

SPECIAL MEETING OF COUNCIL

Notice is hereby given of a
Special Meeting of Council to be held at
Council Chamber, 15 Stead Street, Ballan on
Wednesday 21 December 2016,
commencing at 5:00 p.m.

Members:

Cr. David Edwards (Mayor)	East Moorabool Ward
Cr. Tonia Dudzik (Deputy Mayor)	East Moorabool Ward
Cr. Paul Tatchell	Central Moorabool Ward
Cr. Jarrod Bingham	East Moorabool Ward
Cr. John Keogh	East Moorabool Ward
Cr. Tom Sullivan	West Moorabool Ward
Cr. Pat Toohey	Woodlands Ward

Officers:

Mr. Rob Croxford	Chief Executive Officer
Mr. Phil Jeffrey	General Manager Infrastructure
Mr. Satwinder Sandhu	General Manager Growth and Development
Mr. Danny Colgan	General Manager Community Services

Rob Croxford
Chief Executive Officer

AGENDA

1.	OPENING OF MEETING.....	3
2.	ACKNOWLEDGEMENT TO COUNTRY.....	3
3.	PRESENT	3
4.	APOLOGIES.....	3
5.	DISCLOSURE OF CONFLICT OF INTEREST	4
6.	PRESENTATIONS / DEPUTATIONS	6
7.	BUSINESS.....	7
7.1	<i>Inglis Street, Ballan Streetscape Masterplan</i>	<i>7</i>
7.2	<i>2018 General Revaluation</i>	<i>26</i>
7.3	<i>Rate Cap Variation Options and Draft Community Engagement Plan.....</i>	<i>29</i>
8.	FURTHER BUSINESS AS ADMITTED BY UNANIMOUS RESOLUTION OF COUNCIL.....	53
9.	CLOSED SESSION OF THE MEETING TO THE PUBLIC	54
10.	MEETING CLOSURE	55

1. OPENING OF MEETING

2. ACKNOWLEDGEMENT TO COUNTRY

We respectfully acknowledge the traditional owners of this land, their spirits and ancestors.

3. PRESENT

4. APOLOGIES

5. DISCLOSURE OF CONFLICT OF INTEREST

Under the Local Government Act (1989), the classification of the type of interest giving rise to a conflict is; a direct interest; or an indirect interest (section 77A and 77B). The type of indirect interest specified under Section 78, 78A, 78B, 78C or 78D of the Local Government Act 1989 set out the requirements of a Councillor or member of a Special Committee to disclose any conflicts of interest that the Councillor or member of a Special Committee may have in a matter being or likely to be considered at a meeting of the Council or Committee.

Definitions of the class of the interest are:

- a direct interest
 - (section 77A, 77B)
- an indirect interest (see below)
 - indirect interest by close association (section 78)
 - indirect financial interest (section 78A)
 - indirect interest because of conflicting duty (section 78B)
 - indirect interest because of receipt of gift(s) (section 78C)
 - indirect interest through civil proceedings (section 78D)
 - indirect interest because of impact on residential amenity (section 78E)

Time for Disclosure of Conflicts of Interest

In addition to the Council protocol relating to disclosure at the beginning of the meeting, section 79 of the Local Government Act 1989 (the Act) requires a Councillor to disclose the details, classification and the nature of the conflict of interest immediately at the beginning of the meeting and/or before consideration or discussion of the Item.

Section 79(6) of the Act states:

While the matter is being considered or any vote is taken in relation to the matter, the Councillor or member of a special committee must:

- (a) leave the room and notify the Mayor or the Chairperson of the special committee that he or she is doing so; and
- (b) remain outside the room and any gallery or other area in view of hearing of the room.

The Councillor is to be notified by the Mayor or Chairperson of the special committee that he or she may return to the room after consideration of the matter and all votes on the matter.

There are important reasons for requiring this disclosure immediately before the relevant matter is considered.

- Firstly, members of the public might only be in attendance for part of a meeting and should be able to see that all matters are considered in an appropriately transparent manner.
- Secondly, if conflicts of interest are not disclosed immediately before an item there is a risk that a Councillor who arrives late to a meeting may fail to disclose their conflict of interest and be in breach of the Act.

6. PRESENTATIONS / DEPUTATIONS

The Council has made provision in the business of the Special Meeting of the Council for the making of presentations or deputations to Council in relation to matters presented on the agenda for Council consideration.

Presentations or deputations are required to be conducted in accordance with the requirements contained within the **Presentation/Deputations Protocols and Procedural Guidelines**.

Persons wishing to make a presentation or deputation to the Council on a matter included in the agenda shall inform Council by 1pm on the Friday prior to the meeting by contacting the Chief Executive Officer's Office and registering their name and agenda item being spoken to.

At the meeting the Mayor will invite the persons wishing to make a presentation or delegation to address the Council on the agenda item.

The person making the presentation or deputation is to stand and address the Council on the item. No debate on the item is permitted between the person making the presentation or delegation and the Council.

A maximum of three minutes per presentation or delegation will be allocated. An extension of time may be granted at the discretion of the Mayor.

Councillors, through the Mayor, may ask the person making the presentation or delegation for clarification of matters presented.

The Mayor may direct that a member of the gallery ceases speaking if the above procedure is not followed.

List of Persons making Presentations/Deputations other than in relation to a planning item listed on the agenda:

As listed.

7. BUSINESS

7.1 Inglis Street, Ballan Streetscape Masterplan

Introduction

Author: Sam Romaszko
 General Manager: Phil Jeffrey

Background

Council has included in the 2016/17 Capital Improvement Program an allocation of \$400,000 for the replacement of footpaths in Inglis Street, Ballan (between Fiskens Street and Stead Street). This project forms part of an overall streetscape redevelopment that is an important first step in creating attractive and vibrant high quality landscaped public spaces for a growing community.

To help guide footpath renewal works, a Masterplan (MP) has been prepared for the Inglis Street precinct (between Cowie Street and Stead Street). This MP addresses footpath materials, street plantings, street furniture, seating areas and other points of focus.

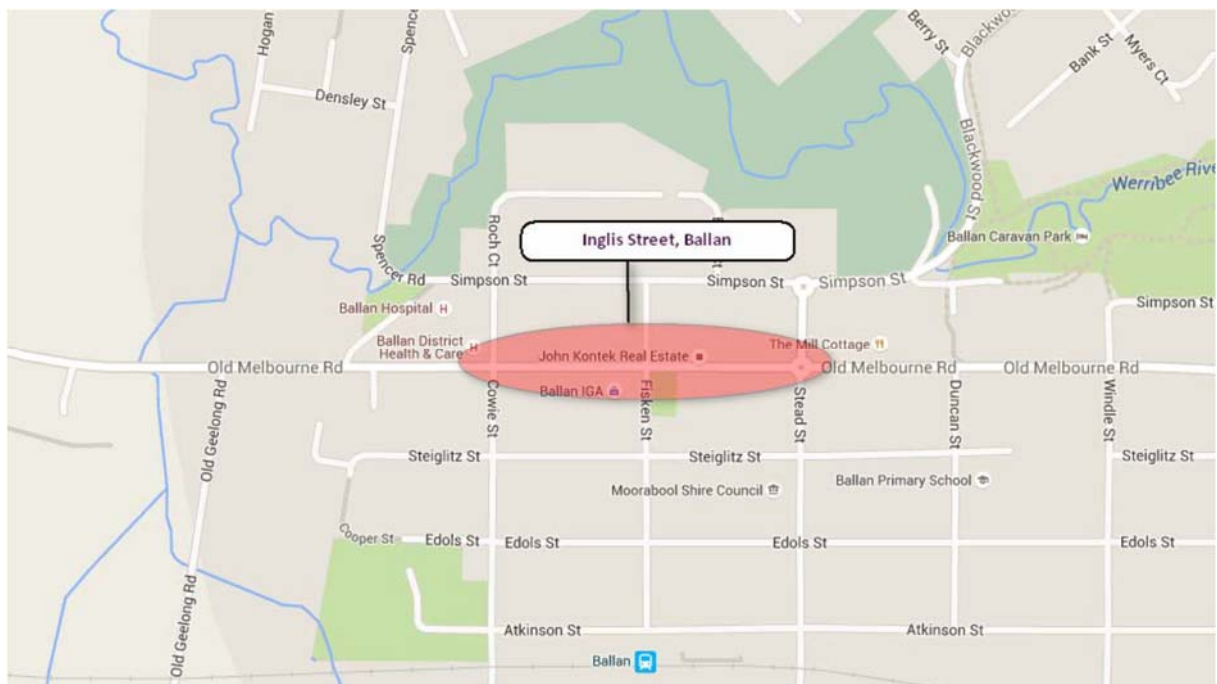


Fig 1. Masterplan focus – Inglis Street, Ballan (from Cowie Street to Stead Street)

This project has been initiated through the recently adopted Ballan Structure Plan that aims to improve streetscape amenity within the Inglis Street precinct and surrounding residential areas.

The draft streetscape masterplan was presented to the Place Making Advisory Committee on Wednesday 14 December 2016, where the following was resolved:

Crs Sullivan/Tatchell

That the Place Making Advisory Committee:

- 1. Receives the draft Ballan Streetscape Master Plan.*
- 2. Requests that the draft Ballan Streetscape Master Plan (with any amendments identified) be presented to the next Meeting of Council for endorsement for the purpose of a four week public exhibition period.*
- 3. Requests that Council receive a further report at the conclusion of the exhibition period seeking adoption of the Ballan Streetscape Master Plan.*
- 4. Recommends to Council that officers pursue external funding opportunities for the overall project.*
- 5. Recommends that a Terms of Reference for the Community Reference Group is developed to define its purpose, scope and duration.*

Proposal

Specialist consultants were engaged to progress the streetscape MP and complete detailed documentation for Stage 1 works (between Fiskin Street and Stead Street) to allow procurement and delivery of the streetscape project this financial year.

The scope of this project includes footpath replacement works. Additional items including landscaping, furniture replacement and amendments to kerb and channel are not within the currently budgeted project, although may be accommodated if budget allows.

Preparation of the draft MP has been undertaken using the following methodology:

- Appointment of consultant.
- Project clarification.
- Literature review of strategic documentation.
- Community engagement:
 - Project Control Group meetings.
 - Community Reference Group meetings.
 - Community engagement sessions.
- Detailed site assessment.
- Development of draft MP.
- Final MP (to follow).
- Detailed documentation for Stage 1 works (to follow).

Masterplan Objectives

The approach taken through the development phase of the MP was to ensure that design responds to place, people and the contemporary role of the Ballan, with key objectives including:

- Enhanced mobility for pedestrians and improved integration with public transport.
- Upgrading of streetscape amenity and infrastructure.
- General public safety.
- Fostering of civic pride.

To achieve this, consideration was given to the following:

Context

- Appreciating the role of the main street in the context of Ballan and the broader Moorabool region.
- Understanding existing conditions and the success of previous streetscape works.
- Developing streetscape treatments which produce appropriate interfaces with adjoining commercial uses.
- Defining 'gateways' to the precinct and incorporating subtle transitions responding to site conditions.
- Accommodating the needs of a population with varied interests, mobility and local knowledge.
- Working within the limitations of existing civil and servicing infrastructure.
- Creating a sense of unity within the Town Centre.

Creating a Sense of Place

- Identifying a character that is relevant to the historical, contemporary, social and cultural connections of Ballan.
- Responding to existing character with design solutions considering more than 'pavements, bins and seats'.
- Improving amenity, attractiveness and sustainability through the use of appropriate materials.
- Creating a seamless interplay between hard and soft landscape, circulation routes and gathering places.
- Planting design that makes a strong and positive contribution to the character of the streetscape.

Establishing People Friendly Public Places

- Balancing vehicle demand with pedestrian amenity via the creation of clear and safe pedestrian environments.
- Siting public amenities for safety and convenience whilst creating a place which is comfortable for people.
- Creating an environment that feels safe and secure to users during day or night.
- Ensuring that materials, pavement, site furniture details and planting areas are viable in the long term.

Community Engagement

An engagement process has occurred to date with the following groups to seek community feedback on the draft MP.

Community Reference Group (CRG)

This group was established to oversee the MP development phase. The CRG includes various traders, a representative from the Ballan Chamber of Commerce, the Ward Councillor and a member of the Ballan community. Following the finalisation of the MP, there is interest from the group to continue on through the detailed design and implementation phases of the project. The CRG provided guidance in relation to the draft document.

Trader Discussions

Prior to each community engagement session, various traders from within the Inglis Street precinct were consulted and their thoughts documented and considered through the MP development phase.

Community

A number of open house sessions were held to provide an opportunity for the community to feed in their thoughts and help set the future direction of capital upgrades within the Inglis Street precinct.

The first session was held on 23 August 2016 from 4.30pm-7.00pm where members of the CRG and the community were invited to view a number of visual images and precinct themes on display to facilitate discussion, with questions posed to the community in relation to:

1. Pavement treatments (eg. asphalt/bluestone, exposed aggregate concrete, pavers).
2. Potential seating and furniture themes (eg. existing furniture, contemporary aluminum/steel, traditional timber/steel).
3. Potential street tree themes to guide replacement (eg. replace with similar, replace with evergreen trees, replace with flowering trees).
4. Existing grassed naturestrip locations (eg. maintain existing, replace with pavement and/or landscaping treatment).
5. Potential focal spaces within the Inglis Street precinct.
6. Proposal to increase parking within the Inglis Street precinct.

The meeting was attended by 35-40 people. Key outcomes of the session were:

- Preference for an asphalt and bluestone paving treatment, to ensure simplicity of the streetscape and allow a strong focus on built form and landscape outcomes.
- A preference for traditional street furniture.
- New street tree plantings to complement existing species.
- A move towards removal of grassed naturestrips within the precinct.
- The provision of additional parking within the precinct, whilst maintaining amenity.
- Undergrounding of power was a strong push from the community.

A detailed list of both trader and community feedback can be found in Appendix B.

Detailed Site Assessment

Existing site conditions were assessed and included:

Physical characteristics – including level changes and landform, visual character and key views, opportunities to reinforce positive characteristics, plant material, impacts of infrastructure, gateway locations and environments.

Built Form and Land Use - the patterns of activity, linkages to community focal points, quality of built form, quality of existing street furniture, pavements, traffic management devices, barriers, etc.

Vehicular, Cyclist and Pedestrian Circulation - determine existing key pedestrian and cyclist links, review pedestrian/vehicle conflicts, bicycle facilities, public transport routes.

Preliminary discussions have also occurred with service authorities including Powercor, with opportunities for consolidating overhead powerlines or ideally have these services underground investigated. At this stage, consolidation of overhead lines will not be supported by Powercor. Conceptual design work is currently underway to further inform future conduit locations and firm up pricing.

Development of the Draft Masterplan

The draft MP has been developed following consultation with various traders, the Community Reference Group and the community. A review of existing site conditions has occurred.

The draft MP is attached in Appendix A and includes the key features:

Identification and recognition of key focal spaces

Though the use of alternative pavement treatments, street furniture and feature planting, there is recognition of key focal spaces throughout the streetscape.



Ballan Mechanics Institute – proposed expansion of pavement treatment to building line

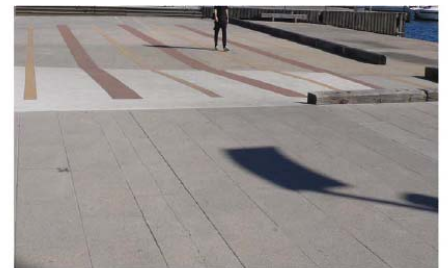
Improved Pedestrian Connectivity

Further to the recent crossings installed within the precinct, an analysis of pedestrian connectivity within the precinct has identified a number of further opportunities, including:

- Kerb outstand opposite the Ballan Post Office.
- Kerb outstand opposite the Ballan Mechanics Institute (adjacent to the Modern Day Bakery).
- Raised intersection at Fiskin Street.

Pavement Treatment

An asphalt and bluestone paving pavement treatment has been proposed within the precinct.



Various examples of the proposed pavement treatment (asphalt/bluestone paving)

Seating and Furniture



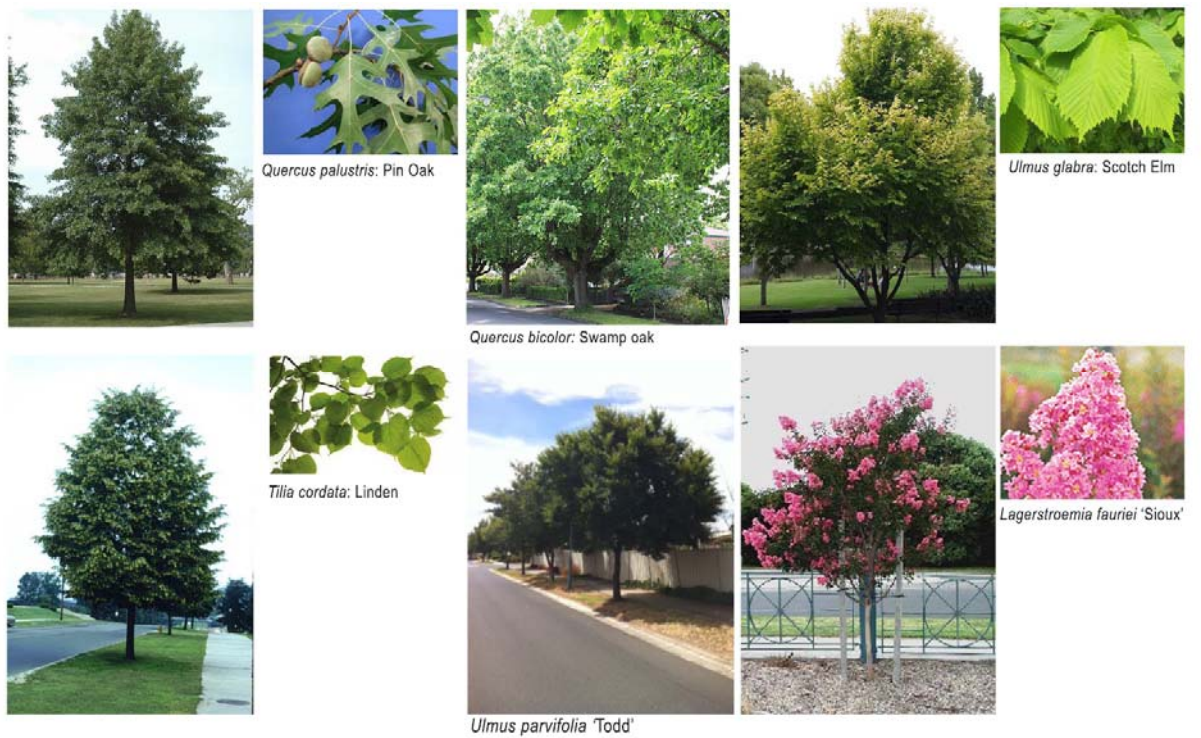
Examples of the proposed seating/furniture themes

Landscaping Considerations

There are a number of factors that were considered in relation to the provision of additional street trees within the precinct, including:

- Overhead powerlines located on the northern side of Inglis Street, limiting the planting of large tree species.
- Visual amenity.
- Current lifespan of existing trees.
- Underground services.

The draft MP includes the provision of a double canopy of trees that will allow for large trees to be placed in suitable locations, either within the existing pathway footprint or in strategically placed kerb outstands. Additional planting of smaller tree species will provide for a double canopy effect and allow some flexibility to ensure there is sufficient colour and foliage throughout the year.



Examples of the proposed tree species

Capacity Improvements to Car Parking

Throughout the MP development phase, car parking within the precinct was reviewed with a proposal to amend the angle of current car parking bays from 30 degrees to 45 degrees.

Further to this, kerb and channel improvement works from Stead Street to Duncan Street scheduled for commence in January 2017 will see current parking arrangements amended to provide an increase of 16 bays.

Location	Existing	Proposed	Increase of
Cowie Street to Fisken Street	39	54	15
Fisken Street to Stead Street	41	48	7
Stead Street to Duncan Street	44	60	16
Total	124	162	38

Ingليس Street precinct - car parking bay amendments

A second community engagement session was held on Monday 14 November providing an opportunity for the community to view the draft MP that has been developed. General feedback received on the night was positive, with the draft MP responding to the vision of the traders and community, the project key objectives and design consideration with respect to context, creating a sense of place and establishing people friendly public places.

Possible Funding Opportunities

An opportunity exists for a submission to the Regional Development Victoria Regional Jobs and Infrastructure Fund that will include a broader scoped project (from Cowie Street to Stead Street) leveraging the existing capital allocation. This could include implementation of the full masterplan with the option of undergrounding power and a roundabout at Ingليس/Cowie. An estimated project value is 3.0M-\$3.5M, but could be scaled to exclude power and roundabout options.

Next Steps

Following adoption of the draft MP, detailed design of Stage 1 works will commence to enable delivery of the streetscape project this financial year. In the event the further funding opportunity is successful, further design work will be required and construction timeframes extended.

Policy Implications

The 2013 - 2017 Council Plan provides as follows:

Key Result Area	Representation and leadership of our community
Objective	Advocate for services and infrastructure that meets the Shire's existing and futures needs
Strategy	Advocate on behalf of the community to improve services and infrastructure within the Shire

The proposal is consistent with the 2013-2017 Council Plan.

Financial Implications

Council has included in the 2016/17 Capital Improvement Program an allocation of \$400,000 for the replacement of footpaths in Inglis Street, Ballan (between Fiske Street and Stead Street). Additional items including landscaping, furniture replacement and amendments to kerb and channel are not within the currently budgeted project, although may be accommodated if budget allows. The MP development has been funded from this allocation.

Following completion of works funded in 2016/17, the remaining works will be referred to the Long Term Capital Improvement Program for consideration in future budgets or through grant opportunities.

Risk & Occupational Health & Safety Issues

There is no direct Risk or Occupational Health and Safety issues that need to be considered as part of this report.

Communications and Consultation Strategy

The following community engagement activities have been undertaken, in accordance with the Council's Community Engagement Policy and Framework.

Masterplan Development

Level of Engagement	Stakeholder	Activities	Location	Date	Outcome
Consult	Community Reference Group	Meetings & Informal Discussions	Ballan	2016	Feedback including concerns raised were reflected in the draft MP
Consult	Various Traders	Informal Discussions	Ballan	23 Aug 2016 14 Nov 2016	Feedback including concerns raised were reflected in the draft MP

Consult	Community	Open house session Issues and opportunities document presented with feedback requested Draft MP was displayed for comment	Ballan	23 Aug 2016 14 Nov 2016	Feedback including concerns raised were reflected in the draft MP
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Victorian Charter of Human Rights and Responsibilities Act 2006

In developing this report to Council, the officer considered whether the subject matter raised any human rights issues. In particular, whether the scope of any human right established by the Victorian Charter of Human Rights and Responsibilities is in any way limited, restricted or interfered with by the recommendations contained in the report. It is considered that the subject matter does not raise any human rights issues.

Officer's Declaration of Conflict of Interests

Under section 80C of the Local Government Act 1989 (as amended), officers providing advice to Council must disclose any interests, including the type of interest.

General Manager – Phil Jeffrey

In providing this advice to Council as the General Manager, I have no interests to disclose in this report.

Author – Sam Romaszko

In providing this advice to Council as the Author, I have no interests to disclose in this report.

Conclusion

A draft Master Plan has been prepared following an initial community engagement period which has been presented to the Place Making Advisory Committee for consideration and comment.

It is now proposed the draft Master Plan be endorsed by Council for the purpose of a public exhibition period.

Recommendation:

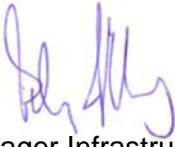
That Council:

1. **Endorses in principle the draft Ballan Streetscape Master Plan for the purposes of a public exhibition period of four weeks.**
2. **Receive a further report at the conclusion of the exhibition period seeking adoption of the Ballan Streetscape Master Plan.**

3. Authorises officers to pursue external funding opportunities for the overall project.

Report Authorisation

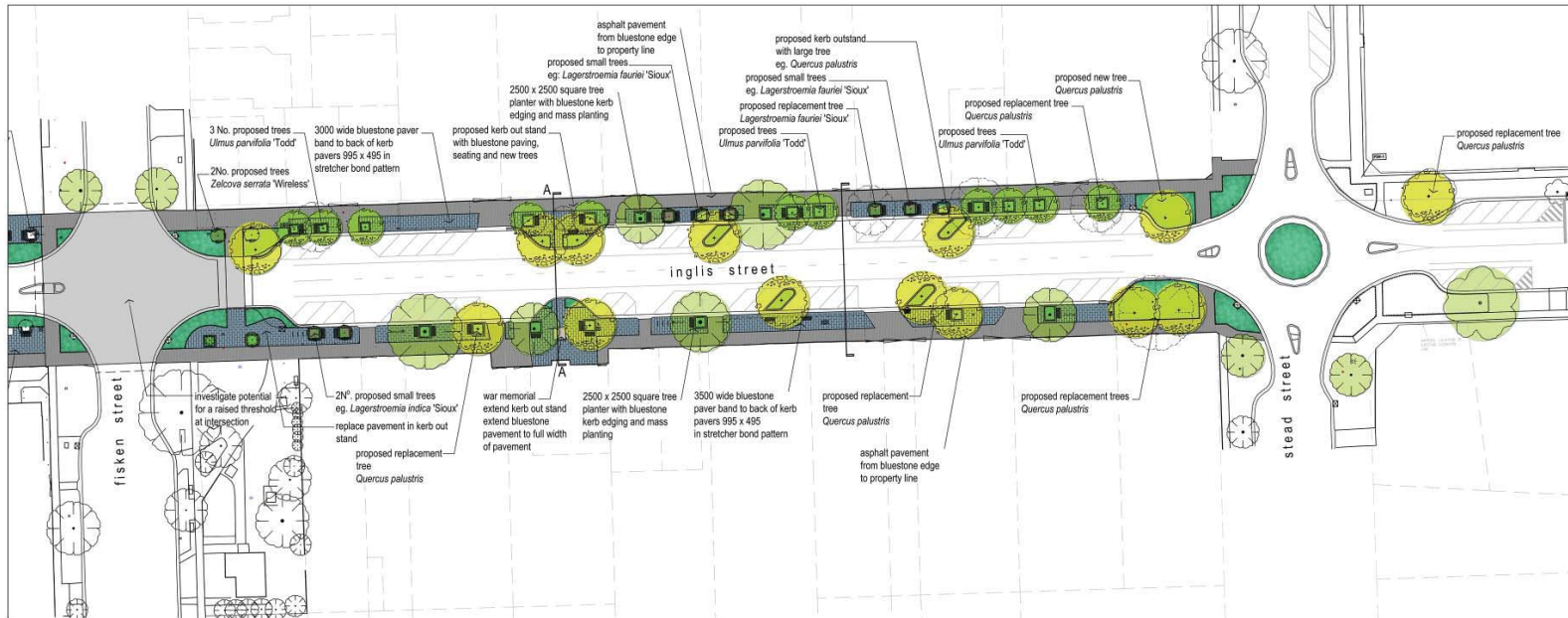
Authorised by:

Name: Phil Jeffrey 
Title: General Manager Infrastructure
Date: Wednesday, 14 December 2016

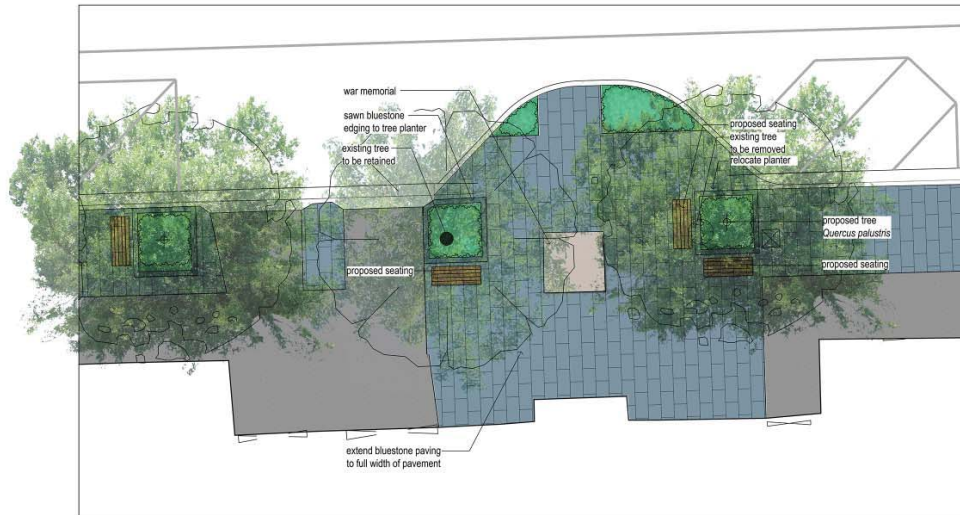
Attachment - Item 7.1



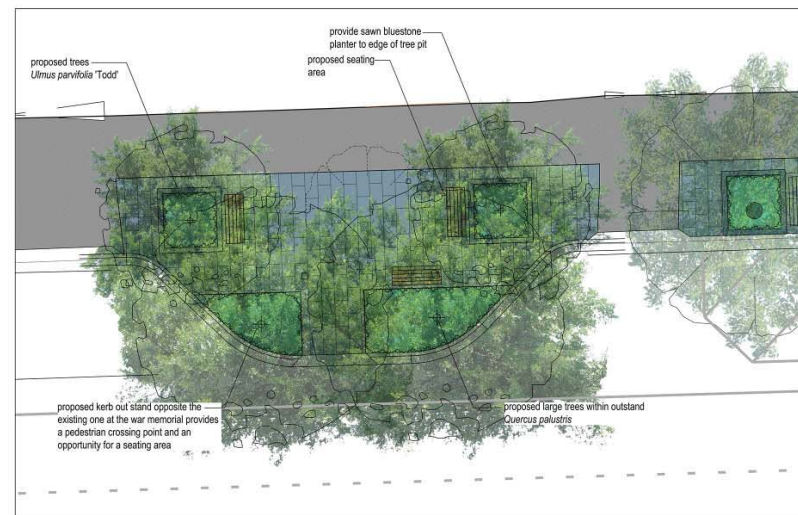
INGLIS STREET, BALLAN DRAFT MASTER PLAN
COWIE STREET TO STEAD STREET



fisken street to stead street master plan
1:500 @ A1



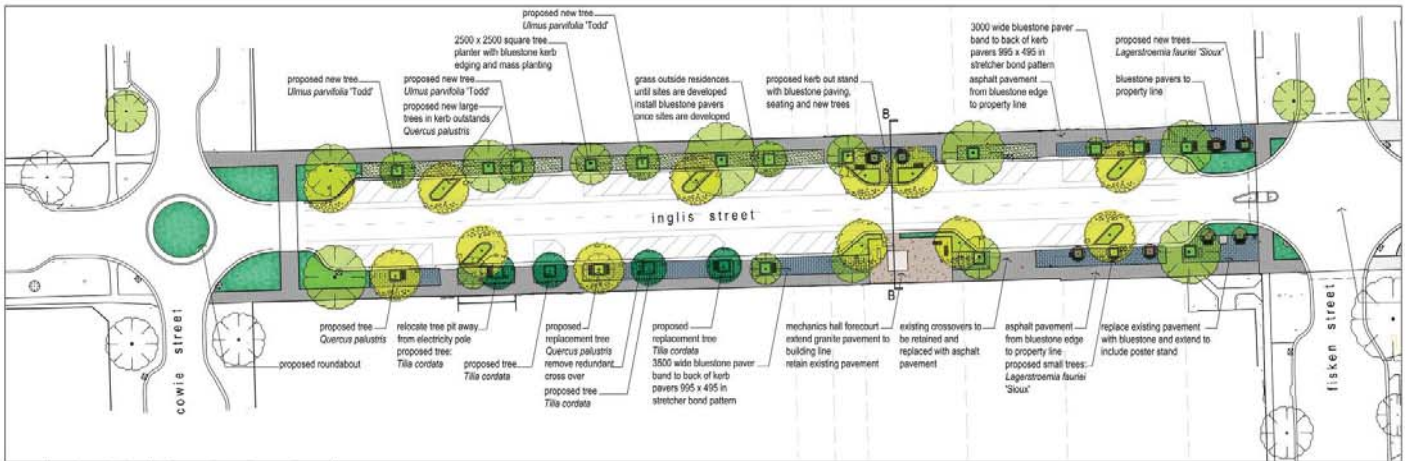
post office forecourt concept detail
1:100 @ A1



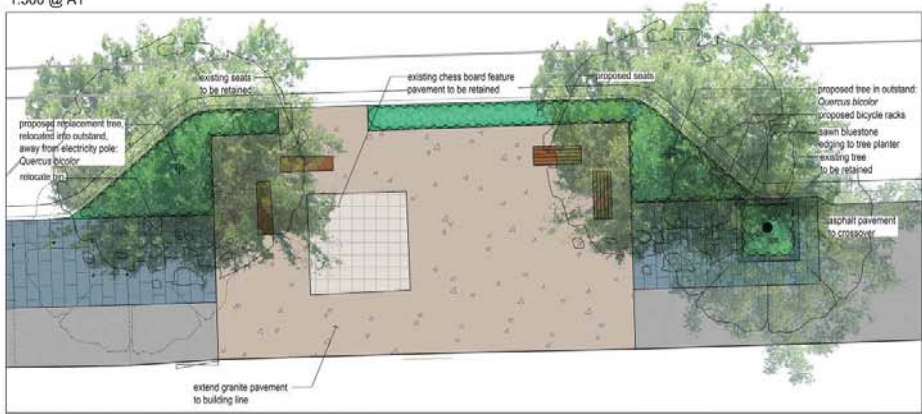
proposed kerb out stand concept detail
1:100 @ A1

FIRST STAGE WORKS - FISKEN STREET TO STEAD STREET

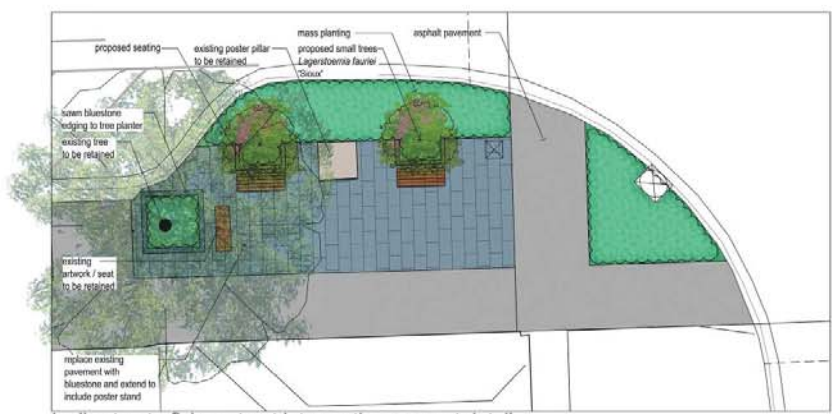




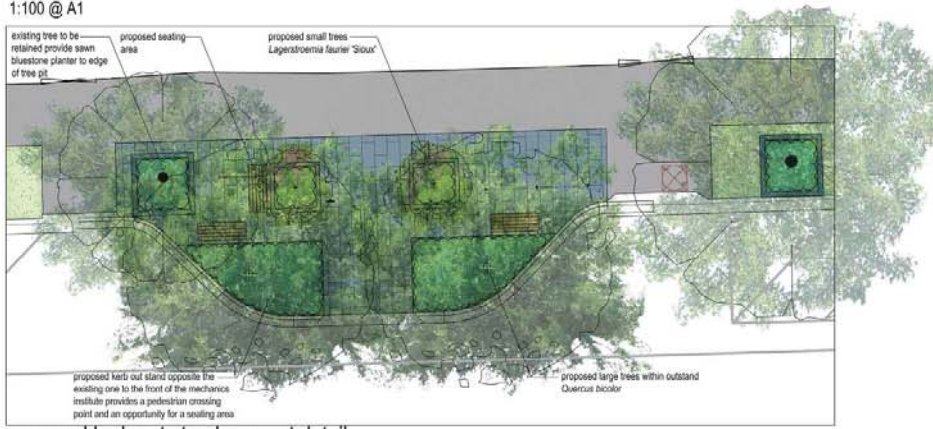
cowie street to fiskin street master plan
1:500 @ A1



mechanics institute forecourt concept detail
1:100 @ A1



inglis street - fiskin street intersection concept detail
1:100 @ A1



proposed kerb out stand concept detail
1:100 @ A1

SECOND STAGE WORKS - FISKIN STREET TO STEAD STREET





section AA proposed kerb outstand - war memorial

1:50 @ A1



section BB bakery - mechanics institute

1:50 @ A1

ILLUSTRATIVE SECTIONS 1





section CC typical road cross section

1:50 @ A1

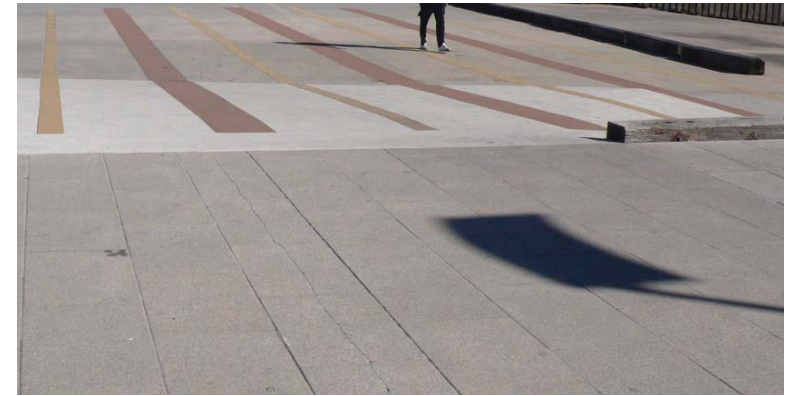




Bluestone at back of kerb, with asphalt along building line



Sawn Bluestone



Sawn coloured concrete



Inglis Street montage with bluestone pavers and asphalt



Stainless steel bicycle rail



Stainless steel bicycle rails



Timber and steel bench seat with back and arm rests



Timber and steel bench seat with back and arm rests



Timber and steel litter bin surrounds





Quercus palustris - Pin Oak



Quercus bicolor - Swamp Oak



Ulmus glabra - Scotch Elm



Tilia cordata - Linden



Ulmus parvifolia 'Todd' - Chinese Elm



Lagerstroemia fauriei 'Sioux' - Crepe



Mass planting at roundabouts and intersections - evergreen texture and colour



Detailed planting within the streetscape



PLANTING



7.2 2018 General Revaluation

Introduction

Author: Jacinta Erdody
General Manager: Phil Jeffrey

Background

In accordance with the Valuation of Land Act 1960 and Valuation Best Practice, Councils are required to conduct biannual general revaluations of all rateable and leviable land within the Municipality to ensure that Council's rating information is kept at a level that reflects the market value of a property.

The General Valuation although completed on a biannual basis, actually spans over a two year period to meet required best practice stages and data analysis. The 2018 General Revaluation does not become operative within the Rate environment until 1 July 2018. Stage one of this general revaluation is required to be lodged with the Valuer General's office by the end of February 2017.

Proposal

That Council resolve to cause a general revaluation of all properties with a valuation level date of 1 January 2018 which will be utilised for the 2018/2019 and 2019/2020 financial years.

Policy Implications

The 2013 - 2017 Council Plan provides as follows:

Key Result Area	Representation and leadership of our community.
Objective	Sound, long term financial management.
Strategy	Develop and maintain a long term financial planning, management and reporting system, which ensures resources to deliver services and manage Council's assets.

As general revaluations are required every 2 years, all appropriate steps are taken to ensure that this process is in accordance with all current policies, Best Practice Guidelines and associated legislation.

Financial Implications

Property valuations do not have an impact on the overall value of rates and charges that are levied. However, property valuations have an impact on the distribution of the rating burden. Depending on the type of valuation shifts, different categories of properties (E.g. Localities, commercial, residential, lifestyle, etc.) may experience a rate increase whilst others may experience a rate decrease depending on the relative shift in property valuations as compared to other properties and / or categories of properties. These implications are considered when Council is compiling future budgets.

Communications Strategy

Once Council has resolved to cause a general revaluation under the Valuation of Land Act 1960 Section 6 (1), Councils Revenue Services and Procurement Co-ordinator will issue notification letters to the Valuer General's Office, Audit General, State Revenue Office and all surrounding authorities.

Victorian Charter of Human Rights and Responsibilities Act 2006

In developing this report to Council, the officer considered whether the subject matter raised any human rights issues. In particular, whether the scope of any human rights established by the Victorian Charter of Human Rights and Responsibilities is in any way limited, restricted or interfered with by the recommendations contained in the report. It is considered that the subject matter does not raise any human rights issues.

Officer's Declaration of Conflict of Interests

Under section 80C of the Local Government Act 1989 (as amended), officers providing advice to Council must disclose any interests, including the type of interest.

General Manager – Phil Jeffrey

In providing this advice to Council as the General Manager, I have no interests to disclose in this report.

Author – Jacinta Erdody

In providing this advice to Council as the Author, I have no interests to disclose in this report.

Conclusion

To enable Council to continue to meet its obligations under the Valuation of Land Act 1960, it is recommended that Council resolve to cause a general valuation of all rateable and leviable land in accordance Section 6 (1) of the Valuation of Land Act 1960.

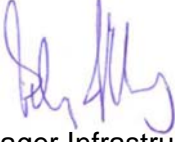
Recommendation:

- 1. That Council resolve to cause a general revaluation of all properties with a valuation level date of 1 January 2018 which will be utilised for the 2018/2019 and 2019/2020 financial years.**

2. **That Council authorises the Revenue Services and Procurement Co-ordinator to issue letters notifying surrounding Authorities that Moorabool Shire Council has resolved to cause a general revaluation.**

Report Authorisation

Authorised by:

Name: Phil Jeffrey 
Title: General Manager Infrastructure
Date: Wednesday, 14 December 2016

7.3 Rate Cap Variation Options and Draft Community Engagement Plan

Introduction

File No.: 07/01/011
Author: Rob Croxford
Chief Executive: Rob Croxford

The purpose of this report is to recommend that the Council endorse two options for a rate cap variation application and a community engagement plan that will involve engagement with the community on the rate cap options.

Background

In the 2016/17 financial year, Moorabool Shire Council applied to the Essential Services Commission (the ESC) for a rate cap variation. Moorabool Shire was one of 9 Victorian Councils (out of 78) that applied to the ESC. Of the 9 Councils that applied, 6 Councils were successful in receiving either a full or a partial rate cap exemption. Importantly, Moorabool Shire was one of only 2 Councils that received 'unqualified' support from the ESC to increase rates above the established Ministers Rate Cap of 2.5%.

To support the rate cap application, Moorabool Shire undertook extensive consultation with the community. The options prepared were:

- Option A – What Council could deliver under the Minister's Rate Cap of 2.5% in Year 1.
- Option B – What Council could deliver if it had a rate increase of 4.15% for 2016/17 (inclusive of a 1.65% rate cap variation) in addition to a likely rate increase of 4.15% for a further 3 years.
- Option C – What Council could deliver if it had a rate increase of 3.50% for 2016/17 (inclusive of a 1.00% rate cap variation) in addition to a likely rate increase of 3.50% for a further 3 years. This option is also based on other fees and charges increasing under a "user-pays" model to be cost reflective including indirect costs.

Options B and C were based on four years of rate cap variations. However, due to the "Fair Go Rates" legislation being in the first year of its operation, Council was only allowed to apply for a one year variation. As a result, Council is being asked to re-affirm its commitment to making an application for a further three year variation in 2017/18. It is recommended that if Council decides to apply for a further 3 year rate cap exemption, it consults with the community on the following 2 rate cap options being;

- Option A – What Council could deliver under the Minister's Rate Cap of 2.0% (subject to confirmation) in Year 1.**
- Option B – What Council could deliver if it had a rate increase of 3.50% for 2017/18 in addition to a likely rate increase of 3.50% for a further 2 years.**

Due to the Minister for Local Government not yet releasing details as to the quantum of the rate cap for 2017/18, the rate cap is currently estimated to be 2.0%. Once the rate cap is known, the various rate cap options will be adjusted to reflect the confirmed rate cap levels.

In the event that Council resolves to apply for a rate cap variation, a draft Rate Cap timetable has been appended as **Attachment 7.3(a)** to highlight the key dates and timelines being recommended by Officers.

The ESC has published a guidance document which is intended to assist Victorian local governments in meeting their obligations under the Fair Go Rates System (FGRS). The guidance provides direction for local governments on how to apply for a higher cap.

The guidance document outlines the **six matters (criteria)** upon which an application for a higher cap will be assessed:

- (a) a proposed higher cap for each specified financial year; and
- (b) the reasons for which the Council seeks the higher cap; and
- (c) how the views of ratepayers and the community have been taken into account in proposing the higher cap; and
- (d) how the higher cap is an efficient use of Council resources and represents value for money; and
- (e) whether consideration has been given to reprioritising proposed expenditure and alternative funding options and why those options are not adequate; and
- (f) that the assumptions and proposals in the application are consistent with the Council's long term strategy and financial management policies set out in the Council's planning documents and annual budget.

The details of what council needs to address in relation to the six criteria including the evidence that it will need to provide is contained in **Attachment 7.3(b)**.

Rate Cap Options

The Victorian Minister for Local Government has yet to announce the rate cap applicable for the 2017/18 year. However, based on informal advice that Council has received, it is expected that the rate cap will be approximately 2.0%. The Minister set a rate cap of 2.5% for the 2016/17 year.

Working within the confines of the cap will present significant challenges for the way Council continues its business of delivering high quality services to its residents.

Notwithstanding, the Council has made significant progress in preparing for a rate capped environment by:

- Reducing operating costs,
- Reducing management costs,
- Reducing overhead costs,
- A program of ongoing Service Reviews,

- Sharing services with other organisations,
- A policy on special charge schemes for some capital works,
- Future consideration of the commercialisation of some aspects of operations,
- Continued use of Business Excellence as a model to drive continuous improvement and review,
- The introduction of an integrated planning tool and model for officers.

Despite these efforts to contain costs, under an estimated rate cap of 2.0%, Council is forecast to produce underlying losses over its 10-year financial plan. These losses will impact the level of service Council can afford to deliver in future years resulting in either cuts to services or a deterioration of our asset base.

Two options for the 2017/18 budget have been prepared, including 10 year forecasts under each option. It is recommended that the Council seek feedback from the community on the two options to inform Council's decision on the level of a rate cap variation sought if any for the 2017/18 year.

Community Engagement

The importance of engaging a representative sample of residents is identified in the Commission Reference Material on Community engagement that takes into account the characteristics of the community and aim to be as representative of the community's diversity as practicable. The conduct of the telephone survey earlier this year to inform Council's first rate cap variation application was crucial in seeking the views of Moorabool residents.

To be able to confidently cite results as being representative requires a more robust and rigorous research based methodology.

For council to be confident that the results of its community engagement is representative of the communities of Moorabool it is proposed that a statistically valid telephone survey be undertaken. The telephone survey will be supported through the provision of information to residents and non-resident ratepayers.

Proposal

1. Rate Cap Options

The options prepared are:

Option A – What Council can deliver under the Minister's Rate Cap of 2.0% (or as amended) in Year 1.

Option B – What Council can deliver if it had a rate increase of 3.50% for 2017/18 in addition to a likely rate increase of 3.50% for a further 2 years.

Option B has been prepared to reverse and repair the impact underlying losses Council will have in a rate capped environment. These models propose the minimum level of rate and/or other charge increases necessary for Council to continue to provide current levels of services sustainably into the future.

Strategic Financial Plan - 10 year plan

Strategic Financial Plans for each option have been prepared and are appended as **Attachment 7.3(C)**.

The Strategic financial plans prepared for each option have been prepared on the basis of known data or established benchmarks available from external sources. Some of the main parameters include;

1. Current and future CPI of between 2.0 - 2.5% over the 10 year plan.
2. Population growth of 2.6% in 2017/18. Future years as per ID Forecast estimates.
3. Total Wage and Banding movement increases moving in line with the estimated rate cap.
4. Government grants revenue indexed at CPI (plus population growth where appropriate) or based on confirmed funding levels.
5. Non salary related expenditure indexed to CPI with allowances for known one off expenditures or cost escalations attributed to newly created assets and services.

The modelling includes stringent budget control measures that will need to be implemented to ensure Council can operate in an economically sustainable fashion in a rate capped environment. To achieve these stringent targets Council will continue to focus on Continuous Improvement and Service Review processes outlined earlier in the report.

Impact on Revenue

The below table highlights the changes to council rate revenue under each option:

	Option A	Option B
Average Rate Rise 2016/17 to 2019/20	2.00%	3.50%
2020/21 and beyond	2.50%	2.50%
10 Year Projected rate Revenue	\$334.2M	\$349.1M

The below table shows how Council's other revenue sources will change under each option:

	Option A	Option B
Fees & Charges	Accelerated increases to achieve full cost recovery	Accelerated increases to achieve full cost recovery
10 Year Projected Fees & Charges Revenue	\$38.9M	\$38.9M
Waste Management Charges	Based on both the direct and indirect costs of providing the service	Based on both the direct and indirect costs of providing the service
10 Year Projected Waste Management Charges Revenue	\$46.2M	\$46.2M

* Charges to accelerate include: Transfer Station Fees, Animal Registrations, Food Registrations, and Septic Tank charges.

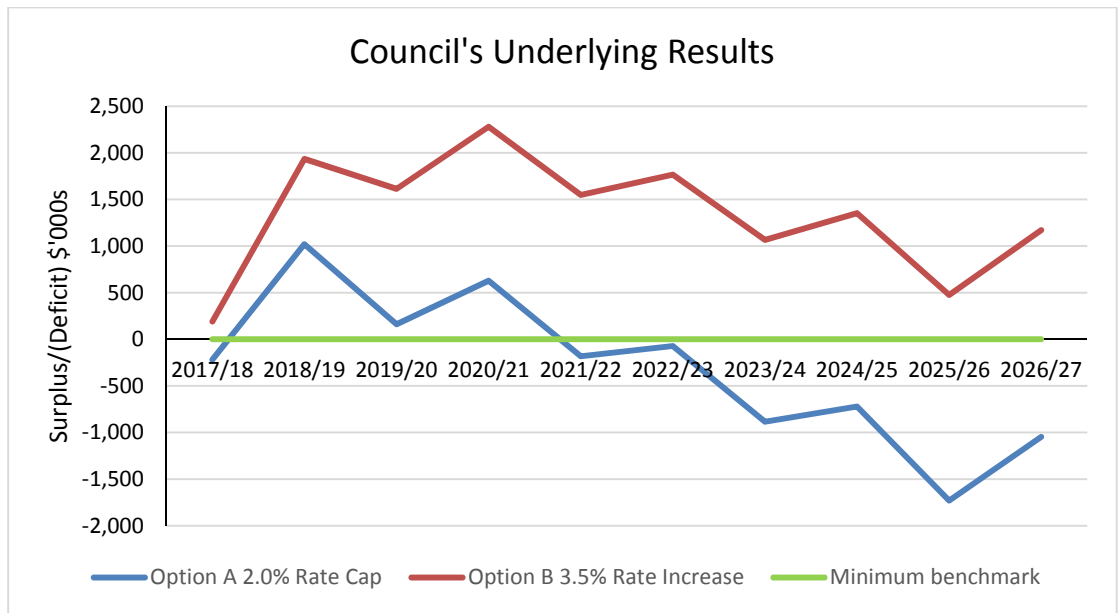
Council's Financial Stability & Capital Program

The below table illustrates the impact of these options on Council's Financial Stability & Capital Program:

	Option A	Option B
Council's Financial Stability	\$3M losses predicted over 10 years	Surplus position predicted over 10 years which ensures financial stability
Services	Services will need to be reduced to ensure financial stability	Council can maintain current services
Capital Program		
Council Contribution to Major Projects	\$12.9M over 10 years	\$12.9M over 10 years
New & Upgrade Projects	\$8M over 10 years	\$8M over 10 years
Asset Renewal Program	\$101.6M over 10 years	\$113.6M over 10 years

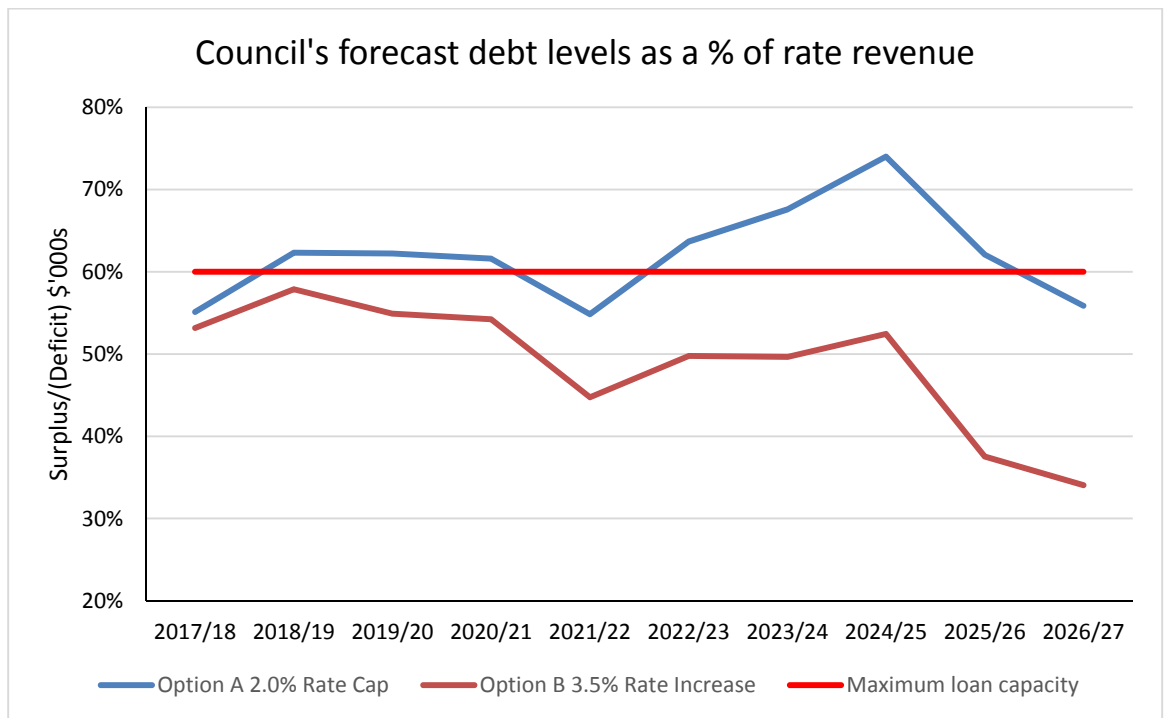
Note: Under a 2.0% rate cap scenario, it is likely that further cuts to services and / or future capital budgets will need to be made to improve council's future financial stability. Currently, there is \$55.5m in major projects identified in the 10 year plan. Of the \$55.5M, council contribution accounts for \$12.9M.

The following graphs illustrates Council's underlying results under the options proposed.



Under a rate cap of 2.0%, Council will struggle to generate an underlying surplus on an annual basis. An underlying surplus is seen as a key measure of financial health and ongoing sustainability.

The following graph illustrates the likely impact on council debt levels under the options proposed;



Under a rate cap of 2.0%, if Council chose to maintain a commitment in undertaking a similar level of major project investment of \$55.5M (as is proposed if Council applied for a 3.5% rate cap variation) Council would need to significantly escalate loan borrowings in excess of its maximum allowable borrowing capacity. As a result, under a rate cap of 2.0%, Council would be need to reduce the size and scope of its future capital programs or reduce and cutback services to fit within affordability and what it can reasonably deliver under a rate capped environment.

2016/17 Budget

The proposed rate and/or fee increases are largely geared to improving Council’s long-term financial stability and maintaining services and infrastructure, they will of course have impacts on the 2017/18 budget. The below table indicates at a high level what the final 2017/18 budget may look like under these options (subject to final Council approval post ESC and community consultation).

Operating Budget

The below table shows the overall operating budget under each of the three options:

	Option A ‘000s	Option B ‘000s
Recurrent Revenues	47,063	47,474
Recurrent Expenses	47,283	47,283
Underlying Surplus / (deficit)	-220	190

Based on the draft 2017/18 Budget, under a 3.5% rate cap scenario, Council is predicted to generate underlying surpluses in each year for the next 10 years. Based on a Ministers rate cap set at 2.0%, Council will generate an underlying deficit in the 2017/18 year and incur \$3.0M in accumulated losses over the next 10 years.

Capital Improvement Program

The below table shows the high-level 2017/18 Capital Improvement Program under each option;

	Option A ‘000s	Option B ‘000s
Moorabool Major Projects	2,650	2,650
New Infrastructure Projects	800	800
Asset Renewal Program	6,084	6,084
Plant Replacement Program	1,820	1,820
Total	11,354	11,354

Funding Sources

At a high level the 2017/18 Capital Improvement Program will be funded through the following sources.

	Option A '000s	Option B '000s
Operating Surplus*	6,718	7,127
Reserves	80	80
Capital Grants & Contributions	1,529	1,529
Proceeds from Sale of Assets	370	370
Loan Borrowings	2,658	2,249
Total	11,354	11,354

Note: Under a 2.0% rate cap scenario, higher levels of loan borrowings will be required to fund the draft Capital program.

What will this mean to the “average” ratepayer?

The below table indicates how the average residential ratepayer with a waste collection service may be impacted by the proposed options.

	Option A	Option B
Rates	\$1,542	\$1,565
Service Delivery Charge	\$144	\$144
Service Provision Charge	\$89	\$89
State Landfill Levy Charge	\$50	\$50
Total	\$1,825	\$1,848

The below table indicates how the average residential ratepayer without a waste collection service may be impacted by the proposed options.

	Option A	Option B
Rates	\$1,542	\$1,565
Service Delivery Charge	\$0	\$0
Service Provision Charge	\$89	\$89
State Landfill Levy Charge	\$50	\$50
Total	\$1,681	\$1,704

2. Community Engagement

It is proposed that a telephone survey of Moorabool residents be conducted as part of Council's community engagement to inform the preparation of the Council budget and the Council Plan 2017-2021.

The survey will seek the views of the respondents on the options for a higher rate cap being considered by the Council.

It is proposed that 400 people be surveyed with quotas on gender, age and locality. A sample size of 400 provides a maximum sampling error of plus or minus 5.0% at 95% confidence. Therefore, the research findings from the telephone survey can be interpreted as not just the opinions of 400 residents, but as an accurate and robust measure of the entire community's attitudes.

A market or social research company would need to be commissioned to design the questionnaire and undertake the telephone survey and provide council with a report containing the results of the survey with analysis and interpretation. The survey questionnaire will be designed to enable a comparison over time if and when the survey is repeated.

• **Communication Strategy**

In order to encourage a high response rate to the telephone survey and simultaneously inform the communities of Moorabool of Council's Budget, information will be provided to community members through the following:

- A letter from the Chief Executive Officer will be sent to all households; non-resident ratepayers and businesses with a brochure along similar lines to that provided last year providing information on Council's budget, proposed application for a higher rate cap and telephone survey, outlining the purpose of the survey and encouraging community members to participate should they be contacted.
- Information on the Council's Budget and proposed application for higher rate cap will be promoted in the Moorabool News; Moorabool Matters; posted on Council's website; Facebook Page and Twitter.
- Notification about the telephone survey will also be promoted in the Moorabool News; Moorabool Matters; posted on Council's website Facebook Page and Twitter.
- Media Releases will be issued providing information on the Council's budget; application for a higher rate cap; and the telephone survey.

A list of Frequently Asked Questions (FAQs) will also be prepared.

Policy Implications

The 2013 – 2017 Council Plan provides as follows:

Key Result Area

Objective Sound, long term financial management

Strategy Develop and maintain a long term financial planning, management and reporting system, which ensures resources to deliver services and manage Council's assets.

The proposal to seek a rate variation and undertaking community engagement is consistent with the 2013 – 2017 Council Plan.

Financial Implications

Under a rate capped environment, there is a greater likelihood that council will experience some form of financial distress in the medium to long term. With rates capped at 2.0% annually, Council is forecast to generate accumulated underlying deficits in excess of \$3.0m over the next 10 years. As a result, Council will need to reduce services over time and/or reduce the level of investment in Infrastructure in line with its reduced revenue generating capacity.

It is proposed that provision be made in the 2017/18 budget for over expenditure to undertake the telephone survey (\$20,000) and printing and distribution of information (\$5,000), a total of \$25,000. There will also be indirect costs through the allocation of existing staff hours and resources. At this stage, it is expected that the additional costs will be defrayed from savings generated in the 2016/17 Budget.

Risk & Occupational Health & Safety Issues

Based on Council rates being capped at 2.0% in 2017/18 (subject to confirmation) and projected CPI for future years, Council will likely experience some form of financial distress in the medium to long term. If a rate cap variation is not approved, Council will need to re-assess its options following community engagement in achieving a balanced budget in to the future.

Risk Identifier	Detail of Risk	Risk Rating	Control/s
Financial – Rates Capped at CPI.	Increase risk of Council experiencing some form of financial distress in the medium to long term.	High	Seek a rate cap variation. Cost control. Service reviews. Fees & Charges increases. Shared services. Planning tools.

Community Engagement Strategy

It is proposed that the community engagement be undertaken through a statistically valid representative sample of Moorabool residents. The survey will seek the views of residents on the options for a higher rate cap being considered by the Council.

Victorian Charter of Human Rights and Responsibilities Act 2006

In developing this report to Council, the officer considered whether the subject matter raised any human rights issues. In particular, whether the scope of any human right established by the Victorian Charter of Human Rights and Responsibilities is in any way limited, restricted or interfered with by the recommendations contained in the report. It is considered that the subject matter does not raise any human rights issues.

Officer's Declaration of Conflict of Interests

Under section 80C of the Local Government Act 1989 (as amended), officers providing advice to Council must disclose any interests, including the type of interest.

Author –Steven Ivelja

In providing this advice to Council as the Author, I have no interests to disclose in this report.

Conclusion

Council currently awaits the ministerial announcement of the rate cap for 2017/18. It is currently anticipated that the rate cap will be set at about 2.0%.

Working within the confines of the cap will present significant challenges for the way Council continues its business of delivering high quality services to its residents.

Council is being asked to re-affirm its commitment to making an application for a further three year variation in 2017/18.

Recommendation:


That the Council:

- 1. Authorise the CEO to advise the Essential Services Commission that Moorabool Shire Council intends to apply for a rate cap variation for the 2017/18 financial year.**
- 2. Endorses the following rate cap options for the purposes of community engagement:**
 - Option A – What Council can deliver under the Minister's Rate Cap of 2.0% (subject to confirmation) in Year 1**
 - Option B – What Council can deliver if it had a rate increase of 3.50% for 2017/18 in addition to a likely rate increase of 3.50% for a further 2 years.**

3. **Endorses the conduct of a telephone survey of Moorabool residents to inform the preparation of Council's 2017/2018 budget and the Council Plan 2017-2021; and;**
 4. **Endorses an over budget expenditure of \$25,000 in 2017/2018 for the delivery of the community engagement activities**
-

Report Authorisation

Authorised by:

Name: Rob Croxford 
Title: Chief Executive Officer
Date: Friday, 16 December 2016.

Attachment - Item 7.3(a)

2017/18 Annual Budget Timetable of Key Dates - draft

Recommended timeframes if Council seeks to apply for a Rate Cap Variation

	finalised
	in progress
	yet to occur
	ESC deadlines and timeframes

Item	Agenda		Date
Assembly of Council - Budget Meeting 1 AOC	Information Session - high level discussion re: rate cap application for 2017/18 and beyond.		Wednesday, 7 December 2016
Special Meeting of Council - Budget Meeting 2 SMC	Present financial strategy for rate cap application, Council to review Rate Capping Community Engagement Strategy, Council to resolve to seek a rate cap variation		Wednesday, 21 December 2016
Minister for Local Government formally announces CAP	as per ESC proposed timelines		* late December 2016
Councils notify ESC of intention to seek a variation			Tuesday, 31 January 2017
Council undertake community consultation to support ESC rate variation process	As per Community Engagement Strategy		Monday, 6 February 2017
Special Meeting of Council - Budget Meeting 3 SMC	Council review result of Community consultation and resolve to apply for a rate cap variation		Wednesday, 22 March 2017
Council applies for variation, submits baseline data (budget)			Thursday, 31 March 2016
ESC assesses council variation applications			* March - May 2016
ESC notifies councils of decisions	ESC commitment to provide a decision within 2 months of lodging an application for a rate cap variation		Wednesday, 31 May 2017
Special Meeting of Council - Adoption of 2017/18 Annual Budget and 2017/18 Council Plan	Special Meeting to adopt 2017/18 Budget and Council Plan		Wednesday, 28 June 2017

Note: On the 1st of December the Minister for Local Government announced that the timeframes for lodging a rate cap application for the 2017/18 financial year have been extended for a period of 2 months. This has the result of extending the timeframe of submitting a rate cap application from the 31st March to the 30th May. As a consequence, the deadline for adopting the 2017/18 Budgets have also been extended by 2 months meaning Councils are not required to formally adopt their budgets until the end of August 2017. From a business perspective, it is not considered feasible to delay the adoption of the budget until 2 months into a new financial year, so the above timetable proposes that Council aims to achieve lodgement of any rate cap variation at an earlier stage to ensure that the 2017/18 Budget can be adopted prior to the start of the new financial year.

Attachment - Item 7.3(b)

Attachment B – Criteria for Assessment of a Higher Rate Cap

Criterion A – A proposed higher cap

An application must specify a proposed higher cap for each specified financial year

The purpose of this criterion is to detail the magnitude of the rate increase being sought and the year(s) to which it will apply.

General and Specific Expectations

It is expected that councils can address this criterion by accurately completing the application cover sheet template and the Budget Baseline Information. These documents will capture:

- the size of the higher cap being sought, and
- the years for which the higher cap will apply (for 2016-17 this will be one year only).

The appropriateness of the size of the higher cap will ultimately be assessed by how well it is supported and substantiated by the responses to the remaining five criteria.

Supporting evidence

As per above, councils must provide the completed application cover sheet template and Budget Baseline Information.

Criterion B – Reasons for which the Council seeks the higher cap

The reason(s) for which the council seeks the higher cap

The purpose of this criterion is to specify the underlying reasons for the application. This will provide the basis for the application, one which will be reflected throughout the application and supporting documentation. This criterion will help impart whether a higher cap is being sought to address, for example: a material change in financial circumstances, a change to the services provided by a council, to address particular infrastructure needs, to improve the long term financial sustainability of a council, or a combination of any of these.

Guiding Principles

The underlying principle guiding the Commission's consideration of this criterion is that:

- the reason(s) for the increased revenue being sought are consistent with the long-term funding requirements of the council.

General and Specific Expectations

The Commission expects that councils clearly articulate the need and quantify the amounts needed. It is expected that prior to seeking an application, the services and expenditures that formed the revenue requirements in the base year will have been prioritised within the revenue available under the rate cap. If a council identifies a particular service or expenditure that was previously funded in the base year as the reason for seeking a higher cap, the council is expected to demonstrate what has changed such that the service or expenditure can no longer be funded within the base revenue set by the average rate cap. It is not the Commission's role to determine council priorities.

While there are no specific reasons that automatically qualify for a higher cap, the Commission considers that most reasons put forward by a council would fall under one or more of the following categories.

- A material change in either revenue or costs that would lead to sustained underlying operating deficits, brought about by factors outside the control of the council that cannot be offset by internal savings, utilisation of alternative revenues, or a change in operations to minimise the impact in the short-term. Councils are expected to be able to manage one-off or non-material short-term variations in their liquidity within their day-to-day financial management. In circumstances where there are major increases in the long-term funding requirements of the council, they should be supported by clearly identified and quantified reasons.
- A new service or higher standard of service that the council has prioritised to provide without corresponding funding from other sources.
- An increased effort to address asset renewal requirements, consistent with the council's long-term strategy and asset management plans.
- To fund new infrastructure, prioritised on the basis of a council's plan and long-term strategy and the outcomes of engagement with the community. The funding requirements (and corresponding revenue needs) should be calculated on a whole-of-life project cost basis.

Multiple discrete projects or expenditures

If a reason for applying for a higher cap is to fund multiple discrete projects or expenditures that could not be funded within the rate cap set by the Minister, councils should structure their applications in a form that clearly identifies the individual costs and incremental impact of each project or expenditure on the proposed higher cap.

Supporting evidence

The Commission expects councils to provide documentation that supports the reasons articulated by the council and addresses the Commission's need for information. The documentation will need to provide evidence of how circumstances may have changed, or if there is an existing need such as a renewal backlog or a long-term operating deficit. This may include references to previous financial statements, long-term financial plans and Strategic Resource Plans, or asset management plans. The Budget Baseline Information provided will also form part of the evidence for demonstrating the underlying reasons.

Criterion C - Engagement

How the views of the ratepayers (community members) and the community have been taken into account in proposing the higher cap.

The purpose of this criterion is to ensure that councils can demonstrate that they have considered the views of their community members in relation to a higher cap.

The principles that will guide the Commission's consideration of this criterion are the Commission's Key Engagement Principles which were developed for *A Blueprint for Change* and the *Best Value Principles on engagement*.

KEY ENGAGEMENT PRINCIPLES

Principle 1: The engagement program must contain clear, accessible and comprehensive information and follow a timely process to engender feedback from the community

Principle 2: The engagement program should be ongoing and tailored to community needs

Principle 3: The engagement program should prioritise matters of significance and impact

Principle 4: The engagement program should lead to communities becoming more informed about council decision making.

General and Specific Expectations

The Commission is not prescribing how councils ought to engage with their community members and communities. Councils will need to show that they have taken a strategic approach to their engagement. That is, that community members understand that the higher cap represents good value for money, that trade-offs have been considered and that the decision to apply for a higher cap fits into the Council's long-term strategy.

In addressing criterion three, councils are expected to demonstrate:

- How, why, who, when and where community members and communities have been engaged;
- Councils will need to demonstrate that community members and communities' have been informed and what level of involvement, if any, they have had in developing options to inform this process. This includes identifying and describing the details of the engagement processes and activities, why the selected methodologies were chosen and who was engaged in these processes and activities. What information, including options and trade-offs, were presented to community members and communities;
Councils will also need to describe and demonstrate what information, including details of the options and trade-offs, was presented to community members and communities. How information is presented can be just as important as to what information is presented. It is important that information is presented to community members and communities in a way to ascertain their views.
- How the views of communities have been taken into account in seeking a higher cap. Councils will also need to show how community members and communities views have been represented in their application. This does not mean that the application must adhere to the views of all community members and communities; however, it must show that the council has taken these views into account.

Engagement undertaken by councils in relation to the FGRS should seek to inform the community about the options and trade-offs available and be representative of the community the council serves. As part of their application for a higher cap, councils should then be able to demonstrate how the outcomes of the engagement process have influenced councils' decision making process.

The Commission has developed further reference material that council may like to consider when planning and undertaking their engagement. This reference material is available on the Commission's website

The way in which councils decide to present this information to the Commission is not - prescribed but it is expected that for any engagement process there will have been an engagement plan in place before it commences. The Commission reference material outlines questions and outcomes that councils may like to consider in the development and delivery of their engagement plans.

Supporting evidence

Appropriate supporting evidence may include documents setting out the council's engagement plans and processes; information about past engagement processes relevant to the reasons

for the application; evidence of assessing differing community members and communities' views including any financial modelling of options; or, documents showing outcomes of engagement processes.

Criterion D – Value and Efficiency

How the higher cap is an efficient use of council resources and represents value for money.

The purpose of this criterion is to ensure that in seeking to levy a higher rate from community members, councils can demonstrate that they have sufficient policies and processes in place (and have taken specific actions) to ensure that the additional revenue raised will be used efficiently and that the outcomes being pursued represent value for money for ratepayers. In many respects, this criterion represents a public demonstration of adherence to the Best Value Principles that councils are already obliged to meet in regards to service provision.

The principles guiding the Commission's consideration of this criterion are based in part on the Best Value Principles. It should be noted that in undertaking its assessment, the Commission considers that these principles apply to expenditures that councils may not traditionally classify as a 'service', including capital works. Failure to apply these principles in other areas of council operations will ultimately impact on a council's capacity to deliver services and the value for money community get from the rates they pay.

BEST VALUE PRINCIPLES

Section 208B of the Local Government Act 1989 states that:

The Best Value Principles are —

- (a) all services provided by a Council must meet the quality and costs standards required by section 208D;
- (b) subject to section 6(1)(c), all services provided by a Council must be responsive to the needs of its community;
- (c) each service provided by a Council must be accessible to those members of the community for whom the service is intended;
- (d) a Council must achieve continuous improvement in the provision of services for its community;
- (e) a Council must develop a program of regular consultation with its community in relation to the services it provides;
- (f) a Council must report regularly to its community on its achievements in relation to the Principles set out in paragraphs (a), (b), (c), (d) and (e).

General and Specific Expectations

The application should show how any amount proposed to be recovered through a higher cap represents a good value option for achieving the desired outcome.

In addressing this criterion, the Commission expects that councils can demonstrate that they have sound processes and policies to ensure resources are used efficiently and that these processes and policies have been followed in determining the reason for a higher cap.

When proposing to fund the delivery of new or expanded services, or new infrastructure, the Commission expects to see business cases and/or cost-benefit analyses and consideration of

whole-of-life project costs. Councils should demonstrate the desired objectives and outcomes of the proposed changes to services or infrastructure and that alternative options for delivering those objectives and outcomes have been considered.

Supporting evidence

This may include references to or descriptions of relevant sections of internal policies and processes for ensuring best value and efficiency and how they have been followed, such as: tendering or procurement policies; service reviews; internal efficiency initiatives; business cases; cost-benefit analyses (where appropriate); and assessment of alternative delivery options.

Criterion E – Trade-offs and Alternative Funding Options

What consideration has been given to reprioritising proposed expenditures and pursuing alternative funding options and why those funding options are not adequate.

The purpose of this criterion is for councils to demonstrate that they have considered the prioritisation of services and different funding options before seeking a higher cap. This criterion requires councils to demonstrate that the decision-making that led to the application for a higher cap included consideration of other feasible options.

Guiding Principles

The underlying principle that will guide the Commission's assessment of this criterion, and thus what councils should seek to demonstrate, is that:

- the council decision to apply for a higher cap is the most appropriate funding option to meet the stated reason.

General and Specific Expectations

The Commission expects that councils will show how they came to prefer the option of raising additional revenue through a higher cap over other options, and the consideration of the trade-offs made in reaching this preference. When faced with any budget pressures, it is expected that councils might pursue one or more of the following strategies:

- scrutinising the full suite of their operations and planned investments for opportunities to deliver outcomes more efficiently
- re-examining whether the range of services and service standards delivered align with their community's highest priorities
- assessing the possibility and merits of alternative funding or financing options for different activities and investments, and
- considering increasing their revenues through higher rates and charges.

Supporting Evidence

The application will need to demonstrate that the council has considered other suitable funding or financing options and the decision (and reasoning) reached in relation to considering those options. In demonstrating the preferred option, it is useful for councils to consider how a higher rate is in the long-term interests of community members and communities.

In response to this criterion, it may be appropriate for councils to provide, for example, information showing how the council has considered the possible reprioritisation of services and service planning and any associated offsets; community engagement showing community

service preferences; and evidence in asset management plans showing rationale for timing and whole-of-life project costs for capital works. Long-term financial plans, revenue and rating policies, and policies regarding the use of debt financing may also be provided. The Budget Baseline Information will also assist with providing evidence; in particular, how the revenue and expenditure profiles of services may have been or are likely to be impacted by service reviews and/or reprioritisation.

Criterion F - assumptions and proposals in the application are consistent with the Council's long term strategy and financial management policies set out in the Council's planning documents and annual budget

That the assumptions and proposals in the application are consistent with those in the council's long-term strategy and financial management policies set out in the council's planning documents and annual budget.

The purpose of this criterion is to show that the reason(s) for application are consistent with the council's long-term strategy and financial management plans, policies and other key planning documents. In assessing this criterion, the Commission will be guided by councils providing a clear summary of their relative starting positions, relevant policies and how the higher cap is linked with longer term strategies. This will assist the Commission to understand the financial position of the council and will help to frame and support the reason(s) identified for seeking a higher cap.

Guiding Principles

Two key principles will guide the Commission's assessment of this criterion, and thus what councils should seek to demonstrate, these are:

- the reasons identified for seeking a higher cap should be consistent with and supported by the council's key financial management and other strategic and planning documents, and
- in seeking a higher cap, councils should demonstrate that they have adhered to the principles of sound financial management, as stipulated under section 136 of the Act.

General and Specific Expectations

Through this criterion, the Commission expects the council to demonstrate that the reason for the application (and underlying need) is consistently represented in, and supported by, all of the council's relevant financial and planning policies and documentation.

The assumptions used by the council to quantify the reason (for example: future costs, demand trends, changing community needs, appropriateness of funding source, etc.) and the impact of the additional revenue should be consistent and transparent across all relevant planning documents. In undertaking its assessment, the Commission expects that the council has adhered to the principles of sound financial management and that this is reflected in the application and supporting documentation.

Supporting Evidence

Evidence councils may provide in addressing this criterion may include Council Plans, Strategic Resource Plans and long-term financial plans, annual budgets, asset management plans, and revenue and rating policies. The Budget Baseline Information will also provide supporting evidence against this criterion. Councils are expected to direct the Commission's attention to the relevant sections of the respective plans and policies in the application Statement.

Attachment - Item 7.3(c)

Option A Strategic Financial Plan - 2017/18 to 2026/27			Refresh Model			Balance Model			Adj Loans		Total	
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25		2025/26
SFP model outcomes												
Financial Sustainability Indicators												
Net Result	> 0	13.2%	12.1%	20.1%	23.0%	16.3%	9.3%	15.6%	17.3%	5.6%	6.5%	
Liquidity Ratio	> 1.0	1.87	2.15	2.45	1.98	2.59	2.26	2.28	1.71	2.10	2.29	
Internal Financing	> 100%	143.7%	109.7%	122.2%	120.9%	106.9%	105.4%	101.0%	98.9%	109.2%	149.4%	
Indebtedness	< 40%	49.7%	56.0%	57.0%	46.5%	52.3%	53.7%	57.6%	51.2%	55.3%	51.3%	Average
Capital Replacement Ratio	> 1.5	1.17	1.36	1.64	1.80	1.60	1.25	1.65	1.78	1.06	0.79	1.41
Renewal Gap Ratio	> 1	0.82	0.88	0.74	0.79	1.06	1.05	1.00	1.01	1.01	0.75	0.91
Prudential Loan Borrowing Requirements												
Liquidity	> 1.2	1.87	2.15	2.45	1.98	2.59	2.26	2.28	1.71	2.10	2.29	
Debt Mgmt - debt serv. costs/revenue	< 5%	1.6%	1.7%	1.5%	1.4%	1.4%	1.5%	1.6%	1.7%	2.0%	1.6%	
Debt Mgmt - total debt / rate revenue	< 60%	55.1%	62.3%	62.2%	61.6%	54.8%	63.7%	67.6%	74.0%	62.1%	55.9%	
Surplus available to fund 10 year Capital Program												
Operating Surplus		6,718	8,307	8,001	9,009	10,477	10,566	10,769	11,092	11,412	11,981	98,333
Reserves		2,157	859	1,476	3,829	4,425	766	91	94	96	98	13,892
Capital Grants & Contributions		1,529	879	7,129	7,050	2,350	900	7,650	9,300	900	900	38,586
Proceeds from Sale of Assets		370	377	385	393	402	413	423	433	444	455	4,096
Loan Borrowings		2,658	4,116	1,803	1,250	3,184	4,206	5,338	6,405	4,675	0	33,634
DC's received for projects previously funded by Council		-2,077	-667	0	0	0	0	0	0	0	0	-2,744
		11,354	13,871	18,794	21,531	20,839	16,851	24,271	27,324	17,527	13,435	185,796
10 year Capital Program												
Moorabool Major Projects		2,650	4,125	9,500	11,250	6,244	2,000	8,750	11,000	0	0	55,519
New Infrastructure Projects		800	800	800	800	800	800	800	800	800	800	8,000
Asset Renewal Program		6,084	7,075	6,570	7,096	11,760	11,957	12,567	13,307	14,446	9,705	100,566
Plant Replacement Program		1,820	1,871	1,924	1,977	2,035	2,094	2,155	2,217	2,281	2,348	20,721
Additional Asset Renewal allowance		0	0	0	408	0	0	0	0	0	582	990
Additional New Infrastructure projects		0	0	0	0	0	0	0	0	0	0	0
Additional Plant Replacement allowance		0	0	0	0	0	0	0	0	0	0	0
Capital Program Deferral		0	0	0	0	0	0	0	0	0	0	0
Total Capital Program		11,354	13,871	18,794	21,531	20,839	16,851	24,271	27,324	17,527	13,435	185,796
		0	0	0	0	0	0	0	0	0	0	0
Councils Underlying Surplus												
Surplus as per VAGO	> 0	13.2%	12.1%	20.1%	23.0%	16.3%	9.3%	15.6%	17.3%	5.6%	6.5%	
Underlying Surplus / (deficit) as per LGPRF	> 0	-0.5%	2.1%	0.3%	1.2%	-0.3%	-0.1%	-1.5%	-1.2%	-2.7%	-1.6%	
Underlying Surplus / (deficit) in dollars as per LGPRF	> 0	-220	1,020	161	629	-182	-72	-884	-721	-1,730	-1,046	-3,046

Option B Strategic Financial Plan - 2017/18 to 2026/27			Refresh Model			Balance Model			Adj Loans			Total
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
SFP model outcomes												
Financial Sustainability Indicators												
Net Result	> 0	13.9%	13.6%	21.9%	24.8%	18.4%	11.8%	17.9%	19.6%	8.5%	9.3%	
Liquidity Ratio	> 1.0	1.87	2.14	2.43	1.95	2.52	2.18	2.21	1.63	2.00	2.05	
Internal Financing	> 100%	147.0%	112.5%	124.0%	117.5%	110.6%	109.9%	104.2%	101.8%	113.0%	126.5%	
Indebtedness	< 40%	48.0%	52.2%	50.7%	40.6%	43.6%	41.9%	43.3%	34.4%	35.8%	32.6%	Average
Capital Replacement Ratio	> 1.5	1.17	1.40	1.71	1.96	1.66	1.31	1.71	1.84	1.12	1.02	1.49
Renewal Gap Ratio	> 1	0.82	0.92	0.81	0.96	1.12	1.11	1.06	1.07	1.07	0.97	0.99
Prudential Loan Borrowing Requirements												
Liquidity	> 1.2	1.87	2.14	2.43	1.95	2.52	2.18	2.21	1.63	2.00	2.05	
Debt Mgmt - debt serv. costs/revenue	< 5%	1.6%	1.7%	1.4%	1.2%	1.2%	1.2%	1.3%	1.2%	1.3%	1.0%	
Debt Mgmt - total debt / rate revenue	< 60%	53.2%	57.9%	54.9%	54.2%	44.7%	49.8%	49.6%	52.4%	37.5%	34.1%	
Surplus available to fund 10 year Capital Program												
Operating Surplus		7,127	9,292	9,629	11,000	12,564	12,978	13,563	14,257	14,991	15,908	121,309
Reserves		2,157	859	1,476	3,829	4,425	766	91	94	96	98	13,892
Capital Grants & Contributions		1,529	879	7,129	7,050	2,350	900	7,650	9,300	900	900	38,586
Proceeds from Sale of Assets		370	377	385	393	402	413	423	433	444	455	4,096
Loan Borrowings		2,249	3,548	1,000	1,250	1,955	2,706	3,539	4,294	2,212	0	22,752
DC's received for projects previously funded by Council		-2,077	-667	0	0	0	0	0	0	0	0	-2,744
		11,354	14,288	19,618	23,522	21,696	17,763	25,267	28,377	18,643	17,362	197,890
10 year Capital Program												
Moorabool Major Projects		2,650	4,125	9,500	11,250	6,244	2,000	8,750	11,000	0	0	55,519
New Infrastructure Projects		800	800	800	800	800	800	800	800	800	800	8,000
Asset Renewal Program		6,084	7,492	7,324	7,900	12,617	12,869	13,562	14,360	15,561	9,705	107,474
Plant Replacement Program		1,820	1,871	1,924	1,977	2,035	2,094	2,155	2,217	2,281	2,348	20,721
Additional Asset Renewal allowance		0	0	71	1,595	0	0	0	0	0	4,510	6,176
Additional New Infrastructure projects		0	0	0	0	0	0	0	0	0	0	0
Additional Plant Replacement allowance		0	0	0	0	0	0	0	0	0	0	0
Capital Program Deferral		0	0	0	0	0	0	0	0	0	0	0
Total Capital Program		11,354	14,288	19,618	23,522	21,696	17,763	25,267	28,377	18,643	17,362	197,890
		0	0	0	0	0	0	0	0	0	0	0
Councils Underlying Surplus												
Surplus as per VAGO	> 0	13.9%	13.6%	21.9%	24.8%	18.4%	11.8%	17.9%	19.6%	8.5%	9.3%	
Underlying Surplus / (deficit) as per LGPRF	> 0	0.4%	3.9%	3.1%	4.2%	2.7%	3.0%	1.7%	2.1%	0.7%	1.7%	
Underlying Surplus / (deficit) in dollars as per LGPRF	> 0	190	1,935	1,613	2,280	1,549	1,767	1,066	1,353	476	1,171	13,399

8. FURTHER BUSINESS AS ADMITTED BY UNANIMOUS RESOLUTION OF COUNCIL

9. CLOSED SESSION OF THE MEETING TO THE PUBLIC**Recommendation:**

That pursuant to the provisions of the Local Government Act 1989, the meeting now be closed to members of the public to enable the meeting to discuss matters, which the Council may, pursuant to the provisions of Section 89(2) of the Local Government Act 1989 (the Act) resolve to be considered in Closed Session, being a matter contemplated by Section 89(2) of the Act, as follows:

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

10. MEETING CLOSURE