

Ararat Rural City

SPECIAL COUNCIL MEETING AGENDA

TUESDAY 03 MAY 2016



Ararat Rural City

28 April 2016

Dear Councillors,

You are cordially advised and invited to attend the next ordinary Council Meeting, which will be held in the Council Chamber, Shire Hall, Barkly Streets, Ararat on *Tuesday 03 May 2016* commencing at *6.00pm*.

BUSINESS:

- 1 Traditional Acknowledgement/Prayer
- 2 Apologies
- 3 Disclosure of Interests
- 4 Officer's Reports

Your attendance is respectfully requested.

Yours sincerely,

ANDREW EVANS
CHIEF EXECUTIVE OFFICER

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1 – TRADITIONAL ACKNOWLEDGEMENT / PRAYERS

TRADITIONAL ACKNOWLEDGEMENT

WE ACKNOWLEDGE THE TRADITIONAL OWNERS OF THE LAND ON WHICH WE MEET TODAY, AND PAY OUR RESPECTS TO THEIR ELDERS, PAST AND PRESENT.

OPENING PRAYER

ALMIGHTY GOD, WE HUMBLY ASK YOU TO HELP US, AS ELECTED COUNCILLORS OF THE ARARAT RURAL CITY COUNCIL. GUIDE OUR DELIBERATIONS. PROSPER WHAT IS YOUR WILL FOR US, TO YOUR HONOUR AND GLORY AND FOR THE WELFARE AND BENEFIT OF THE PEOPLE WHOM WE SERVE IN THE ARARAT RURAL CITY.

THE LORD'S PRAYER

OUR FATHER WHICH ART IN HEAVEN, HALLOWED BE THY NAME, THY KINGDOM COME, THY WILL BE DONE ON EARTH, AS IT IS IN HEAVEN. GIVE US THIS DAY OUR DAILY BREAD AND FORGIVE US OUR TRESPASSES AS WE FORGIVE THEM THAT TRESPASS AGAINST US, AND LEAD US NOT INTO TEMPTATION, BUT DELIVER US FROM EVIL, FOR THINE IS THE KINGDOM, THE POWER, AND THE GLORY, FOREVER AND EVER. AMEN.

2 – APOLOGIES

MOTION (if required)

That the apology of (Name) be accepted.

3 – DISCLOSURE OF INTERESTS

Disclosure of Interests are to be made immediately prior to any relevant item being discussed.

Local Government Act 1989 Section 79 (2)

A Councillor or member of a special committee who has a conflict of interest and is attending the meeting of the Council or special committee must make a full disclosure of that interest -

- (a) by either -
 - (i) advising the Council or special committee at the meeting of the details required under paragraph (b) and (c) immediately before the matter is considered at the meeting; or
 - (ii) advising the Chief Executive Officer in writing of the details required under paragraphs (b) and (c) before the meeting; and
- (b) classifying the type of interest that has given rise to the conflict as either -
 - (i) a direct interest: or
 - (ii) an indirect interest and specifying the particular kind of indirect interest under section 78, 78A, 78B, 78C, 78D or 78E; and
- (c) describing the nature of the interest; and
- (d) if the Councillor or member advised the Chief Executive Officer of the details under paragraph (a) (ii), the Councillor or member must make a disclosure of the class of interest only to the meeting immediately before the matter is considered at the meeting.

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ITEM 4.1 REVISED COUNCIL PLAN 2013-2017 INCORPORATING THE STRATEGIC RESOURCE PLAN 13041955
CORPORATE STRATEGY, RISK AND GOVERNANCE

Introduction

The revised Council Plan 2013-2017 incorporating the Strategic Resource Plan (SRP) is presented to Council for proposal to the community.

The revised Council Plan includes the strategic objectives for the next year, including the strategic actions and indicators for monitoring the achievement of these objectives.

The SRP is a plan of the resources required to achieve the Council's strategic objectives expressed in the Council Plan. It also facilitates the commencement of the Budget 2016-17 which follows as an annual resource plan to implement the third year of the Council Plan. The SRP also assists Council maintain a financially sustainable organisation into the long term.

The statutory requirements prescribed under Sections 125 and 126 of the Local Government Act 1989 require Council to consider whether the current Council Plan requires any adjustment in respect to the remaining period of the Council Plan at least once in each financial year.

Council is required to advertise the revised Council Plan/SRP for a period of 28 days in accordance with section 223 of the Local Government Act 1989. During this period community members are encouraged to scrutinise and review the Council Plan to ensure it expresses their view of the Council's intended future direction.

Discussion

The revised Council Plan sets the direction for Council for the next year. As Council's role is to support the community through leadership and service provision, it is ultimately a plan for the community.

The statutory process over the next 28 days calls for submissions that Council must consider in accordance with Section 223 of the Local Government Act 1989.

Report

• **Council Plan**

The Council Plan was developed with a strong understanding of the key physical and strategic issues facing Council fulfilling its role of fostering future growth and development for the Municipality's residents.

It defines the strategies Council will employ in endeavouring to meet these challenges and ensure continued growth and prosperity for the municipality.

The 2013-2017 Council Plan is built on four Pillars:

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Our Community

We value our people and our community, their sense of place and connectedness and will target our services to meet their needs.

Our Lifestyle

We will strengthen the underlying community fabric by building upon the culture and heritage which defines our identity.

Our Economy

We will enhance our community's prosperity through encouraging sustainable growth.

Our Environment

We value our natural and built environment and want to protect, enhance and manage it, now and for future generations.

Underlying these four pillars is the foundation of 'Our Organisation'.

Our Organisation

Our Council is open, fair and honest, engaging with the community to provide leadership and supporting our community through efficient and effective service provision.

2 Strategic Resource Plan (SRP)

The SRP is a rolling plan of at least four years and forms part of the Council Plan. The Plan outlines the resources Council requires to achieve the objectives described in the Council plan, and includes the standard statements as prescribed by the regulation to outline the financial and non-financial resources required.

The SRP has been developed to assist Council in adopting a budget within a longer term prudent financial framework.

The key objective of this plan is financial sustainability in the medium to long term, whilst still achieving the Council's strategic objectives in the Council Plan.

The key financial policies detailed below are supported in the separate sections of the SRP document included in the Council Plan.

Council has developed these in the context of the long term financial sustainability of the municipality and in assisting frame the 2016/17 Budget.

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The key policy outcomes include:

<p>Rating Strategy</p>	<p>Council is reviewing the 2015 Rating Strategy and is proposing to make no significant changes to the differential rates. The differential rates have been set in the proposed budget in accordance with the proposed rating strategy. The recommendations included in the 2016 Rating Strategy are:</p> <ul style="list-style-type: none"> • That Council continues to use the Capital Improved Value (CIV) as the value to which the rate in the dollar will be assessed, pursuant to Section 157 of the Local Government Act 1989. • That Council raises the municipal rates by the use of differential rates on the basis that Council considers that the use of the differential rates will contribute to the equitable and efficient carrying out of its functions. • That Council raise the municipal rates by the application of four differential rates: <ul style="list-style-type: none"> • General; • Commercial; • Industrial; and • Farm. • That the procedure to determine whether a property satisfies being classed as Farm, for the purpose of Differential Rating, as set out in the document titled ‘Application for Classification of Rateable Property as Farm Land’ [attached as Appendix 2 to the Rating Strategy] be endorsed and the CEO be authorised to administer such. • That all cultural and recreational lands and indoor cultural and recreational facilities be exempt from the payment of municipal rates, except where: <ul style="list-style-type: none"> • The land is subject to a grazing lease, in which case it will attract the General rate (or the Farm rate if applicable); • The land is used for housing gaming machines, in which case the portion of the premises used for housing gaming machines shall attract the Commercial rate, and the balance of the property shall be exempt from the payment of municipal rates • That Council approve the following Differential percentages for the 2016/17 rating year to ensure the equitable imposition of rates and charges: <ul style="list-style-type: none"> • General 100% • Commercial 160% of General • Industrial 130% of General • Farm 55% of General • That Council levy a Municipal Charge of \$90 for the 2016/2017 financial year to cover some of the administrative costs of Council.
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- That Council continue to levy a Service Charge for the garbage collection and recycle collection services, which incorporates the collection and disposal of waste, green waste and recyclables.
- That Council continues to use Special Rates and Charges for the purpose of footpath, kerb and channel and drainage schemes.
- That Special Rates and Charges be investigated for other purposes where appropriate.
- That Council acknowledge the valuable community service the Gorrinn House (Ararat Retirement Village) provides to the Ararat Community and in relation to charging rates for the village that:
 - Hostel type accommodation where communal facilities exists and residents do not have exclusive occupancy that the non rateable status will apply providing the current committee of management continues as a charitable, non-profit organisation;
 - That where exclusive occupancy of an independent living unit with self contained cooking facilities etc exists each separate occupancy shall be valued and each separate occupancy shall be liable for rates;
 - That the rate notices be issued in the name of the occupier of each occupancy, which will then allow the occupier to claim a pension concession, if applicable
- That Council not expand rating concessions on Charitable and Not-for-Profit Organisations properties beyond those provided for under Section 154 of the Local Government Act 1989
- That Council grants a Council funded rebate of \$90 for the 2016/17 year for ratepayers entitled to receive the State Government Concession under Section 171 of the Local Government Act 1989.
- That Council does not grant any rebate or concession in relation to any rate or charge to support the provision of affordable housing, to a registered agency in accordance with the provisions of Section 169 (1D) of the Local Government Act 1989.
- That ratepayers seeking a waiver or deferral of rates under Section 170 and 171 of the Local Government Act 1989 be required to complete the form titled “Application for Waiver/Deferral of Rates and Interest Form” [attached as Appendix 1 to the Rating Strategy].
- That Council allow the option to pay rates and charges by lump sum under Section 167 (2A) of the Local Government Act 1989.
- That Council allow the payment of rates and charges by direct debit over nine (9) monthly or eighteen (18) fortnightly payments, free of interest, commencing the last Friday of September and finishing in the following May.

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	<ul style="list-style-type: none"> • That Council allows a grace period of 30 days before interest is applied to late instalments and late lump sum payments under Section 172(3) of the Local Government Act 1989. • That should any person pay an amount equivalent to their first instalment before 30 October 2016 Council will consider the payment as an instalment payment. Should any person pay an amount equivalent to their first instalment after 30 October 2016 Council will consider the payment as an amount towards the lump sum option and the rates will then be due by 15 February 2017. • That Council set a minimum interest amount of \$3 when charging interest on late payment in accordance with 172 of the Local Government Act 1989. • That Council investigates other payment methods when sufficient demand for a particular method is evident. • That Council commences legal proceedings for the recovery of outstanding rates and charges that exceed \$1,500 after the due date if no arrangement has been made to pay unpaid rates & charges. • That Council only consider selling land for the non-payment of rates under Section 181 if all of the following requirements apply: <ul style="list-style-type: none"> • Council officers determine the property is saleable • The property has clear title (no mortgage) • The property is unoccupied
<p>Fees & Charges Strategy</p>	<p>That Council officers continue to review the itemised list of fees and charges and increase controllable fees by 2.5% wherever possible, acknowledging the property rentals are generally controlled by formal leases, most of which include rental increase clauses.</p>
<p>Asset Review Process</p>	<p>That Council continues to review assets that no longer meet the needs of the community with the aim to rationalise assets wherever possible.</p>

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Borrowing Strategy	That Ararat Rural City Council, based on compliance with the State Government Prudential Guidelines, borrows funds for capital expansion projects that provide inter-generational equity.					
	The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2016.					
	Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000	
	2015/16	0	61	141	2,000	
	2016/17	1,000	0	140	3,000	
	2017/18	0	0	140	3,000	
	2018/19	0	0	140	3,000	
	2019/20	0	0	140	3,000	
Vision Super Defined Benefits	That Council transfers an amount of \$260,000 each year commencing 2013/14 for the next five years (total \$1,300,000) to replenish the long service leave cash reserves used to pay out the Vision Super defined benefits liability.					
Human Resources	That Council does not make any significant change in staff numbers over the duration of the SRP. Council currently has 134 Equivalent Full Time staff factored into the 2016/17 budget.					
		Forecast		Strategic Resource Plan		
		Actual	Budget	Projections		
		2015/16	2016/17	2017/18	2018/19	2019/20
Staff Expenditure						
Employee costs (\$,000)		10,342	11,162	11,497	11,842	12,197
		FTE	FTE	FTE	FTE	FTE
Staff Expenditure						
Employees		133	134	134	134	134
Total staff numbers		134	134	134	134	134

The SRP also provides a forecast of Council's financial performance over the next four years to 30 June 2020, based on a number of assumptions.

	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
Materials & Services Costs	3.0	3.0	3.0	3.0
Rate increases	2.5	2.5	2.5	2.5
Property growth	0.08	0.08	0.08	0.08
Wages growth	3.0	3.0	3.0	3.0
Government funding	0.5	0.5	0.5	0.5
Statutory fees	2.0	2.0	2.0	2.0
User fees	2.5	2.5	2.5	2.5
Investment return	2.5	2.5	2.5	2.5
Borrowing Rate	4.65	4.65	4.65	4.65

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The SRP includes the following capital works program:

	Forecast				
	Actual 2015/2016 \$000	Budget 2016/2017 \$000	Strategic Resource Plan Projections		
			2017/2018 \$000	2018/2019 \$000	2019/2020 \$000
Capital works areas					
Land	0	0	0	0	0
Buildings	1,093	8,171	284	296	309
Roads	6,264	5,943	3,696	3,881	4,075
Drainage	225	176	185	194	204
Plant and machinery	1,055	920	966	1,014	1,065
Furniture and equipment	35	35	37	39	41
Library Bookstock	58	58	58	58	58
Other - Waste	0	0	0	0	0
Total capital works	8,730	15,303	5,226	5,482	5,752
Represented by					
New Assets	273	1,023	71	74	77
Upgrade	1,521	9,356	724	759	797
Renewal	6,936	4,924	4,431	4,649	4,878
Total capital works	8,730	15,303	5,226	5,482	5,752

POTENTIAL IMPLICATIONS ARISING FROM THIS ISSUE**Council plan reference**

- 5.1 Good Governance through leadership
- 5.2 Services and infrastructure that meets the municipality's existing and future needs
- 5.5 Sustainable, long term financial management

Officer's Declaration of Interest

Under Section 80C of the *Local Government Act 1989* officers providing advice to Council must disclose any interests, including the type of interest.

No person involved in the preparation of this report has a direct or indirect interest requiring disclosure.

Financial and resource implications

The implications of the Council Plan 2013/17 have been considered in the 2016/17 Budget, and the Strategic Resource Plan.

Risk implications

The primary objective of Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions. The proposed Council Plan and Strategic Resource Plan manages the financial risks faced by Council, ensuring that decisions are made and actions taken having regard to their financial effects on future generations.

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Statutory Implications

In accordance with Section 125 of the Local Government Act 1989 Council must consider whether the current Council Plan requires any adjustment in respect to the remaining period of the Council Plan at least once in each financial year.

Community Implications

It is expected the community will benefit from activities and initiatives funded in the Council Plan.

Environmental Implications

Environmental, social and economic impacts of the Council Plan 2013/17 have been considered in the development of a balanced future plan

Internal/external consultation

Internal - Councillors, Executive Leadership Group and Management Group.

Options

Council can:

1. Adopt the Revised Council Plan 2013/17 and place the document on public display for a period of 28 days in accordance with Section 223 of the Local Government Act 1989.
2. Amend the Revised Council Plan 2013/17 and place the document on public display for a period of 28 days in accordance with Section 223 of the Local Government Act 1989.

Attachments

The revised Council Plan 2013/2017 is included as Attachment 4.1.

Conclusion

There remain a number of strategic challenges ahead, including the renewal of Council's asset base, the continuation of an appropriate range and level of services, the maintenance of a sound financial position under Rate Capping and the protection of our natural environment.

The pillars, key strategies, activities and initiatives in the Council Plan aim to meet these needs and continue to deliver on Council's vision, mission and values.

The Council Plan incorporating the SRP will be put on public display for a period of 28 days in accordance with section 223 of the Local Government Act 1989. If requests to be heard are received under section 223 Council will convene to consider these submissions.

Recommendation

That Council:

1. **Having revised the Council Plan 2013-2017, incorporating the Strategic Resource Plan, in accordance with Section 125 and 126 of the Local Government Act 1989 adopt the revised document;**
2. **Under Section 223 of the Local Government Act 1989 make the revised Council Plan 2013-2017 incorporating the Strategic Resource Plan available for public exhibition;**
3. **Invite interested persons to make a written submission relating to the revised Council Plan 2013-2017 with written submissions to be received at the Municipal Offices, Ararat Rural City Council, 59 Vincent Street, Ararat not later than 5.15pm on Friday 3 June 2016;**
4. **Authorise the Chief Executive Officer to administer the Section 223 process; and**

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| <p>5. Should any person wish to be heard in support of their written submission, that they be heard by Council at a Special Council Meeting to be held at 6.00pm on Tuesday 7 June 2016.</p> |
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**ITEM 4.2 DRAFT BUDGET 2016/2017
16073040
ASSETS, FINANCE AND CORPORATE SERVICES**

Introduction

In accordance with Section 127 of the Local Government Act 1989, Council is required to prepare a budget for each financial year and provide the opportunity for people to make a submission under Section 223 of the Act on any proposal contained in the budget.

Discussion

The proposed Ararat Rural City Council Budget 2016/2017 is included as an attachment to this report and contains all the information and statutory requirements under the Local Government Act 1989.

Council has undertaken considerable assessment and review to arrive at a Draft Budget which will deliver the vast range of services and projects the community expects in as efficient manner as is possible. Council is aware of the financial pressures that currently exist in the community but also has to be fiscally responsible to achieve financial sustainability.

Budgets are always difficult to prepare when Council is faced with the challenge of providing regional type facilities with a relatively small rates base. Budgets require establishing a fine balance between:

- Service delivery and capital works.
- Rating levels
- Choices between services and projects.
- Future needs vs. present desires.

This Budget endeavours to balance the complex needs of our community whilst preparing for financial sustainability.

The Budget 2016/2017 is intended to act as a standalone document explaining all aspects of the budget and highlighting the significant proposals contained within the budget. Notwithstanding the above statement, the budget should be read in conjunction with the Council Plan 2013-2017.

The Budget Report 2016/2017 includes Initiatives to be resourced and undertaken in 2016/2017 in order to contribute to achieving the Strategic Objectives and 4 Year Strategies specified in the Council Plan.

Budget Summary

The 2016/17 proposed budget includes an increase in revenue raised from rates and municipal charges of 2.5%. This is in line with the new Fair Go Rates System (FGRS) introduced by the State Government. Council elected not to apply to the Essential Services Commission (ESC) for a variation in 2016/17. Rate capping will restrict Council's capacity to raise income at an appropriate level to fund Council's operations. Waste management charges have increased by 2.5% to cover the increasing costs of waste management services, including the levy charged by the State Government and the price paid to deposit waste at the Landfill site.

The budgeted operating result for 2016/17 is a surplus \$6.693 million, as compared to a forecasted result of \$2.958 million deficit in 2015/16. The budgeted surplus of \$6.693 for 2016/17 is inflated as Council has budgeted additional non-recurrent grants for capital projects - \$4.645 million for the upgrade to the Ararat Performing Arts Centre/Ararat Regional Art Gallery, \$0.33 million for Moyston

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Community Hall and \$0.35 million for stage 2 of the Alexandra Oval upgrade should Council be successful in obtaining grant funds.

Major Influences

In preparing the 2016/17 budget a number of external and internal influences have been taken into consideration:

- Rate capping
- Funding renewal of existing infrastructure assets;
- \$0.26 million allocated to replenish the long service leave investment used to pay \$2.45 million in 2012/13 for Council's apportioned share of the Vision Super Defined Benefit liability;
- The federal government's decision to freeze financial assistance grants at 2014/15 levels;
- Increases in landfill levies charged by the State Government and increased gate fees at the landfill site;
- Increasing recurrent costs in providing regional type services such as the Performing Arts Centre, Regional Art Gallery, Chinese Heritage Museum, Alexandra Oval Community and Recreation Centre, botanical gardens, indoor and outdoor pools;
- Deriving rate revenue from a small rural base;
- User charges are not a significant source of income which increases the reliance on rate revenue to fund services;
- Reliance on expected community contributions and State Government Grants to part fund Council's capital works program;
- Continued cost shifting from State and Federal Governments with increases in government grants not covering increases in the cost of providing services;
- Council entered into an enterprise agreement effective October 2013. This agreement expires in October 2016. An allowance of 3% has been factored in to the budget for wage increases;
- Increased debt servicing costs as a result of new borrowings;

Rating Strategy

Council is reviewing the 2015 Rating Strategy and is proposing to make no significant changes to the differential rating system. The differential rates have been set in the proposed budget in accordance with the proposed rating strategy. The Rating Strategy is proposing to make no change in the differential rates applying to different property classes:

Differential	2015/16	2016/17	Variation
General	100%	100%	Nil
Commercial	160% of General	160% of General	Nil
Industrial	130% of General	130% of General	Nil
Farm	55% of General	55% of General	Nil

The public is encouraged to read the separate Council report on the Review of the Rating Strategy and a person may make a written submission that can be considered as part of the budget process.

Cash Flows – net increase of \$0.122 million

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Overall, total cash and cash equivalents are forecast to increase by \$0.122 million as at 30 June 2017. The increase in the level of cash is supported by a \$0.055 million net increase in the level of reserves, including transfers to reserves of \$0.26 million to replenish long service leave investments used to fund the \$2.45 million defined benefits shortfall, \$0.225 million transfer to Building Capital Reserve, \$0.369 million transfer to a loan repayment reserve to repay loans raised under the Local Government funding vehicle upon maturity, and \$0.2 million transfer to Landfill Reserve.

Transfers from reserves include \$0.49 million for the Ararat Performing Arts Centre/Art Gallery upgrade, \$0.4 million for Stage 2 of the Alexandra Oval incorporating netball courts, \$0.156 for the Ararat Men's Shed and \$0.05 million for Council elections.

Capital Works Program - \$15.303 million

Council has again set down a program that balances the need to re-invest in existing assets whilst also addressing a number of new projects that the community has been requesting.

Highlights include an allowance of \$6.235 million in 2016/17 to redevelop the Ararat Performing Arts Centre and Regional Art Gallery. Other major building works include \$0.75 million for Stage 2 of the Alexandra Oval Upgrade, incorporating netball courts to compliment the recently completed Community Centre at the Oval (works are subject to State and/or Federal Government funding); \$0.48 million to upgrade the Moyston Community Hall and \$0.165 million to build the Ararat Men's Shed.

The capital works program includes \$5.943 million for roads, bridges, drainage and footpaths. Major works include a reseal program worth \$1.382 million and the gravel resheeting program worth \$0.681 million. Road reconstruction works include Moyston-Great Western Road, Tatyoon Road, Moyston-Willaura Road and Dean Street in Ararat. Council's asset management system identifies the priority projects.

Council plan reference

- 5.1 Good Governance through leadership.
- 5.5 Sustainable, long term financial management.

Officer's Declaration of Interest

Under Section 80C of the *Local Government Act 1989* officers providing advice to Council must disclose any interests, including the type of interest.

No person involved in the preparation of this report has a direct or indirect interest requiring disclosure.

Financial and resource implications

The Draft Budget has been prepared within the following parameters:

- no change to the differential rates applying to different property types;
- An increase of 2.5% in the total amount received from general rates and charges;
- An increase in the Municipal Charge from \$88 per rateable property in 2015/16 to \$90 per rateable property in 2016/17;
- An increase in the Council pension concession for eligible recipients from \$88 to \$90;
- An increase of 2.5% for waste management charges;
- A balanced budget in terms of a cash result and an operating surplus of \$6.693 million in terms of an accrual accounting result;

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- A net increase in cash and cash equivalents of \$0.122 million;
- A capital works program of \$15.303 million;
- New loan borrowings of \$1 million for capital works at the Ararat Performing Arts Centre/Ararat Regional Art Gallery;
- Capital budgets have been prepared in accordance with good asset management principles.

More detailed information is contained in the Budget document.

Risk implications

Council must implement the principles of sound financial management, which includes managing financial risks faced by Council and ensuring that decisions are made and actions taken having regard to their financial effects on future generations. The increases in rates and charges are considered necessary if Council is to strive for long term financial sustainability.

Statutory Implications

Council is required under Section 127 of the local Government Act to prepare a budget for each financial year. The budget contains the Financial Statements, a description of services and initiatives to be funded in the budget, service outcome indicators, and major initiatives to be undertaken during the financial year and the performance measures in relation to each major initiative.

Community Implications

It is expected the community will benefit from the services funded in the budget.

Environmental Implications

Refer to the draft budget document.

Internal/external consultation

The budget for 2016/17 has been developed over a number of months after a thorough and comprehensive review process. All departments have analysed both financial and non financial information to develop the draft budget. In releasing the budget for public consideration, Council encourages comments and submissions on any matters contained within the Budget document.

Options

Council could:

1. Adopt the proposed recommendations or
2. Not adopt the proposed recommendations.

Attachments

The Draft Budget 2016/2017 is included as Attachment 4.2.

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Conclusion

The Draft Budget 2016/2017 has been prepared over a considerable period of time, with significant input from Council officers and Councillors. The Draft Budget will allow Council to continue to deliver a wide range of services to ratepayers and residents. The Budget is a balanced budget and will constitute the public document that will now be subject to public review.

Recommendation

That:

- 1** The Ararat Rural City Council Budget Report 2016/2017 attached to this report be the Budget prepared by Council (in respect of the 2016/2017 Financial Year) for the purpose of Section 127(1) of the Local Government Act 1989 as amended (“the Act”).
- 2** The Chief Executive be authorised to:
 - a) Give public notice of the preparation of this Budget in accordance with Section 129 of the Act;
 - b) Invite interested persons to make a written submission relating to the budget, with written submissions to be received at the Municipal Offices, Ararat Rural City Council, 59 Vincent Street, Ararat not later than 5.15pm Friday 3 June 2016. Any person who requests to be heard in support of his or her written submission will be so heard at a Special Council meeting (if required) to be held at 6pm, Tuesday 7 June 2016;
 - c) Make available for public inspection the information required to be made available by the Local Government (Planning and Reporting) Regulations 2014;
- 3** Council consider any:
 - a) Submissions on any proposals contained in such Budget made in accordance with Sections 129 and 223 of the Act;
 - b) Recommendations to adopt the 2016/17 Budget (with or without amendments), and declare rates and charges at the Ordinary Meeting of Council to be held at 6pm, Tuesday 28 June 2016 in the Council Chamber, Shire Hall, Barkly Street, Ararat;
- 4** The payment of rates and charges shall be by lump sum or by instalments on the dates specified by the Minister for Local Government under Section 167 of the Act. In addition, Council notes that 30 September 2016, 30 November 2016, 28 February 2017 and 31 May 2017 are the dates on which payment by four instalments of the rates or charges are payable, and 15 February 2017 is the date on which payment by lump sum of the rates and charges are payable; and
- 5** Council note that the due date in the 2016-2017 financial year for dog and cat registrations under the Domestic (Feral and Nuisance) Animals Act 1994 is on 10 April 2017.

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**ITEM 4.3 DRAFT RATING STRATEGY
16073041
ASSETS, FINANCE AND CORPORATE SERVICES**

Introduction

In June 2015 a rating strategy was adopted by Council. A rating strategy is the method by which Council systematically considers factors of importance that informs its decision about the rating system.

Discussion

Under the Local Government Act 1989 (the Act), a primary objective of Council is to ensure the equitable imposition of rates and charges (Section 3C(f)). The purpose of a Rating Strategy is to consider what rating options are available under the Act and how Council can move towards having an equitable rating system.

Developing a rating strategy requires Council to strike a balance between competing principles to come up with a mixture of rates and charges that provides the income needed for its annual budget while meeting the tests of equity, efficiency and simplicity. Council aspires to balance service levels in accordance with the needs, means and expectations of its community and sets taxation levels (rating) to adequately resource its roles, functions and responsibilities.

Council is committed to having a strategy that is underpinned by sound principles, which are well understood, communicated to ratepayers and compliant with current legislation.

The rating system determines how Council will raise money from properties within the municipality. It does not influence the total amount of money to be raised, only the share of revenue contributed by each property.

The Act specifies the various rating options that Council has in terms of distributing the rate burden and the options available in the collection of rates.

In terms of these choices, the 2016 Draft Rating Strategy includes the following recommendations:

- That Council continues to use the Capital Improved Value (CIV) as the value to which the rate in the dollar will be assessed, pursuant to Section 157 of the Local Government Act 1989.
- That Council raises the municipal rates by the use of differential rates on the basis that Council considers that the use of the differential rates will contribute to the equitable and efficient carrying out of its functions.
- That Council raise the municipal rates by the application of four differential rates:
 - General;
 - Commercial;
 - Industrial; and
 - Farm.
- That the procedure to determine whether a property satisfies being classed as Farm, for the purpose of Differential Rating, as set out in the document titled ‘Application for Classification

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of Rateable Property as Farm Land” [attached as Appendix 2 to the Rating Strategy] be endorsed and the Chief Executive Officer be authorised to administer such.

- That all cultural and recreational lands and indoor cultural and recreational facilities be exempt from the payment of municipal rates, except where:
 - the land is subject to a grazing lease, in which case it will attract the General rate (or the Farm rate if applicable);
 - the land is used for housing gaming machines, in which case the portion of the premises used for housing gaming machines shall attract the Commercial rate, and the balance of the property shall be exempt from the payment of municipal rates
- That Council approve the following Differential percentages for the 2016/17 rating year to ensure the equitable imposition of rates and charges:
 - General 100% (100% in 2015/16)
 - Commercial 160% of General (160% in 2015/16)
 - Industrial 130% of General (130% in 2015/16)
 - Farm 55% of General (55% in 2015/16)
- That Council levies a Municipal Charge of \$90 for the 2016/2017 financial year (\$88 in 2015/16) to cover some of the administrative costs of Council.
- That Council continue to levy a Service Charge for the garbage collection and recycle collection services, which incorporates the collection and disposal of waste, green waste and recyclables.
- That Council continues to use Special Rates and Charges for the purpose of footpath, kerb and channel and drainage schemes.
- That special rates and charges be investigated for other purposes where appropriate.
- That Council acknowledge the valuable community service the Gorrinn House (Ararat Retirement Village) provides to the Ararat Community and in relation to charging rates for the village that:
 - Hostel type accommodation where communal facilities exists and residents do not have exclusive occupancy that the non rateable status will apply providing the current committee of management continues as a charitable, non profit organisation;
 - That where exclusive occupancy of an independent living unit with self contained cooking facilities etc exists each separate occupancy shall be valued and each separate occupancy shall be liable for rates;
 - That the rate notices be issued in the name of the occupier of each occupancy, which will then allow the occupier to claim a pension concession, if applicable.
- That Council not expand rating concessions on Charitable and Not-for-Profit Organisations properties beyond those provided for under Section 154 of the Local Government Act 1989

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- That Council grants a Council funded rebate of \$90 for the 2016/17 year (\$88 in 2015/16) for ratepayers entitled to receive the State Government Concession under Section 171 of the Local Government Act 1989.
- That Council does not grant any rebate or concession in relation to any rate or charge to support the provision of affordable housing, to a registered agency in accordance with the provisions of Section 169 (1D) of the Local Government Act 1989.
- That ratepayers seeking a waiver or deferral of rates under Section 170 and 171 of the Local Government Act 1989 be required to complete the form titled “Application for Waiver/Deferral of Rates and Interest Form” [attached as Appendix 1 to the Rating Strategy].
- That the applications for the waiver or deferral of rates will only be considered by Council on the basis of genuine hardship supported by another government agency, welfare group or financial counsellor.
- That applications for the waiver or deferral of rates will be considered as a confidential report to Council.
- That waiver or deferral of rates will only apply with regard to rates on their primary residence.
- That Council allow the option of the lump sum payment of rates and charges, in accordance with Section 167 of the Local Government Act 1989.
- That Council allow the payment of rates and charges by four (4) instalments in accordance with Section 167 of the Local Government Act 1989.
- That Council allow the payment of rates and charges by direct debit over nine (9) monthly or eighteen (18) fortnightly payments, free of interest, commencing the last Friday of September and finishing in the following May.
- That Council allows a grace period of 30 days before interest is applied to late instalments and late lump sum payments under Section 172(3) of the Local Government Act 1989.
- That should any person pay an amount equivalent to their first instalment before 30 October 2016 Council will consider the payment as an instalment payment. Should any person pay an amount equivalent to their first instalment after 30 October 2016 Council will consider the payment as an amount towards the lump sum option and the rates will then be due by 15 February 2017.
- That Council set a minimum interest amount of \$3 when charging interest on late payment in accordance with 172 of the Local Government Act 1989.
- That Council investigates other payment methods when sufficient demand for a particular method is evident.

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- That Council commences legal proceedings for the recovery of outstanding rates and charges that exceed \$1,500 after the due date if no arrangement has been made to pay unpaid rates & charges.
- That Council only consider selling land for the nonpayment of rates under Section 181 if all of the following requirements apply:
 - Council officers determine the property is saleable
 - The property has clear title (no mortgage)
 - The property is unoccupied

The Rating Strategy is proposing to make no change in the differential rates applying to different property classes:

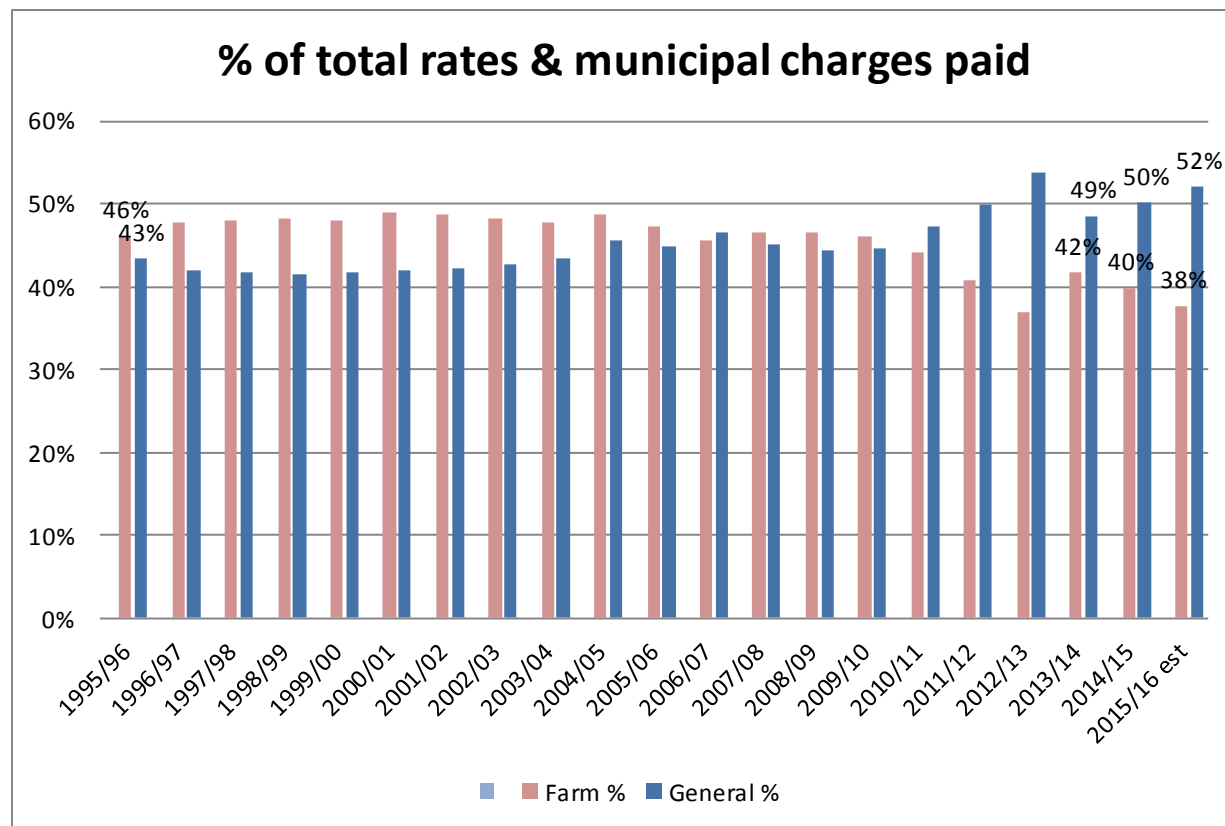
Differential	2015/16	2016/17	Variation
General	100%	100%	Nil
Commercial	160% of General	160% of General	Nil
Industrial	130% of General	130% of General	Nil
Farm	55% of General	55% of General	Nil

The following graph shows in 1995/96 properties with a general differential rating classification contributed 43% of the total general rates paid whilst farm properties contributed 46% of the total general rates paid. In 2016/17 general properties are expected to pay 52% of the total general rates and municipal charges (52% in 2015/16), commercial and industrial properties are expected to pay 11% of the total general rates and municipal charges (10% in 2015/16) whilst farm properties are expected to pay 38% of the total rates and municipal charges (37% in 2015/16).

Contributing factors in the movement of the rate burden between classes of properties includes:

- movements in valuations between valuation cycles;
- the introduction of the municipal charge in 2010/11;
- the changes to the farm differential from 70% in 2009/10, 60% in 2010/11, 52.5% in 2011/12, 60% in 2013/14 and 55% in 2015/16;
- the change to the commercial differential rate from 150% to 160% in 2013/14;
- the change to the industrial differential rate from 120% to 130% in 2013/14 and
- the increases in the municipal charges (\$80 to \$84 in 2014/15, \$84 to \$88 in 2015/16 and \$88 to \$90 in 2016/17).

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POTENTIAL IMPLICATIONS ARISING FROM THIS ISSUE

Council plan reference

- 5.1 Good Governance through leadership
- 5.5 Sustainable, long term financial management

Officer’s Declaration of Interest

Under Section 80C of the *Local Government Act 1989* officers providing advice to Council must disclose any interests, including the type of interest.

No person involved in the preparation of this report has a direct or indirect interest requiring disclosure.

Financial and resource implications

Adopting the Rating Strategy will not result in additional income to Council.

Risk implications

None identified.

Statutory Implications

The Local Government Act 1989 provides the legislative framework to be used in developing a Rating Strategy.

Community Implications

The 2016 rating strategy is proposing to no changes to the differential rates applying to the different property classes.

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Environmental Implications

None identified.

Internal/external consultation

The proposed Rating Strategy will be placed on public exhibition and community submissions will be considered as part of the budget process for 2016/17.

Options

Council can:

1. Adopt in principle the 2016 Rating Strategy, place the proposed strategy on public exhibition and consider submissions as part of the 2016/17 budget process.
2. Amend the proposed 2016 Rating Strategy, place the amended proposed strategy on public display and consider submissions as part of the 2016/17 budget process.

Attachments

The 2016 Rating Strategy is included as Attachment 4.3.

Conclusion

The 2016 Rating Strategy updates the previous Rating Strategy adopted in 2015 and contains no major changes to the differential rates.

Recommendation

That:

1. **Council adopts in principle the 2016 Rating Strategy, places the proposed strategy on public exhibition and considers submissions as part of the 2016/2017 budget process; and**
2. **Following consideration and hearing of any submission received as part of the budget process, Council considers the proposed 2016 Rating Strategy for adoption at the Council meeting to be held on Tuesday 28 June 2016.**