adjacent to the pavilion, and maintain walking track/road.

MANAGEMENT RESPONSE

- Council values the Shire’s recreation reserves and the volunteers who maintain them.
- A funding increase of \$150,000 for reserves is included in the 2013/14 budget as a new initiative.

BUDGET CONCLUSION

- | | |
|--------------------------------|-------------------------------------|
| a) Amend | <input type="checkbox"/> |
| b) No change | <input type="checkbox"/> |
| c) Further discussion required | <input checked="" type="checkbox"/> |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the funds allocated to Recreation Reserves when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to this matter including the reason/s for the decision.**

SUBMISSION

Ian Murphy- Recreation Coordinator
CEO
Councillors
South Gippsland Shire Council

Re Draft Budget 2013/14 Submission

The proposal to provide an additional \$150,000 to the maintenance of recreation reserves.

I would like to add my strong support for this increase to greatly assist the volunteers who contribute hundreds of man hours to maintain these Community facilities.

Increased maintenance will

Address the increased financial cost in maintaining these facilities

Improve playing surface to meet current audit standards required for insurance grounds checks.

Replace equipment

Address problem areas and needs identified in current Shire Master Plans.

Thank you for considering my application

Marilyn Flett

Past member- Shire Recreational Advisory Committee

Past Member- Foster Showgrounds- Section 86 Committee

C.15 S223 #15 SUPPORT FOR PROPOSAL OF ADDITIONAL FUNDS FOR RECREATION RESERVE

Pathway/TRIM D1914113 Date 27/5/13 Wish to be heard N
From Dumbalk Recreation Reserve Committee of Management
(Mr Nicholas Hill and Steve Riley)

COUNCIL PLAN

Outcome 2 Closely connected communities
Objective 2.1 Engage and work collaboratively with our community.
Strategy 2.1.3 We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide.
Responsible Unit Community Strengthening

SUMMARY OF ISSUES RAISED

- Support for the proposal to provide an additional \$150,000 to Shire recreation reserves.
- Increased maintenance funds to be used to assist volunteers to address the increased financial cost associated with the upkeep of these facilities.
- Submitter also intends these funds be allocated to purchase and maintain equipment, create storage areas, improve playing surface, improve drainage of the oval and environs, create an extended undercover area adjacent to the pavilion, and maintain walking track/road.

MANAGEMENT RESPONSE

- Council values the Shire's recreation reserves and the volunteers who maintain them.
- A funding increase of \$150,000 for reserves is included in the 2013/14 budget as a new initiative.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the funds allocated to Recreation Reserves when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to this matter including the reason/s for the decision.**

SUBMISSION

DUMBALK RECREATION RESERVE COMMITTEE OF MANAGEMENT

May 20, 2013

Chief Executive Officer
South Gippsland Shire Council
Private Bag 4
LEONGATHA VIC 3953

Dear Councillors,

DRAFT 2013/14 BUDGET SUBMISSION

The proposal to provide an additional \$150,000 to the maintenance of recreation reserves should be strongly supported as it will benefit the entire community.

Reserve committees are required to have an exceptional ability to stretch a dollar to provide the best facilities possible for the community. The additional funding will greatly assist the volunteers who contribute hundreds of hours to maintaining these important community assets.

A significant increase the maintenance grant will allow our committee the opportunity to

- Purchase and maintain equipment
- Create storage areas
- Improve playing surface
- Improve drainage of the oval and environs
- Create an extended undercover area adjacent to the pavilion
- Maintain our walking track/road

Thank you for your support.

Yours,

Nicholas Hill

Secretary/Treasurer

Steve Riley

President

C.16 S223 #16 CONSIDERATION OF FUTURE POTENTIAL CO-LOCATION OPPORTUNITIES

Pathway/TRIM D1967813 Date 24/5/2013 Wish to be heard N
From West Gippsland Regional Library Corporation (Mr John Murrell)

COUNCIL PLAN

Strategy 3 Integrated Services and Infrastructure
Objective 3.1 Deliver affordable modern community services and facilitates through an integrated approach to planning and infrastructure development.
Strategy 3.1.4 We will plan for the service needs of the Shire's changing demographic.
Responsible unit Community Services Management

SUMMARY OF ISSUES RAISED

- Acknowledgement of the development of an infrastructure plan for the libraries within the Western Districts.
- Consideration of future co-location of Mirboo North library with other services such as health and medical to form a community hub.
- Consideration of future needs for the high number of patrons of the Foster Library currently limited by size of infrastructure and potential co-location with other government agencies.

MANAGEMENT RESPONSE

- The Annual Plan identifies that Council will work with the West Gippsland Regional Library Corporation as the Corporation develops its Community Learning Strategy. The development of the Strategy will provide an ideal opportunity to consider the co-location of libraries within community hubs.
- The Annual Plan identifies two other areas where the Library Corporation can contribute to planning
 - Library infrastructure in the Western area of South Gippsland, which includes the areas of Korumburra, Poowong, Nyora, Loch and Bena, and
 - Development of a strategy for community facilities including the potential development of community hubs across the Shire.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

West Gippsland Regional Library Corporation

65 Victoria Street,
Warragul, Victoria 3820
P: 03 5622 2849
F: 03 5622 3089
ABN 90 793 610 846

27th May 2013

Mr Tim Tamlin
Chief Executive Officer
South Gippsland Shire Council

Dear Tim,

Draft Council Plan 2013/17 and Draft Annual Plan 2013/14 and Proposed Budget 2013-14


The Corporation would like to take the opportunity to provide a submission on the three key draft Council documents - **Draft Council Plan 2013/17, Draft Council Annual Plan 2013/14 and Proposed Annual Budget 2013-14** currently being exhibited for public comment in our libraries.

The Library Board, of which Councillor Bob Newton is the Chair, provides the overall strategic direction of the services and facilities offered by the Corporation. However, we recognise that each of the member Councils is at a different stage in planning for the future of library services and facilities, and as a result the Corporation has developed Council specific overviews of the library services and facilities that we anticipate will be required.

We believe that this is the best way to ensure that future developments are balanced, commensurate with overall need, and maintain the existing hierarchy of a Principal, Community, Neighbourhood and Mobile library services and facilities.

The Corporation is a significant provider of direct services to the members of the South Gippsland community on behalf of Council, however, it is easy for the complementary service delivery role between that of libraries and council to be lost, particularly if public libraries are seen in a solely "cultural" context. The **little book of public libraries** published by the Australian Library and Information Association provides a concise summary of the key elements of the role of a public library. Public libraries:

- Are taking the place in communities of a new "village green" meeting place or third space outside the home and work
- Improve the quality of life
- Build safer, stronger, sustainable communities
- Make citizens healthier
- Support formal and informal learning and literacy development for all ages
- Expand the digital economy by providing an essential portal for e-government services as well as bridging the digital divide for those without home access to the internet and edevices
- Freely provide digital infrastructure (including devices, computers and broadband access) for community use.
- Freely provide workshops and initial support to enable people to use their digital devices, particularly as government service provision moves into the model of digital delivery.

 www.wgrlc.vic.gov.au
wgrlc@wgrlc.vic.gov.au

West Gippsland Regional Library Corporation

65 Victoria Street,
Warragul, Victoria 3820
P: 03 5622 2849
F: 03 5622 3089
ABN 90 793 610 846

This wide ranging role provides considerable challenges both in the provision of services and physical infrastructure. New services, such as the provision of a mobile library service at Nyora and the introduction of preschool story time at Poowong at a time that aligns with the existing preschool hours, rather than the historical library opening hours, demonstrate the flexibility of the services that we can provide based on community and Council feedback. However, the challenge remains to ensure that physical library facilities meet both community expectations and the evolving models of the modern public library service.

The Corporation commends Council on its future planning for library infrastructure in the Western area of South Gippsland (**Draft Council Annual Plan 2013/14 Strategy 3.1.3**). We note that community hubs for Korumburra and Nyora and a combined community hub and library for Leongatha are within the scope of the 15 year Capital Works Program (**Proposed Annual Budget 2013-2013 Appendix D Capital Expenditure Program**).

We are keen to explore the opportunities and efficiencies that can be gained through a community hub approach to the provision of library and learning services. We hope that the opportunities and advantages of co-location within hubs will be further developed with Council as the Corporation's community learning strategy matures (**Draft Council Annual Plan 2013/14 Strategy 1.1.1**).

While this focus on the western region is no doubt in large part a reflection of the projected growth in this part of the Shire, it must be recognised that the neighbourhood libraries in Mirboo North and Foster will also require changes in order to provide a future library service and facilities that meets community expectations. We ask that consideration is given to including the library in any plans at Mirboo North for a suitably located hub development, even if the primary tenants are, for example, health and medical services.

We also request that when developing a Relocation Plan for Foster for co-locating services with other government agencies (**Draft Council Annual Plan 2013/14 Strategy 3.1.2**) the future needs of the Foster library are considered. The current library enjoys extremely strong patronage and community support, however the range of services and activities that the Corporation can offer is severely limited by the size of the current facility.

There are a number of strategies and plans coming together in the next 12-24 months that we believe offer an unprecedented opportunity to plan the future library services and infrastructure for the Shire in a cost effective, efficient and responsive manner. The initiatives include the development of a Community Vision 2050, aspects of the Draft Council Annual Plan 2013/14, the continuing community infrastructure planning for Korumburra, and at the state level, the Ministerial Advisory Committee on Public Libraries' review of Tomorrows Library.

The Corporation has prepared a strategic outline of library services in 2030 for South Gippsland Shire based on our understanding of the Council's directions, the demographic and economic changes expected and the evolving role of public libraries in the digital age which we would like to further develop in conjunction with Council as it works to achieve the Annual Plan 2013-2014.



www.wgrlc.vic.gov.au
wgrlc@wgrlc.vic.gov.au

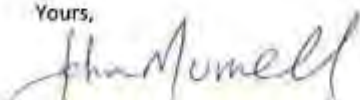
West Gippsland Regional Library Corporation

65 Victoria Street,
Waragul, Victoria 3820
P: 03 5622 2849
F: 03 5622 3089
ABN 90 793 610 846

The Corporation appreciates the very strong financial support provided to the service, and its continuing development, by the South Gippsland Shire Council.

We look forward to continuing the very strong relationship the Corporation enjoys with Council through the Board members, Councillor Newton and Director of Community Service Jan Martin, and the many very productive officer level interactions.

Yours,



John Murrell
Chief Executive Officer



www.wgrlc.vic.gov.au
wgrlc@wgrlc.vic.gov.au

C.17 S223 #17 REQUEST FOR REVIEW OF THE FOOD ACT REGISTRATION FEES

Pathway/TRIM D1902013 Date 23/5/13 Wish to be heard N
From Troy and Amy Cranston Nyora Pizza & TakeAway

COUNCIL PLAN

Strategy 3.1.6 We will refine the provision of Council services through reviews focused on changing community needs, realistic and affordable service standards and efficient management of resources

Action Establish a committee to review Fees and Charges for all services

Measure/Target Review completed and reported to Council by June 30 2014

Responsible unit Environmental Health

SUMMARY OF ISSUES RAISED

The following matters have been raised in relation to the proposed increase to Food Act registration fees:

- Proposed increase of Food Act registration fees by 20% will put small food businesses under financial stress
- Fees should be set depending on the size of the business e.g. small
- Fees Council receive cover any costs to regulate the industry
- Other Councils are not raising fees this much

MANAGEMENT RESPONSE

- The proposed fee increase of 20% is not consistent with the proposed increase to other Council fees and charges and will place an unnecessary burden on a small sector of our community. Reducing the percentage increase to 7.5% will reduce revenue projections by an estimated \$15,000.
- The size of the business does not necessarily reflect the time or resources required to administer the requirements of the Food Act 1984. Alternate models are being considered for future recommendation that would reflect 'user pays' and reward and recognise those that are high performers.

- Council currently subsidises the cost of delivering the Public and Environmental Health service to the community.
- Food Act registration fees in South Gippsland are typically higher on average than other Council's in the region.
- The maximum septic tank permit application fee for local government is no longer prescribed in the Environmental Protection (Fees) Regulations 2012. These fees and charges could be raised by 7.5% to be consistent and off-set any loss to projected revenue
- Increasing these fees by 7.5% will increase projected revenue by an estimated \$8,000. Reducing the estimated net loss of \$7,000 on projections.
- Statutory Planning fees have not increased in four years. The Minister for Planning was expected to announce the result of the fee review in April 2013. Fees are expected to increase, this may further off-set any decrease to revenue projections.

BUDGET CONCLUSION

- | | |
|--------------------------------|---|
| a) Amend | ✓ |
| b) No change | |
| c) Further discussion required | |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Amend the proposed increase to Food Act registration fees to 7.5% to be consistent with other increases to Council's fees and charges.**
- 3. Increase the fees and charges for septic tank permits by 7.5% which are no longer regulated by legislation.**
- 4. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

To CEO Mr. Tim Tamlin

I am writing a submission to request a review of the proposed budget for the registration of food premises featured in the draft budget on page 131. It has come to my attention that there is intent to rise the annual fee for this registration by a whopping 20%. Whilst I understand that changes need to take part in a budget and not all can keep everyone happy I am having great difficulty accepting this proposal. This extra amount (approx \$175) more than is already in the budget has no return for us or our consumers. There is no sense in rising a fee that is already incredibly high and strenuous on small businesses such as ours with no good cause or reason relevant to this industry. I have searched other councils and it appears that only this one is making the massive shift in this fee!

We struggle to pay the council as it is to operate here as the town Nyora (I'm sure you know) is not the most desirable place for a food business to prosper. I'm sure everyone including the council is struggling within their budgets and we are not unique in our budget concerns, however can you really justify a shift this large on a small business such as ours? I understand some businesses are larger than others and perhaps a consideration of this would entail different businesses paying different fees. If it is not a possibility to separate the businesses between large and small then I ask (no beg) you to leave the fee as it is, as I am sure the amount you already receive for this registration is well and truly covering any costs the council has regarding this industry.

Many Regards,

Troy & Amy Cranston

Nyora Pizza & Take Away

C.18 S223 #18 COMPARISON OF FARMER VS RESIDENTIAL RATES AND SEALING GRAVEL ROADS

Pathway/TRIM D1931213 Date 28/5/2013 Wish to be heard N
From Mr Graeme Watkins

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council, including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

- Concern about level of rates paid by farmers compared to residential properties
- Query about whether Council has a policy to seal gravel roads

MANAGEMENT RESPONSE

Concern about level of rates paid by farmers compared to residential properties

Rate revenue is a significant component of the total revenue of the Shire and is used to fund a multitude of programs.

It is acknowledged that a ratepayer will not at any one time use all these services, but over the course of their lifetime, they may access a number of these services or derive indirect benefit from associated services.

All programs and services are provided for the benefit of the community in order to create an environment that meets the aspirations and needs within the Shire and creates an environment that is seen by people as being a desirable place to live and work.

Rates and Municipal Charges are non-reciprocal in the sense that the Shire is not required to give approximately equal value in exchange directly to ratepayers. Rates and charges are raised in order to provide for existing services and sustaining infrastructure assets throughout the Shire as a whole. Some of Council's services are provided in full or supplemented by a User Pays approach. These are set out in the Fees and Charges section of the budget.

The actual rate burden is distributed amongst ratepayers on the Capital Improved Value (CIV) of rateable properties. This is a legislative requirement. Unfortunately, properties that have risen in value greater than the average will naturally bear more of the general rate burden.

Council is bound by the Local Government Act which sets the rating methods available to Councils. Site Value (SV) or Capital Improved Value (CIV) are the only two rating methods allowed by the Act. Unfortunately for your request, both methods involve valuing the land as a component of the overall valuation. We understand all but one Council in Victoria uses the CIV method of valuation.

All properties in Victoria are valued every 2 years at a common date. Typically property values increase over a period of time. These valuations are used to distribute the rate burden across the Municipality. Council determines how much rate revenue it requires. It then raises rates by applying a rate in the dollar to the Capital Improved Value of rateable land. In 2012/13 when there was a general revaluation of rateable properties the rate in the dollar for each type of property was increased by 1.33% which in turn generated the then required 5% increase in rate revenue.

The State Government has recently issued Ministerial Guidelines for Differential Rates. Council as part of the budget preparation process for 2014/15 will be reviewing its differential rates taking into consideration the guidelines.

Policy for Sealing Gravel Roads

Council is responsible for approximately 1,203.1 km of unsealed rural roads and approximately 92.3 km of unsealed urban roads.

- *Rural unsealed roads*

Council does not have a policy for the sealing of rural gravel roads.

In accordance with Council's Road Infrastructure Asset Management Plan, Attachment 13 'Sealing Unsealed Roads Procedure', Council will only consider a request for sealing a rural road, if the road in question is listed in Council's adopted Register of Public Roads and the traffic volume of the road is more than 150 vehicles per day. All requests which meet the criteria are placed in a scoring matrix for prioritisation giving the final score for each road.

The highest ranked projects are scoped, costed and subjected to the budget process. A suitable threshold cut-off point will be established annually to match the available budget for that financial year. All the roads falling above this threshold will be selected for sealing.

- *Urban unsealed roads*

In accordance with Council’s ‘Service Statement for Unsealed Roads – Urban Gravel to Seal Program’, the minimum program entry requirement is the funding of the road sealing under the auspice of a Special Charge Scheme in accordance with Council’s Special Charge Scheme policy. A copy can be obtained from Council’s website under [About Council / Policies / Special Charge Scheme Policy](#).

Other factors that impact on the project priority for sealing of any urban road include the number and severity of reported accidents in, and the level of demand for use of, the road under consideration.

BUDGET CONCLUSION

- | | |
|--------------------------------|---|
| a) Amend | |
| b) No change | ✓ |
| c) Further discussion required | |

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

Mr Tim Tamlin
CEO
South Gippsland Shire Council

Dear Tim,

I have been a rate payer in this Shire for about 20 years and own a rural property in Yanakie and detest the amount I pay in Council rates.

As the owner of a property that is supposedly worth over \$1 million CIV why do I pay over \$4,000 per year in rates when compared to residential owners that have a more practical access to services offered by the Shire and only pay a fraction of the rates?

The Shire has become an organisation that spends too much of rate payers money on administration and not enough on new infrastructure (like roads) and maintenance of buildings and roads.

I live where I live, but most of the Shire services are offered to the people in the towns. We get to drive on gravel roads that have had no improvements made to them in decades. Rates should be based more on the services where the user pays and not a property tax that has no relationship to who uses the services.

The \$ value of a property has no resemblance to the ability to pay exorbitant rates that provide no services.

This property tax has a twofold impact on what we pay in rates. The property is revalued up every 2 years and the unit rate of \$ on CIV also increases every year.

The valuation of land based properties is an antiquated system to collect tax.

We are in the user pays world and rates should be collected accordingly.

I also have some other comments regarding Shire matters. These being;

- Does the Shire have a policy to seal gravel roads? If so what is it?
- Collection of rates should be based on user pays not property valuation.
- What is the % of rates paid by rural land owners compared to residential property owners?
- For too long the Shire has lived off the back of the farming community, enough is enough lower the rates.
- The rural property rate should be significantly **reduced** not increased.

I look forward to an amended budget, under an amended collection system that addresses my concerns stated above.

Regards,

Graeme Watkins

C.19 S223 #19 PROPOSED BUDGET AND FORWARD BUDGETS (AND ASSOCIATED RATE INCREASES) CANNOT BE CHANGED

Pathway/TRIM D1911813 Date 25/5/2013 Wish to be heard N
From Mr Henry Casson

COUNCIL PLAN

Strategy 4.0 A Leading Organisation

Action 4.1 Improve the financial sustainability of Council, including diversifying revenue streams

Measure/Target 4.1.1 We will explore innovative ways of increasing revenue and reducing expenditure

Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr Casson expressed concern that the proposed budget and forward budgets (and associated rate increases) cannot be changed as they are inextricably linked by the legislative constraints placed on Council.

MANAGEMENT RESPONSE

A large percentage of Council services are provided to specifically meet legislative or regulatory requirements. Examples include planning, enforcement, governance, finance and asset management. These requirements do result in a large proportion of the budget being inextricably linked to legislative requirements.

Council does provide some services that are discretionary, in that Council does not have to provide them, however if these services were not provided, many community members and families would be disadvantaged. Examples of these services include children and family services, meals on wheels and home and community care. Often these services, if provided are then governed by legislative requirements that must be addressed. In addition many of these services are grant funded in part or full. The funds from these grants can only be used for these services.

There are only a few truly discretionary services that Council provides without these constraints. These generally include services that benefit the community by improving the living environment of the community. An example of this is the Community Grants Program. This program provides funds that support many community groups to improve their own environments for their local communities. While these constraints apply to most services Council does have some discretion in setting the levels of service that are provided.

Specifically in relation to the setting of the Annual Budget, the following sections of the Local Government Act must be adhered to. Section 127 of the Local Government Act 1989 states that Council must prepare a budget for each financial year. Section 126 states that Council must also prepare a Strategic Resource Plan that includes forward budgeted financial statements for at least the next four years. Council's Annual budget also incorporates the 15 year Long Term Financial Plan.

Section 129 states that soon as practicable after Council has prepared a budget it must give public notice. A person has a right to make a submission under Section 223 on any proposal contained in the budget.

Council must then convene either a committee of the Council or Council to consider any submissions that have been made in relation to the budget.

Section 128 states that Council can then meet to adopt the budget after it has complied with all of the relevant requirements of the Local Government Act, which includes hearing of Section 223 submissions made in relation to the prepared budgets.

Council if it wishes can make changes to the prepared budget and has done so in past years. Any changes made to the Annual Budget will automatically have a flow on impact on the forward budgets in the Long Term Financial Plan.

Local Government is a complex business. The Council provides around 120 discrete services to its community. These are provided within the constraints of legislative requirements and grant conditions. The community deserve a high level of service from its local government and having the right management structure in place is integral to delivering quality services.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the percentage rate rise when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to these matters including the reason/s for the decision.**

SUBMISSION

From: Henry casson
Sent: Saturday, 25 May 2013 2:13 PM
To: Council
Subject: rate increase

Re the proposed rates of 7.5%. Would it be possible to either confirm or otherwise deny that both the budget draft and the proposed rate rise are inextricably linked by the 'legislative constraints' the Mayor recently referred to? In other words, that being so, the budget is set in concrete and no amount of ratepayers outcry will induce any change, this coming year and to the next two years' increases. And maybe, in the light of 'communication with residents', the Council could enlighten us ratepayers with some relevant provisions of these 'constraints'.

Henry C Casson.

C.20 S223 #20 CONCERN WITH PROPOSED RATE INCREASE AND SERVICE PROVISION

Pathway/TRIM D1680113 Date 6/5/2013 Wish to be heard N
From Mr Steve Finlay

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council,
including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue
and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr Finlay has raised numerous concerns with the proposed Annual Budget for 2013/14 relating to rate increase, staff costs, provision of services, fleet vehicles, telephone expenditure and the Councillor discretionary fund.

MANAGEMENT RESPONSE

Rate Increase

Council has determined to provide a variety of services including an associated capital works program. Their funding requirements drive the annual and longer term budgets. The associated costs tend to increase at a greater rate than the consumer price index.

The capital construction costs also tend to be considerably higher than the consumer price index. It is projected that capital works costs will increase by 5.25%.

Council is party to an Enterprise Agreement that remains in force to 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year.

Council unfortunately in the previous financial year faced challenging financial circumstances that have impacted on the preparation of the 2013/14 Annual Budget and Long Term Financial Plan. This included higher than anticipated unfunded superannuation call, reduced Victoria Grants Commission allocation, reduced interest income and other cost pressures.

Council uses a series of key financial performance indicators to assess the integrity of the budgeted financial statements in the Annual Budget and the

Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General's Office use to assess the financial sustainability of all Victorian councils.

As a result Council had to increase the general rate by 7.5% and will borrow funds in 2013/14 to help fund the capital works program and maintain service levels whilst ensuring that the financial integrity of the budget and the longer term financial plan is not compromised.

Staff Costs and Numbers

The Council has a broad program of major projects and service outcomes to be achieved. Staff resources have been established to deliver those projects and programs, while still delivering the levels and breadth of services the community require.

Staff numbers are reflective of the services provided and grow to deliver increased activity arising out of population growth, grant funded programs, legislative compliance requirements and new activities.

There are 4.01 new effective full-time (EFT) positions included in this Budget. The salaries for these positions have been covered by grant funding, capital project funding and operational savings, requiring no additional funding from rates revenue.

Provision of Services

The provision of Council delivered services in many areas including Arts and Culture, Sustainability and Children and Family Services are made available due to community need and demand.

Several services provided by the Community Services Directorate are largely grant funded and have minimal impact on ratepayer funds. There are also legislative requirements to deliver some services and removal would create a void in essential services such as Maternal and Child Health and Immunisation provided by the Children and Family Services Department.

Section 208B of the Local Government Act 1989 states that all services provided by a Council must be responsive to the needs of its community; each service provided by a Council must be accessible to those members of the community for whom the service is intended; and a Council must achieve continuous improvement in the provision of services for its community.

Fleet Vehicles

The total number of fleet vehicles is 82 which includes light commercial (community buses, local laws utes, depot utes, cars etc). These are used for operational purposes to ensure the efficient delivery of Council Services to the community. 42 of these vehicles are cars that are also used by staff for out of hours use through a salary sacrifice scheme. The salary sacrifice

scheme ensures staff contribute to the cost of running the vehicle associated with the out of hours use.

Council has worked hard to identify cost savings for its fleet over the last few years by moving to more sustainable and environmentally friendly vehicles which use less fuel and have smaller engines etc.

Telephone Expenditure

South Gippsland Shire Council (SGSC) recognises the need to provide phone services including mobile phones to Council staff to allow effective program delivery. The use, care and maintenance of communications equipment is governed by Council policy.

The provision of mobile phones to selected Council roles is to facilitate business communications and allow Council staff to be contactable during business hours in the community by their clients and other members of staff and after business hours for those staff that are required to be on call. The use of Mobile phones is directly accountable to the delivery of service.

SGSC have procedures in place to ensure that all telecommunication bills are reviewed for each billing cycle to manage costs and to seek potential opportunities for further reducing costs.

South Gippsland Shire Council is consistently and consciously working hard to reduce the cost of service delivery and as such have taken action to reduce the cost of communication services.

SGSC as part of the Municipal Association of Victoria (MAV) has negotiated with Telstra to deliver significant cost savings to local government through group purchasing of telecommunications services.

Through a public tender process, MAV Procurement contracted Telstra on behalf of 62 Victorian councils to provide fixed voice, mobile telephony and data services.

Cost savings through this collaborative procurement contract could be as much as 20 per cent for some participating councils. The use of these group purchasing contracts particularly benefits smaller councils such as SGSC to gain access to the pricing benefits of larger municipalities.

Councillor Discretionary Funds

In 2009, Council significantly reduced the Councillor Discretionary Fund allocation and reallocated it to the Community Grants Program. This provided increased funding to assist in facilitating, planning and provide programs, services and opportunities that strengthen the community. The Councillor Discretionary Fund program provides for immediate smaller needs that result in beneficial projects and activities for the Shire.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Consider the percentage rate rise when finalising the budget.**
- 3. Advise the submitter/s in writing of the decision relating to these matters including the reason/s for the decision.**

SUBMISSION

Sent: Monday, 6 May 2013 6:32 PM
To: Council

To the Chief Executive Officer

re Proposed Annual Budget

It is reasonable for cuts to be made when the budget has been blown, not just increase rates.

Without all the information it is difficult for contributors, but I would like to offer the following general and specific suggestions. I would welcome any response.

1. Commit to no rate increase, why not?
2. Sell off properties not required.
3. Cut staff costs.
4. Cut (non-essential) services.

More specifically along those lines-

- . cut welfare, arts, child care, sustainability etc areas local government need not be involved in.
- . lean management, reduce top heavy management.
- . reduce total staff numbers by not replacing staff lost through natural attrition.
- . audit (and make public) total and individual shire car and telephone costs. Ratepayers (owners?) don't get free car use and phones.
- . review car expenses for staff who choose live outside the shire.
- . cut each department's budget by 10%, let them work out where savings can be made.
- . get rid of the councillor's discretionary fund, it cannot be justified.

I want a "small" local government concentrating on "roads, rates and rubbish" and think loss of services for the noisy minority who "demand" them is bad luck.

Steve Finlay
Leongatha

**C.21 S223 #21 2013/14 ANNUAL BUDGET, RATE INCREASE, SERVICES,
STAFF PERFORMANCE AND COMMUNITY VISION 2050**

Pathway/TRIM D1967513 Date 6/05/2013 Wish to be heard N
From Ms Shirley Westaway

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council,
including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue
and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Ms Westaway has raised concerns with the proposed Annual Budget for 2013/14 relating to the proposed rate increase, services, staff performance and Community Vision 2050.

MANAGEMENT RESPONSE

Rate Increase

Council has determined to provide a variety of services including an associated capital works program. Their funding requirements drive the annual and longer term budgets. The associated costs tend to increase at a greater rate than the consumer price index.

The capital construction costs also tend to be considerably higher than the consumer price index. It is projected that capital works costs will increase by 5.25%.

Council is party to an Enterprise Agreement that remains in force to 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year. The Enterprise Agreement allows Council to have a stable environment with known costs upon which budget forecasts can be based.

Council unfortunately in the previous financial year faced challenging financial circumstances that have impacted on the preparation of the 2013/14 Annual Budget and Long Term Financial Plan. This included higher than anticipated unfunded superannuation call, reduced Victoria Grants Commission allocation, reduced interest income and other cost pressures.

The superannuation call was initially expected to be approximately \$1.2m following initial advice from Council superannuation provider and Council had planned and budgeted for this eventuality within the long term financial plan and original proposed rates. The actual superannuation call ended up being \$4.6m, which has caused the main pressure on Council's need to borrow funds and raise the rates higher than initially had been budgeted or intended. The Defined Benefit Superannuation Scheme was closed as a scheme in 1994/95, however, the residual effects will impact Councils across the State for many years to come. The pressure arises in times of economic decline.

Council uses a series of key financial performance indicators to assess the integrity of the budgeted financial statements in the Annual Budget and the Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General's Office use to assess the financial sustainability of all Victorian councils.

As a result Council proposed to increase the general rate by 7.5% and will borrow funds in 2013/14 to help fund the capital works program and maintain service levels whilst ensuring that the financial integrity of the budget and the longer term financial plan is not compromised.

Provision of Services

The provision of Council delivered services in many areas including Arts and Culture, Sustainability and Children and Family Services are made available due to community need and demand.

Several services provided by the Community Services Directorate are largely grant funded and have minimal impact on ratepayer funds. There are also legislative requirements to deliver some services and removal would create a void in essential services such as Maternal and Child Health and Immunisation provided by the Children and Family Services Department.

Section 208B of the Local Government Act 1989 states that all services provided by a Council must be responsive to the needs of its community; each service provided by a Council must be accessible to those members of the community for whom the service is intended; and a Council must achieve continuous improvement in the provision of services for its community.

Council has invested significant time and focus on improving the delivery of its services and how it measures and reports on this. Quarterly reports are provided to the Council and the community advising of Council's service delivery against its Key Performance Activities. It is through sustained, improved service delivery and customer service that Council will meet its key service objectives and improve community satisfaction.

Local Government is a complex business. The Council provides around 120 discrete services to its community. These are provided within the constraints of legislative requirements and grant conditions. The SGSC community

deserve a high level of services from its local government and having the right management structure in place is integral to delivering quality services.

Staff Performance and Development

The performance of Council staff is set and managed through a Performance Development Review process, where service and project delivery objectives are defined and agreed in a personal plan at the start of each financial year.

The performance of each staff member is measured throughout and at the end of the year to determine if the objectives associated with each role have been achieved and any areas where each staff member are required to improve to ensure the performance of each staff member is meeting the requirements of the role and the objectives and directions of Council.

As a part of each staff member's Development Plan, is a Training and Development Plan, which focuses on areas which each staff member can focus on to improve their performance in the role. This Training and Development Plan may consist of training, conferences or on the job learning to ensure that each staff member is aware of changes to the regulatory environment affecting their role, learns of new methods to improve service delivery and develop skills essential to their role.

The development of a knowledgeable workforce ensures the community of South Gippsland will receive the quality services it deserves.

Community Vision 2050: Can it be deferred or is it required?

The new Council has indicated that engaging with the community on the creation of a shared vision for the future of the Shire and encouraging continued interaction on matters that will guide the development of the Shire, are fundamental elements that will inform their decision making responsibilities.

At the 27 February 2013 Council Meeting, Council decided to establish a Community Vision 2050 Committee and allocate budget of \$60,000 from salary vacancies year to date to appoint a project manager for an initial period of 10 months to manage the delivery of the Community Vision 2050 by December 2013. A budget of \$127,840 has also been established in the 2013/14 Draft Budget, which includes the \$60,000 for the project manager and costs for an experienced consultant to facilitate the development of the Community Vision 2050.

Council may consider deferring the Community Vision to 2014/15 as an amendment to the 27 February 2013 decision, as a response to community feedback received regarding rate increases and this specific project. This would require the removal of the project from the draft 2013/14 Annual Plan.

Council will consider all submissions from the public in relation to the prioritisation and timing of key initiatives whilst adopting its 2013/14 Budget.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Continue undertaking the Community Vision 2050 project but this project will be conducted in a more cost effective manner.**
- 3. Consider the percentage rate rise when finalising the budget.**
- 4. Advise the submitter/s in writing of the decision relating to these matters including the reason/s for the decision.**

SUBMISSION

May 29, 2013

Chief Executive Officer Mr Tim Tamlin
South Gippsland Shire Council

The views expressed by Malcolm Davies and Gary Napthine in **The Mirror** today need to be closely considered before council imposes increased rates on all of the ratepayers.

It seems to many of us that we do not get the services that should be available. How many council employees actually earn their sizeable salaries? Too often we can be left hanging on to unanswered phones, or seeking information from staff who have no idea of answers we are seeking. Often we are told that he or she is attending a conference. How many conferences elsewhere have a bearing on living in this shire? And if those representatives are conferring elsewhere how do they know what is going on in South Gippsland?

Too often it seems to be a case of not letting the right hand know what the left hand is doing.

How relevant is this 'Project Manager – Vision 2050' to the current population in 2013? How much is this so-called project manager going to be paid? Is it likely he or she will be around in 2050 to witness the changes in South Gippsland?

We need more information before council pays out more money for some 'pie in the sky' scheme that will benefit no one but the so called project manager.

Shirley Westaway

C.22 S223 #22 2013 – 2014 ANNUAL BUDGET, RATE INCREASE, SERVICE PROVISION COST SAVINGS, COMMUNITY VISION 2050 AND COAL CREEK

Pathway/TRIM D1967713 Date 6/05/2013 Wish to be heard N
From Mr Barry Richards

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council, including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr Richards has raised concerns and recommendations with the proposed Annual Budget for 2013/14 relating to the proposed rate increase, service provision, cost saving opportunities, Community Vision 2050 and Coal Creek.

MANAGEMENT RESPONSE

Rate Increase

Council has determined to provide a variety of services including an associated capital works program. Their funding requirements drive the annual and longer term budgets. The associated costs tend to increase at a greater rate than the consumer price index.

The capital construction costs also tend to be considerably higher than the consumer price index. It is projected that capital works costs will increase by 5.25%.

Council is party to an Enterprise Agreement that remains in force to 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year. The Enterprise Agreement allows Council to have a stable environment with known costs upon which budget forecasts can be based.

Council unfortunately in the previous financial year faced challenging financial circumstances that have impacted on the preparation of the 2013/14 Annual Budget and Long Term Financial Plan. This included higher than anticipated unfunded superannuation call, reduced Victoria Grants Commission allocation, reduced interest income and other cost pressures.

The superannuation call was initially expected to be approximately \$1.2m following initial advice from Council superannuation provider and Council had planned and budgeted for this eventuality within the long term financial plan and original proposed rates. The actual superannuation call ended up being \$4.6m, which has caused the main pressure on Council's need to borrow funds and raise the rates higher than initially had been budgeted or intended. The Defined Benefit Superannuation Scheme was closed as a scheme in 1994/95, however, the residual effects will impact Councils across the State for many years to come. The pressure arises in times of economic decline.

Council uses a series of key financial performance indicators to assess the integrity of the budgeted financial statements in the Annual Budget and the Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General's Office use to assess the financial sustainability of all Victorian councils.

As a result Council proposed to increase the general rate by 7.5% and will borrow funds in 2013/14 to help fund the capital works program and maintain service levels whilst ensuring that the financial integrity of the budget and the longer term financial plan is not compromised.

Provision of Services

The provision of Council delivered services in many areas including Arts and Culture, Sustainability and Children and Family Services are made available due to community need and demand.

Several services provided by the Community Services Directorate are largely grant funded and have minimal impact on ratepayer funds. There are also legislative requirements to deliver some services and removal would create a void in essential services such as Maternal and Child Health and Immunisation provided by the Children and Family Services Department.

Section 208B of the Local Government Act 1989 states that all services provided by a Council must be responsive to the needs of its community; each service provided by a Council must be accessible to those members of the community for whom the service is intended; and a Council must achieve continuous improvement in the provision of services for its community.

Local Government is a complex business. The Council provides around 120 discrete service to its community. These are provided within the constraints of legislative requirements and grant conditions. The community deserve a high level of service from its local government and having the right management structure in place is integral to delivering quality services.

Cost Savings Opportunities

Council has conducted, during the preparation of the 2013/14 Draft Budget, a significant review of all costs, including discretionary costs, to ensure savings are made or redirected towards priority activities with a view to minimising the proposed rate increase. This has included reviews of many areas of Council expenditure. One example includes the provision of Waste Services, being brought in house instead of being outsourced, which Council has forecasted will save Council \$1m over the next 10 years.

Community Vision 2050: can it be deferred or is it required?

The new Council has indicated that engaging with the community on the creation of a shared vision for the future of the Shire and encouraging continued interaction on matters that will guide the development of the Shire, are fundamental elements that will inform their decision making responsibilities.

At the 27 February 2013 Council Meeting, Council decided to establish a Community Vision 2050 Committee and allocate budget of \$60,000 from salary vacancies year to date to appoint a project manager for an initial period of 10 months to manage the delivery of the Community Vision 2050 by December 2013. A budget of \$127,840 has also been established in the 2013/14 Draft Budget, which includes the \$60,000 for the project manager and costs for an experienced consultant to facilitate the development of the Community Vision 2050.

Council may consider deferring the Community Vision to 2014/15 as an amendment to the 27 February 2013 decision, as a response to community feedback received regarding rate increases and this specific project. This would require the removal of the project from the draft 2013/14 Annual Plan.

Council will consider all submissions from the public in relation to the prioritisation and timing of key initiatives whilst adopting its 2013/14 Budget.

Close Coal Creek

Coal Creek Community Park and Museum which is located on Crown Land, has been Council's direct responsibility since 2007.

Since then Council has grown the visitation of Coal Creek from 11,000 to 62,000 patrons per annum at a cost of approximately \$650,000 per year to Council.

Council has considered options to close Coal Creek, reduce maintenance expenditure or to invest in Coal Creek to off-set the burden to the rate payer.

Analysis has shown that closing Coal Creek would cost approximately \$2,000,000 to rehabilitate the site by returning it park land, notwithstanding any operational complications associated with the disposal of museum collections, buildings and the community concern associated with this option.

The second option of removing a number of buildings to reduce maintenance costs has proven to be unpalatable to the Korumburra community.

Council has therefore strategically agreed to pursue a cost – neutral strategy by developing a feasibility study on further investment to further increase revenue produced by Coal Creek. This feasibility study has been completed and adopted by Council and a development strategy is currently being pursued to investigate the detailed costs and benefits of a school camp precinct, a restaurant and a revitalisation of the overall heritage experience. On the surface Council is confident that if this investment can be realised, this will go a long way towards achieve cost neutrality for Coal Creek.

Council has made significant progress towards achieving these strategic outcomes, although this project is currently in progress.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Continue undertaking the Community Vision 2050 project but this project will be conducted in a more cost effective manner.**
- 3. Consider the percentage rate rise when finalising the budget.**
- 4. Advise the submitter/s in writing of the decision relating to these matters including the reason/s for the decision.**

SUBMISSION

From: Barry Richards
Sent: Wednesday, 29 May 2013 3:48 PM
To: Council
Subject: re Proposed Rate Increase

Mr Tamlin

I am also concerned about the proposed rates increase & support the views raised by Mr Malcolm Davies , Mr Gary Napthine & Mr Lloyd McKenzie.

Regards

Lloyd

To: SGSC (council@southgippsland.vic.gov.au)
Subject: Att Tim Tamlin - re Proposed Rate Increase

Mr Tamlin

I am also concerned about the proposed rates increase & support the views raised by Mr Malcolm Davies , Mr Gary Napthine & Mr Lloyd McKenzie.

Regards
Barry Richards

Att SGSC CEO Mr Tim Tamlin

Dear Tim

Like all of the other ratepayers I have spoken to , I am very concerned at the level of SGSC rates charges , & for the proposal for further significant increases this year & in future years.

I fully support the concerns raised by Mr Malcolm Davies & Mr Gary Napthine in their correspondence on this Issue.

It should be clear to all that ratepayers are really struggling financially at the moment

- dairying has been suffering difficult conditions propounded by poor prices
- beef industry in severe difficulty
- small business struggling

Even in normal times all businesses & individuals take a careful view in relation to incurring discretionary costs. When times are hard, a very disciplined approach must be taken to pruning back discretionary spending . When times are hard it is proper to cancel or at least defer spending that does not give a clear return in the short term. It is no good incurring spending with a doubtful payback , or spending that will pay back in many years time if it increases the likelihood of causing severe financial difficulty in the short term – you may not survive (financially) long enough to reap the benefits .

These principles apply equally to the council – as though the council is only spending other peoples money , it must see itself as a reflection & representation of its ratepayers . It is not proper to ignore its ratepayers circumstances , set its budgeted expenditure based on it would like to do , work out how much rates it needs to cover this , & just send out the bill .

I , like the average ratepayer , do not have great knowledge of the detailed aspects of the budgeted expenditure . However even with my limited knowledge there seems to me to be examples of expenditure that could be pruned with little negative impact to the ratepayers

- the \$98376 proposed to be spent on a project manager for Vision 2050 to create a community vision for the shire certainly seems to be a prime example of discretionary spending that should be pruned , or at least deferred for now . For the mayor to say in the face of criticism of this that that the funds for this would “ come from existing finances “ is clearly inadequate , as it is still not proper that these “existing finances “ be spent in this way . If I understand it correctly , this project manager is only the initial cost & there may well be further consultants costs to help him develop this vision. Is this all really necessary at this stage ?

- Coal Creek is being continually propped up . Periodically we have an outline of the net cost increases re this , with a Note that more consultants ideas will be sought on how this item may be made cost neutral . We need to face facts & close This down , or pass it over fully to a separate private or community body if they want to run it – with no further cost to the Council .

As indicated , I do not have full knowledge of the details of the council’s existing & proposed spending , but the examples above Indicate that the circumstances of the ratepayers have not been properly considered , & inadequate discipline has been exercised in evaluating the case for much council spending .

I would urge the council to review its budget with a more stringent test for discretionary spending , to reduce spending & ensure the proposed rates increase is not needed .

Sincerely

Lloyd McKenzie

C.23 S223 #23 2013/14 ANNUAL BUDGET, RATE INCREASE, SERVICE PROVISION, COST SAVINGS AND COMMUNITY VISION 2050

Pathway/TRIM D1968113 Date 29/05/2013 Wish to be heard N

From Mr Bill Fuller

COUNCIL PLAN

Strategy 4.0 A Leading Organisation

Action 4.1 Improve the financial sustainability of Council, including diversifying revenue streams

Measure/Target 4.1.1 We will explore innovative ways of increasing revenue and reducing expenditure

Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr Fuller has raised concerns and recommendations with the proposed Annual Budget for 2013/14 relating to the proposed rate increase, service provision, cost saving opportunities and the Community Vision 2050.

MANAGEMENT RESPONSE

Rate Increase

Council has determined to provide a variety of services including an associated capital works program. Their funding requirements drive the annual and longer term budgets. The associated costs tend to increase at a greater rate than the consumer price index.

The capital construction costs also tend to be considerably higher than the consumer price index. It is projected that capital works costs will increase by 5.25%.

Council is party to an Enterprise Agreement that remains in force to 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year.

Council unfortunately in the previous financial year faced challenging financial circumstances that have impacted on the preparation of the 2013/14 Annual Budget and Long Term Financial Plan. This included higher than anticipated unfunded superannuation call, reduced Victoria Grants Commission allocation, reduced interest income and other cost pressures.

The superannuation call was initially expected to be approximately \$1.2m following initial advice from Council's superannuation provider. Council had planned and budgeted for this eventuality within the long term financial plan

and original proposed rates. The actual superannuation call ended up being \$4.6m, which has caused the main pressure on Council's need to borrow funds and raise the rates higher than initially intended. The Defined Benefit Superannuation Scheme was closed as a scheme in 1994/95, however, the residual effects will impact councils across the State for many years to come. The pressure arises in times of economic decline.

Council uses a series of key financial performance indicators to assess the integrity of the budgeted financial statements in the Annual Budget and the Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General's Office use to assess the financial sustainability of all Victorian councils.

As a result Council proposed to increase the general rate by 7.5% and will borrow funds in 2013/14 to help fund the capital works program and maintain service levels whilst ensuring that the financial integrity of the budget and the longer term financial plan is not compromised.

Provision of Services

A large percentage of Council services are provided to specifically meet legislative or regulatory requirements. Examples include planning, enforcement, governance, finance and asset management. These requirements do result in a large proportion of the budget being inextricably linked to legislative requirements.

Council does provide some services that are discretionary, in that Council does not have to provide them, however if these services were not provided, many community members and families would be disadvantaged. Examples of these services include children and family services, meals on wheels and home and community care. Often these services, if provided, are then governed by legislative requirements that must be addressed. In addition many of these services are grant funded in part or full. The funds from these grants can only be used for these services.

There are only a few truly discretionary services that Council provides without these constraints. These generally include services that benefit the community by improving the living environment of the community. An example of this is the Community Grants Program. This program provides funds that support many community groups to improve their own environments for their local communities. While various constraints apply to most services Council does have some discretion in setting the levels of service that are provided.

Specifically in relation to the setting of the Annual Budget, the following sections of the Local Government Act must be adhered to. Section 127 of the Local Government Act 1989 states that Council must prepare a budget for each financial year. Section 126 states that Council must also prepare a Strategic Resource Plan that includes forward budgeted financial statements

for at least the next four years. Council's Annual Budget also incorporates the 15 year Long Term Financial Plan.

Section 129 states that as soon as practicable after Council has prepared a budget it must give public notice. A person has a right to make a submission under Section 223 on any proposal contained in the budget.

Council must then convene either a committee of the Council or Council to consider any submissions that have been made in relation to the budget.

Section 128 states that Council can then meet to adopt the budget after it has complied with all of the relevant requirements of the Local Government Act, which includes hearing of Section 223 submissions made in relation to the prepared budgets.

Council if it wishes can make changes to the prepared budget and has done so in past years. Any changes made to the Annual Budget will automatically have a flow on impact on the forward budgets in the Long Term Financial Plan.

Local Government is a complex business. The Shire provides around 120 discrete services to its community. These are provided within the constraints of legislative requirements and grant conditions. The SGSC community deserve a high level of services from its local government and having the right management structure in place is integral to delivering quality services.

Hard decisions to restrict and reduce expenditure

Council has conducted, during the preparation of the 2013/14 Draft Budget, a significant review of all costs, including discretionary costs, to ensure savings are made or redirected towards priority activities with a view to minimising the proposed rate increase. This has included reviews of many areas of Council expenditure. One example includes the provision of Waste Services, being brought in house instead of being outsourced, which Council has forecasted will save Council \$1m over the next 10 years.

Community Vision 2050: can it be deferred or is it required?

The new Council has indicated that engaging with the community on the creation of a shared vision for the future of the Shire and encouraging continued interaction on matters that will guide the development of the Shire, are fundamental elements that will inform their decision making responsibilities.

At the 27 February 2013 Council Meeting, Council decided to establish a Community Vision 2050 Committee and allocate budget of \$60,000 from salary vacancies year to date to appoint a project manager for an initial period of 10 months to manage the delivery of the Community Vision 2050 by December 2013. A budget of \$127,840 has been established in the 2013/14 Draft Budget, which includes the \$60,000 for the project manager and costs

for an experienced consultant to facilitate the development of the Community Vision 2050.

Council may consider deferring the Community Vision to 2014/15 as an amendment to the 27 February 2013 decision, as a response to community feedback received regarding rate increases and this specific project. This would require the removal of the project from the draft 2013/14 Annual Plan.

Council will consider all submissions from the public in relation to the prioritisation and timing of key initiatives whilst adopting its 2013/14 Budget.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Continue undertaking the Community Vision 2050 project but this project will be conducted in a more cost effective manner.**
- 3. Consider the percentage rate rise when finalising the budget.**
- 4. Advise the submitter/s in writing of the decision relating to these matters including the reason/s for the decision.**

SUBMISSION

From: Bill & Barb Fuller
Sent: Wednesday, 29 May 2013 3:02 PM
To: Council
Subject: re rate increases - Attn Mr Tim Tamlin

Dear Tim,

As retired dairy farmers and a self funded DIY superannuants We view with concern the proposed rate increases this year and the proposed increases in the following years. I support letters from M Davies and G Naphthine in the local press on these matters.

As retirees on a static and in recent years on a declining income the proposed rate increases are another layer of financial burden.

We encourage you and council to make some hard decisions to restrict and reduce expenditure. Hard times will require hard decisions ie cut backs will not be popular with everyone as are increases not popular. I encourage you to show leadership and walk the fine line between expansion (ie vision 2050 project manager) and sensible contraction of spending allowing all members of the shire community to share in the prosperity of South Gippsland.

Your faithfully
Bill Fuller

**C.24 S223 #24 2013 – 2014 ANNUAL BUDGET, RATE INCREASE,
COUNCILLOR ALLOWANCES, COUNCILLOR DISCRETIONARY FUNDS,
STAFF COSTS, BORROWINGS AND SUPERANNUATION ADVOCACY**

Pathway/TRIM D1981513 Date 29/05/2013 Wish to be heard N
From Mr Michael Giles

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council,
including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue
and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr Giles has raised concerns with and made some suggestions relating to the proposed Annual Budget for 2013/14 regarding a rate increase, Councillor allowances, Councillors' discretionary funds, staff costs, provision of services, financial borrowing and superannuation scheme.

MANAGEMENT RESPONSE

The proposed 7.5% rate increase is unsustainable and should be reduced to 4% or below

Council has determined to provide a variety of services including an associated capital works program. Their funding requirements drive the annual and longer term budgets. The associated costs tend to increase at a greater rate than the consumer price index.

The capital construction costs also tend to be considerably higher than the consumer price index. It is projected that capital works costs will increase by 5.25%.

Council is party to an Enterprise Agreement that remains in force to 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year.

Council unfortunately in the previous financial year faced challenging financial circumstances that have impacted on the preparation of the 2013/14 Annual Budget and Long Term Financial Plan. This included higher than anticipated unfunded superannuation call, reduced Victoria Grants Commission allocation, reduced interest income and other cost pressures.

The superannuation call was initially expected to be approximately \$1.2m following initial advice from Council superannuation provider and Council had planned and budgeted for this eventuality within the long term financial plan and original proposed rates. The actual superannuation call ended up being \$4.6m, which has caused the main pressure on Council's need to borrow funds and raise the rates higher than initially intended. The Defined Benefit Superannuation Scheme was closed as a scheme in 1994/95, however, the residual effects will impact Councils across the State for many years to come. The pressure arises in times of economic decline.

Council uses a series of key financial performance indicators to assess the integrity of the budgeted financial statements in the Annual Budget and the Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General's Office uses to assess the financial sustainability of all Victorian councils.

As a result Council has proposed to increase the general rate by 7.5% and will borrow funds in 2013/14 to help fund the proposed capital works program and maintain service levels whilst ensuring that the financial integrity of the budget and the longer term financial plan is not compromised.

Propose that the Council should lead the way in making savings by cutting their allowances by a total of \$50,000 per annum and also seek to make savings on the cost of their meetings and functions.

Section 71 of the Local Government Act 1989, outlines that a Councillor is entitled to be paid an allowance by the Council and that the allowance is to be at a rate fixed by the council (subject to guidelines issued by the Minister) for the relevant financial year.

The range of amounts each category of Council are set by the State Government and reviewed annually by the Minister for Local Government. Currently the range limits that apply for Mayoral and Councillor Allowances for South Gippsland Shire Council (a Category 2 council) are Councillors: \$9,317 - \$22,405 per annum and Mayors: up to \$69,325 per annum.

Council currently pays the upper limit of the range to the Mayor and Councillors.

Council at the 24 April 2013 Council Meeting decided that Council:

- Set the Mayoral allowance at the upper level of Category 2 - \$69,325 per annum and the Councillor allowance at the upper level of Category 2 - \$22,405 per annum; and
- Determine the level of Mayoral and Councillor allowances in accordance with the Local Government Act 1989 which provides the opportunity for community consultation and submissions as part of the proposed 2011/17 Council Plan and proposed 2013/14 Council Budget.

Council decided at the 24 April 2013 Council Meeting to adopt the upper range of the range limit as the Mayor and Councillors commit extensive hours each year to fulfil their civic role. They support community groups and events in the evenings, on weekends and public holidays. They also undertake background reading and research matters coming before Council. Furthermore they fulfil their decision making role, attend briefings, public presentations and Council meetings. It was for these reasons Council considered that the full allowance provides some recompense for the time and resources they provide to the Shire.

Following the submission and hearing of submissions as part of the community consultation associated with the current Section 223 process, Councillors are required to determine and decide the rate of Mayoral and Councillor allowances at the 26 June 2013 Council Meeting. The Council can decide to either confirm their initial decision to set the Mayoral and Councillor allowance at the upper level or to set the allowances at a lower level between the ranges outlined above as required by the minister.

The suggestion, to reduce Mayoral and Councillor allowances by \$50,000 per annum, is presented by Mr Giles to Council for consideration when determining and setting the Councillor allowances for the 2013/14 Annual Budget at the 26 June 2013/14 Council Meeting.

Councillor Discretionary Funds: recommendation to cease this fund as the spending is not strategic and open to “being rorted” and at very least transfer this funding to the Community Grants program

In 2009, Council significantly reduced the Councillor Discretionary Fund allocation and reallocated this funding to the Community Grants Program. This provided increased funding to assist in facilitating, planning and provide programs, services and opportunities that strengthen the community.

The Councillor Discretionary Fund program provides for immediate smaller needs that result in beneficial projects and activities for the Shire and is governed by the Councillors Councillor Discretionary Policy and Guidelines to ensure appropriate allocations of funding.

Cost savings opportunities

Council has conducted, during the preparation of the 2013/14 Draft Budget, a significant review of all costs, including discretionary costs, to ensure savings are made or redirected towards priority activities with a view to minimising the proposed rate increase. This has included reviews of many areas of Council expenditure. One example includes the provision of Waste Services, being brought in house instead of being outsourced, which Council has forecasted will save Council \$1m over the next 10 years.

Staff costs and numbers

The Council has a broad program of major projects and service outcomes to be achieved. Staff resources have been established to deliver those projects

and programs, while still delivering the levels and breadth of services the community require.

Staff numbers are reflective of the services provided and grow to deliver increased activity arising out of population growth, grant funded programs, legislative compliance requirements and new activities.

There are 4.01 new effective full-time (EFT) positions included in this Budget. The salaries for these positions have been covered by grant funding, capital project funding and operational savings, requiring no additional funding from rates revenue.

It is not possible to implement the review, recommended by Mr Giles, of the recently negotiated Enterprise Agreement (EA), which remains in force to 2016, without significantly placing Council at the risk of increased costs and organisational disruption. The Local Government EA banding system is mandated by State Legislation as it forms the basis of the Award under which the majority of Local Government staff are employed. The EA has been approved by the Fair Work Commission to ensure it doesn't disadvantage any employee. It is a contract between Council and staff that can't be amended until it expires.

Provision of Services

A large percentage of Council services are provided to specifically meet legislative or regulatory requirements. Examples include planning, enforcement, governance, finance and asset management. These requirements do result in a large proportion of the budget being inextricably linked to legislative requirements.

Council does provide some services that are discretionary, in that Council does not have to provide them, however if these services were not provided, many community members and families would be disadvantaged. Examples of these services include children and family services, meals on wheels and home and community care. Often these services, if provided are then governed by legislative requirements that must be addressed. In addition many of these services are grant funded in part or full. The funds from these grants can only be used for these services.

There are only a few truly discretionary services that Council provides without these constraints. These generally include services that benefit the community by improving the living environment of the community. An example of this is the Community Grants Program. This program provides funds that support many community groups to improve their own environments for their local communities. While constraints apply to most services Council does have some discretion in setting the levels of service that are provided.

Specifically in relation to the setting of the Annual Budget, the following sections of the Local Government Act must be adhered to. Section 127 of the Local Government Act 1989 states that Council must prepare a budget for

each financial year. Section 126 states that Council must also prepare a Strategic Resource Plan that includes forward budgeted financial statements for at least the next four years. Council's Annual budget also incorporates the 15 year Long Term Financial Plan.

Section 129 states that soon as practicable after Council has prepared a budget it must give public notice. A person has a right to make a submission under Section 223 on any proposal contained in the budget.

Council must then convene either a committee of the Council or Council to consider any submissions that have been made in relation to the budget.

Section 128 states that Council can then meet to adopt the budget after it has complied with all of the relevant requirements of the Local Government Act, which includes hearing of Section 223 submissions made in relation to the prepared budgets.

Council, if it wishes, can make changes to the prepared budget and has done so in past years. Any changes made to the Annual Budget will automatically have a flow on impact on the forward budgets in the Long Term Financial Plan. Council has through the 2013/14 Budget process sought feedback from the community on which services may be reduced or ceased. The example provided by Mr Giles above, of ceasing the Councillor Discretionary Funds program is an example of this.

Local Government is a complex business. The Shire provides around 120 discrete services to its community. These are provided within the constraints of legislative requirements and grant conditions. The community deserve a high level of service from its local government and having the right management structure in place is integral to delivering quality services.

Consider borrowing an additional \$1 million in 2013/14 to even out the impact of some one-off costs to reduce the hit to rates to one year

Unfortunately Council's cost pressures include a mix of unavoidable one off and recurrent cost events.

Although borrowings give an instant injection of cash to fund one-off costs, the other side of the equation is that the borrowings have to be paid back over a period of time as well as the associated interest of finance costs.

Council's borrowing requirements are considered and determined by reference against a series of financial performance indicators, in particular the underlying working capital ratio. This minimises the cost impact for ratepayers when assessed from a mid to longer term perspective.

Superannuation scheme advocacy

A Municipal Association of Victoria Defined Benefit Taskforce was established to provide recommendations that will reduce the cost of the superannuation shortfall to councils and reduce the risk of future calls arising.

The taskforce concluded that there were significant constraints both under Commonwealth law and under the Trust Deed, in councils leaving the scheme or reducing their current and potential future liabilities.

BUDGET CONCLUSION

- a) Amend
- b) No change
- c) Further discussion required

✓

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Undertake further discussion to consider Councillor allowances, prior to determining the rate at which Councillor allowances will be set for 2013/14, at the 26 June 2013 Council Meeting.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

SUBMISSION

To Whom It May Concern

This is a submission to the 2013-14 South Gippsland Shire Council Budget.

* I believe that a 7.5% rise in rates is unsustainable in the present economic climate and should be reduced to 4% or below

* In my view, I don't believe that the people who stand for council are concerned whether the Mayor gets an allowance of \$50,000pa or \$69,000pa, nor whether councillors get \$20,000 or \$22,000. I propose that the Council should lead the way in making savings by cutting their allowances by a total of \$50,000pa and also seek to make savings on the cost of their meetings and functions.

* The council should axe the councillors' discretionary funds. Although the community groups that access these funds are grateful for the support, the spending is not strategic and is open to being rorted. At the very least, these funds should be taken out of the councillors' hands and put into the Community Grants program.

* An increase of \$2 million in wages and salaries, as outlined in the budget, for the shire staff is completely unsustainable and the council should either cut this back, cut staff or at the very least announce a review of the EBA and particularly the generous band promotion system. It is entirely ridiculous for council to say the community must suggest where cuts to programs and services should be made. This is clearly the responsibility of the CEO and his senior staff. By all means put up a list of services to be cut and ask for comments but the buck stops with the CEO for running a sustainable operation and one that calls for a 7.5% rate increase and \$2 million extra in wages is not sustainable.

* The council should consider borrowing \$1 million more this year to even out the impact of some of the one-off costs (superannuation contribution etc) thereby reducing the hit to rates in one year.

* The shire council should call for legislative action to limit the future impact of the superannuation scheme on municipalities.

From Michael Giles
Sent from my iPad

C.25 S223 #25 COUNCILLOR ALLOWANCES

Pathway/TRIM D1969313 Date 29/05/2013 Wish to be heard N
From Mr David Hoy

COUNCIL PLAN

Strategy 4.0 A Leading Organisation
Action 4.1 Improve the financial sustainability of Council,
including diversifying revenue streams
Measure/Target 4.1.1 We will explore innovative ways of increasing revenue
and reducing expenditure
Responsible unit Corporate Services

SUMMARY OF ISSUES RAISED

Mr Hoy objects to Council deciding to increase Councillor allowances and to the process where Councillors vote on setting Councillor allowances instead of ratepayers. It is also suggested that Councillors may wish to donate any increase in Councillor allowances to a charity.

MANAGEMENT RESPONSE

Outlined below are Mr Hoy's primary comments and suggestions with a response. Further information is also provided below in the background section.

Objection to an increase in Councillor allowances

At the 24 April 2013 Council Meeting, Council determined to seek community feedback on a preliminary decision increase to Councillor allowances, for the reasons outlined in the Background below and as required by the Local Government Act 1989. These reasons primarily relate to the significant effort required to fulfil their role as Councillor for the community. However, Councillors will take into consideration all submissions relating to the setting of Councillor allowances, and Council may decide at the 26 June 2013 meeting, to set another, lower rate within the range limits set by the State Government as outlined in the background below, as a result of the submissions.

Rate payers should have the right to vote (on setting Councillor Allowances) not Councillors.

The Local Government Act requires Council to set the level of Mayoral and Councillor allowances, within the ranges set by the State Government following consultation with the community. Rate payers have the opportunity to influence this decision through their submissions and Councillors are

required to take all submissions and the views of the community into consideration when making this decision to set the rates for Mayoral and Councillor Allowances.

A suggestion Councillors could consider donating any increase in Councillor Allowances to charity.

As outlined by Mr Hoy, this has been an approach taken by some previous Councillors. The suggestion is presented to each Councillor to consider and to determine how the allowances paid to them are to be utilised.

Background information relating to the setting of Mayoral and Councillor Allowances

Section 71 of the Local Government Act 1989, outlines that a Councillor is entitled to be paid an allowance by the Council and that the allowance is to be at a rate fixed by the Council (subject to guidelines issued by the Minister) for the relevant financial year.

The range of amounts for each category of Council are set by the State Government and reviewed annually by the Minister for Local Government. Currently the range limits that apply for Mayoral and Councillor Allowances for South Gippsland Shire Council (a Category 2 council) are Councillors: \$9,317-\$22,405 per annum; Mayors: up to \$69,325 per annum.

Council currently pays the upper limit of the range to the Mayor and Councillors.

Council at the 24 April 2013 Council Meeting decided that Council:

- Propose to determine to set the Mayoral allowance at the upper level of Category 2 - \$69,325 per annum and the Councillor allowance at the upper level of Category 2 - \$22,405 per annum; and
- Determine the level of Mayoral and Councillor allowances in accordance with the Local Government Act 1989, which provides the opportunity for community consultation and submissions as part of the proposed 2013 / 2017 Council Plan and proposed 2013/14 Council Budget.

Council decided at the 24 April 2013 Council Meeting to adopt the upper range of the range limit as the Mayor and Councillors commit extensive hours each year to fulfil their civic role. They support community groups and events in the evenings, on weekends and public holidays. They also undertake background reading and research matters coming before Council. Furthermore they fulfil their decision making role, attend briefings, public presentations and Council meetings. It was for these reasons Council considered that the full allowance provides some recompense for the time and resources they provide to the Shire.

Following the submission and hearing of submissions as part of the community consultation associated with the current Section 223 process,

Councillors are required to determine and decide the rate of Mayoral and Councillor allowances at the 26 June 2013 Council Meeting. The Council can decide to either confirm their initial decision to set the Mayoral and Councillor allowance at the upper level or to set the allowance at a lower level between the ranges outlined above as required by the minister.

BUDGET CONCLUSION

- | | |
|--------------------------------|---|
| a) Amend | |
| b) No change | |
| c) Further discussion required | ✓ |


RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Undertake further discussion to consider Councillor allowances, prior to determining the rate at which Councillor allowances will be set for 2013/14, at the 26 June 2013 Council Meeting.**
- 3. Advise the submitter in writing of this decision including the reason/s for the decision.**

SUBMISSION

ATT MAYOR



worksafe.vic.gov.au

To whom this concerns this concerns all of you, I object to increase in council ~~increase~~ allowance, as rate payers should have to ~~vote~~ right to vote not councillors. My mother was a councillor many years ago and her allowance was donated to charity, which is a very noble thing to do so. Maybe your increase should be donate instead of pocketed by yourselves.

thanks David Hoy

SECTION F - MEETING CLOSED

NEXT MEETING

The next Ordinary Council Meeting open to the public will be held on commencing at 26 June 2013 in the Council Chambers, Leongatha.