

Strathbogie Shire Council

Extraordinary Council Meeting Agenda

May 2, 2023

Acknowledgement of Country

We acknowledge the traditional custodians of the lands on which we strive, the peoples of the rivers and the hills of the Strathbogie Shire region who walked these lands for generations.

We pay our respects to the elders of the past, and the speakers of the first words, who lived in harmony with this country.

We acknowledge the elders of the present, who seek to regain their culture, and to teach the elders of the future their law, their history and their language.

We pay our respects to them and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

We honour their spirit – and the memory, culture, art and science of the world's oldest living culture through 60,000 years.

Agenda

Extraordinary Council Meeting

Tuesday, May 2, 2023, at 6pm

**Meeting to be held at the Euroa Community Conference Centre and
livestreamed on Council's website:**

<https://www.strathbogje.vic.gov.au/council/our-council/council-meetings-and-minutes/>

Council:

Cr Laura Binks (Mt Wombat Ward) – Mayor
Cr Paul Murray (Hughes Creek Ward) – Deputy Mayor
Cr David Andrews (Lake Nagambie Ward)
Cr Reg Dickinson (Lake Nagambie Ward)
Cr Kristy Hourigan (Seven Creeks Ward)
Cr Chris Raeburn (Honeysuckle Creek Ward)

Officers:

Julie Salomon – Chief Executive Officer
Amanda Tingay – Director Community and Planning
Dawn Bray – Director People and Governance
Vlad Adamek – Director Sustainable Infrastructure
Kristin Favaloro – Executive Manager Communications and Engagement

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Julie Salomon
CHIEF EXECUTIVE OFFICER

April 28, 2023

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5. OFFICER REPORTS

5.4 CORPORATE

5.4.1 Consideration of Nagambie and Euroa Caravan Park Line Items for the Draft 2023-24 Strathbogie Shire Council Budget

Author: Chief Financial Officer

Responsible Director: Director People and Governance

EXECUTIVE SUMMARY

In accordance with the requirements of section 94 of the *Local Government Act 2020* (the 2020 Act), Council has prepared a budget for the financial year ending 30 June 2024.

The draft budget has been developed in accordance with the 2020 Act's financial management principles in accordance with section 96(1)(a).

There are income and expense line items within the draft Budget that relate to Caravan Parks in Nagambie and Euroa, in accordance with the terms and conditions outlined in existing lease agreements.

A lease for the Euroa Caravan Park was transferred to the current lessee, Lilly Ann Pty Ltd by way of Council resolution on 21 February 2017. Councillor Hourigan is a Director of this company, as declared in her March 2023 personal interest declaration form.

As Councillor Hourigan has a material interest in these budget line items, it has been necessary to separate out this line item in the draft budget so that Cr Hourigan can participate in the broader draft budget consideration without breaching the conflict of interest provisions of the *Local Government Act 2020*.

Given that the terms of the lease contain terms and conditions that have been previously considered by Council in a confidential item, details as to how income is to be calculated is outlined in a confidential attachment.

This report seeks approval for the inclusion of the related line items in the draft Budget, which total \$93,600 in income, \$31,200 in operating expense and \$62,400 on capital works (projects to be confirmed), which will then be placed on public exhibition for a period of 28 days.

RECOMMENDATION

That Council:

- 1. Endorse the line items relating to income of \$93,600, \$31,200 in operating expense and \$62,400 on capital works (projects to be confirmed) to the Caravan Parks located in Euroa and Nagambie, in accordance with the terms and conditions of the existing leases.***
- 2. Include these line items in the draft 2023-24 Budget documents for the 28 day community engagement process.***

5.4.1 Consideration of Nagambie and Euroa Caravan Park Line Items for the Draft 2023-24 Strathbogie Shire Council Budget (cont.)

PURPOSE AND BACKGROUND

In accordance with the requirements of section 94 of the *Local Government Act 2020* (the Act), Council has prepared a budget for the financial year ending 30 June 2024.

In preparing the 2023/24 draft Budget, the Council has considered many factors in an effort to continue to balance community expectations and benefits with financial responsibilities.

The financial principles set out under section 101 of the 2020 Act have also been considered when preparing the suite of budget documents.

This report seeks to avoid the creation of a material conflict of interest for Councillor Hourigan as a director of the company leasing the Euroa Caravan Park under section 128 of the *Local Government Act 2020*.

ISSUES, OPTIONS AND DISCUSSION

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that Priority is to be given to achieving the best outcomes for the municipal community, including future generations.

Without separation of the line items relating to the Caravan Parks from the remainder of the draft Budget, Councillor Hourigan would not be able to participate in the broader budget discussion and decisions on other items not related to the caravan park. This is not considered to be the best outcome for the municipal community Councillor Hourigan represents.

COMMUNITY ENGAGEMENT

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the municipal community is to be engaged in strategic planning and strategic decision making.

The community engagement undertaken to inform the preparation of the draft budget and the pending engagement process are outlined in the main Council report considering the Draft Budget and Draft Fees and Charges, however the submissions from the public can be received over a 28 day period.

Submitters may also request an opportunity to make a verbal presentation to an Extraordinary Council meeting on Tuesday 6 June 2023, or nominate a representative to make the presentation on their behalf.

POLICY CONSIDERATIONS

Council Plans and Policies

The budget document provides financial resources to achieve the following 2021-25 Council Plan strategies and key initiatives:

Strategic Focus Area 2: Live. Access. Connect

5.4.1 Consideration of Nagambie and Euroa Caravan Park Line Items for the Draft 2023-24 Strathbogie Shire Council Budget (cont.)

Action 2.1.1 Implement the Asset Plan to guide future investment in buildings, plant and infrastructure through the 10 Year Capital Budget.

Strategic Focus Area 6: Accountable. Transparent. Responsible.

- *Maximise public transparency and accountability around our performance and decision making processes*

- *Be financially responsible, achieving the greatest possible community benefit from the programs, initiatives and services we fund.*

LEGAL CONSIDERATIONS

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that Council decisions are to be made and actions taken in accordance with the relevant law.

Councillor Hourigan's current personal interest return, submitted under section 133 of the Act, identifies that she is a director of Lilly Ann Pty Ltd, the lessee of the Euroa Caravan Park.

Section 128 of the Act relates to material conflict of interest, which is defined as:

A relevant person (ie Councillor Hourigan in this instance) has a material conflict of interest in respect of a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter.

The benefit may arise or the loss incurred—

- (a) directly or indirectly; or*
- (b) in a pecuniary or non-pecuniary form.*

Any of the following is an affected person—

- (a) the relevant person.*

Councillor Hourigan has sought advice as to how to avoid breaching the Act but being able to participate in the broader budget development and decision making. This report is in response to Councillor Hourigan raising the conflict of interest.

The inclusion of the income and expenses related to the caravan parks ensure that Council meets its obligations under the leases for the two respective caravan parks.

The intricacies of how the income and expenditure is calculated for caravan parks in accordance with existing leases is classified as confidential information under section 3, Definitions, of the Act, which relates to:

- 3 (f) personal information, being information which if released would result in the unreasonable disclosure of information about any person or their personal affairs; and

5.4.1 Consideration of Nagambie and Euroa Caravan Park Line Items for the Draft 2023-24 Strathbogie Shire Council Budget (cont.)

- 3 (g) private commercial information, being information provided by a business, commercial or financial undertaking that—
 - (ii) if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.

The terms and conditions of the Euroa Caravan Park lease transferred to Lilly Ann Pty Ltd on 21 February 2017 and was considered in a confidential item during a closed portion of a Council meeting.

Given this information has already been classified as confidential under the former *Local Government Act 1989*, this information must be dealt with in a similar way.

Accordingly, there is a confidential attachment outlining lease terms and conditions in the Confidential Appendices to this Agenda.

Conflict of Interest Declaration

All officers, and/or contractors, involved in the preparation of this report have signed a written declaration that they do not have a conflict of interest in the subject matter of this report.

Transparency

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the transparency of Council decisions, actions and information is to be ensured.

The summary of all Councillors' personal interest returns is required to be published on Council's website under section 133 and 135 of the Act and regulations 8 and 10 of the *Local Government (Governance and Integrity) Regulations 2020*.

The separation of the line items that initiate a material conflict of interest for a Councillor so that they can participate in the broader decision making process for the remainder of the budget is the most transparent and accountable approach to dealing with this conflict.

FINANCIAL VIABILITY CONSIDERATIONS

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the ongoing financial viability of the Council is to be ensured.

The line items for expenditure and capital works funded by the rental received for the caravan parks leased by Council are in accordance with the terms and conditions of existing leases.

HUMAN RIGHTS CONSIDERATIONS

There are no impacts on the *Charter of Human Rights and Responsibilities Act 2006* arising out of this report.

5.4.1 Consideration of Nagambie and Euroa Caravan Park Line Items for the Draft 2023-24 Strathbogie Shire Council Budget (cont.)

CONCLUSION

Line items in relation to income and capital expenditure for the Nagambie and Euroa Caravan Parks are required to be included in the draft 2023-24 Budget as a means of ensuring Council upholds the terms and conditions of the lease agreements currently in place.

The separation of these line items allows Councillor Hourigan, who has declared a material conflict of interest as the lessee of the Euroa Caravan Park, to participate in the broader budget discussion and decision making process without breaching the Local Government Act 2020.

ATTACHMENTS

Nil

APPENDICES

Appendix 1: Rental payments and capital works expenditure for the Euroa Caravan Park as per the terms of the lease transferred to Lilly Ann Pty Ltd on 21 February 2017 - CONFIDENTIAL

5.4.2 Draft 2023/24 Strathbogie Shire Council Budget - Preparation of Draft Budget, and Draft Fees and Charges for Exhibition and Comment

Author: Chief Financial Officer

Responsible Director: Director People and Governance

EXECUTIVE SUMMARY

In accordance with the requirements of section 94 of the *Local Government Act 2020* (the 2020 Act), Council has prepared a draft budget and fees and charges for the financial year ending 30 June 2024.

The draft budget and fees and charges have been developed in accordance with the 2020 Act's financial management principles in accordance with section 96(1)(a). A Revenue and Rating Plan was prepared in 2021 under new requirements introduced by section 93 of the 2020 Act.

It should be noted that currently general rates, municipal charges service rates/charges and special charges/rates are to be declared under Part 8 of the *Local Government Act 1989* as these provisions have not been included in the 2020 Act.

Community engagement already been undertaken to inform the preparation of the draft budget during the development of the Council Plan and Pick My Project submissions.

It is proposed that further consultation is undertaken through a 28-day consultation period in accordance with the Communications and Engagement Plan whereby written submissions will be received and submitters provided with an opportunity to make a verbal submission to Council at a dedicated meeting to hear and consider budget submissions.

To facilitate further engagement, eligible Pitch My Project submissions will be uploaded onto the Share Strathbogie platform from 8 May to 31 May 2023 to enable community members to vote on their favorite pitches.

Council will also use its Share Strathbogie online engagement hub to seek Budget feedback. It is proposed that written submissions will need to be received by 5.00 pm on Wednesday 31 May 2023 and be considered by Council at an Extraordinary Council Meeting to be held on Tuesday 27 June 2023.

RECOMMENDATION

That:

- 1. Council accept the draft 2023/24 Budget and draft Fees and Charges.***
- 2. The draft 2023/24 Budget and draft Fees and Charges be initialled by the Mayor (for identification) and presented as the budget prepared by Council for the purposes of sections 94 and 96 of the Local Government Act 2020.***

5.4.2 Draft 2023/24 Strathbogie Shire Council Budget - Preparation of Draft Budget, and Draft Fees and Charges for Exhibition and Comment (cont.)

RECOMMENDATION (cont.)

3. ***The Chief Executive Officer be authorised to give public notice of the preparation of such budget for a period of 28 days in accordance with Council's Community Engagement Policy and section 96(1)(a) of the Local Government Act 2020 through notices in locally circulating newspapers and newsletters, on Council's social media pages and on Council's website.***
4. ***The closing time for the receipt of written submissions will be 5.00 pm on Wednesday 31 May 2023.***
5. ***Council consider written and verbal submissions on any proposal (or proposals) contained in such budget at an Extraordinary Council meeting to be held on Tuesday 6 June 2023, commencing at 6.00 pm at the Euroa Community Conference Centre.***
6. ***Council authorise the Chief Executive Officer to undertake minor editorial changes to the draft Budget and Fees and Charges, if required.***
7. ***Council allocate up to \$300,000 towards Pitch My Project submissions informed by the community voting process and to be included in the final draft 2023/24 Budget.***
8. ***The 2023/24 Strathbogie Shire Council Budget be adopted at an Extraordinary Council meeting to be held on Tuesday 27 June 2023, commencing at 6.00 pm at the Euroa Community Conference Centre.***

PURPOSE AND BACKGROUND

In accordance with the requirements of section 94 of the Local Government Act 2020, Council has prepared a budget for the financial year ending 30 June 2023.

The process for preparing the draft budget and capital works program and a review of the strategic indicators has been undertaken by the Audit and Risk Committee at an Extraordinary meeting on 21 April 2023.

The Committee suggested that minor amendments be made to the budget document, particularly around the addition of notes to explain:

- the projected increase in borrowings (for the Civic Centre project in years 3 and 4)
- explanation of the difference between rate income figures in the commentary and tables on page 22 due to the inclusion of supplementary valuations, interest and the fire service levy (sections 4.1.1 and 4.1.1(a))
- the inclusion of Small Rural Council data from the Local Government Performance Reporting Framework data as a benchmark for the strategic performance outcome areas (unfortunately this data is currently unavailable as the State government's Know Your Council website is under construction – this information will be provided in the final budget document in a CEO's message)

5.4.2 Draft 2023/24 Strathbogie Shire Council Budget - Preparation of Draft Budget, and Draft Fees and Charges for Exhibition and Comment (cont.)

There was also discussion about increasing future years wage increases to ensure the Shire remains competitive in an increasingly tight labour market.

The Audit and Risk Committee raised concerns about investment on maintenance and renewal of assets, highlighting that the renewal indicator in future years needs to improve through more investment in asset renewal. Officers advised that there is a Council Plan action around reviewing Council assets and identifying any disposal opportunities to fund future maintenance and renewal.

ISSUES, OPTIONS AND DISCUSSION

One of the overarching governance principles in section 9 of the Local Government Act 2020 is that Priority is to be given to achieving the best outcomes for the municipal community, including future generations.

In preparing the 2023-2024 Budget and Fees and Charges, Council has considered many factors to try and balance community expectations and benefits with financial responsibilities.

Council has attempted to minimise rate increases and have prepared the Budget based on a 3 per cent increase in the average rate per property. This is below the increase allowed (3.5%) for under the State Government's 'Fair Go Rates' legislation.

The Valuer General has issued advice to the effect that the 2023 general valuation has a relevant date of 1 January 2023 and is based on market conditions at, and immediately before that date. Any market changes occurring now or in the future will be applicable to future valuation cycles.

Rate outcomes for individual properties will vary, depending on how that property's valuation has changed when compared to the average increase.

The rate increase allows for maintenance of existing service levels, funding of a number of significant new initiatives the allocation of sufficient funds for the continuing strategic renewal of Council's infrastructure.

Waste collection and disposal charges will rise by 3 per cent. Costs have been impacted by increases in both the State Government landfill levy and increases in fuel prices which are a major input into our waste collection contracts.

The budget details the resources required over the next year to fund the large range of services that Council provides to the community and proposes maintenance of existing service levels and increased resourcing in Parks and Gardens.

This Budget provides a significant amount for renewal of existing assets as well as the creation of new assets.

5.4.2 Draft 2023/24 Strathbogie Shire Council Budget - Preparation of Draft Budget, and Draft Fees and Charges for Exhibition and Comment (cont.)

Included in the Capital programs are:

- \$250,000 in the draft 2023-24 financial year to identify long term office accommodation options, scoping and design, along with allocations in years two and three to construct the identified option (funded by Council cash contributions, grants and loans), which addresses one of the risks listed on our Strategic Risk Register
- Funding for an improved specification to flood proof the section of Weir Road/Reedy Lake Road, Kirwans Bridge (including carry forward from 2022-23)
- \$898,000 for flood recovery works on our transport infrastructure, with priorities to be identified once all assessments have been finalised
- Scoping for the Nagambie industrial area drainage strategy
- The provision of \$300,000 for Land Use payments to the Taungurung Land and Waters Council Community Fund (this is a new requirement under the Land Use Agreement endorsed by the State Government in 2022).

Capital works expenditure in future years lies between \$7.3 – 13 million.

Council will continue to provide significant funding for renewal works on our ageing and outdated infrastructure, based on the requirements of the Road Management Plan and taking into account financial constraints.

RISK AND LEGAL CONSIDERATIONS

The draft budget and capital works program have been developed in accordance with the provisions of the Local Government Act 2020.

FINANCIAL CONSIDERATIONS

The strategic financial indicators show that targets are met in future years on the whole, however liquidity measures and renewal measures require further focus but this situation should improve once grant income from State and Federal governments become known for future years.

COMMUNITY ENGAGEMENT

One of the overarching governance principles in section 9 of the Local Government Act 2020 is that the municipal community is to be engaged in strategic planning and strategic decision making.

Community engagement around budget priorities has already begun through the early launch of the Pitch My Project application period.

The draft budget has allocated \$300,000 for this initiative that ensures we're funding the projects and initiatives that matter to our community. Further community consultation and feedback opportunities will be provided through the consultation period.

5.4.2 Draft 2023/24 Strathbogie Shire Council Budget - Preparation of Draft Budget, and Draft Fees and Charges for Exhibition and Comment (cont.)

During this time the community will be able to provide written submission to the draft budget, but this year we are also putting the decision making on the final Pitch My Project applications in the hands of the community through a public vote. This will occur on www.share.strathbogie.vic.gov.au and polling stations will be established throughout the shire.

Our engaging is ranked on the International Association Public Participation (IAP2) Spectrum as *Involve*.

This means the goal is to:

Work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered. (pg 3)

Under Council's Community Engagement Policy, the promise to the public for this level of engagement is:

We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision. (pg 3)

It is proposed the community will be informed of their ability to review the draft budget and make written submissions through an extensive communications campaign. This will include paid advertising, social media, website content, media releases, letters seeking feedback, eNews and voting stations throughout the shire.

Submissions will close at 5.00 pm on Wednesday 31 May 2023. All submitters will be sent a letter asking them to confirm whether or not they wish to make a verbal presentation to the extra ordinary Council meeting to consider submissions, to be held on Tuesday 6 June 2022.

POLICY CONSIDERATIONS

Council Plans and Policies

The budget document provides financial resources to achieve the Council Plan objectives, deliver services to the community and provide a capital works program for the benefit of the community.

As outlined previously, the proposed community engagement process is in accordance with Council's Community Engagement Policy.

Conflict of Interest Declaration

No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Transparency

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the transparency of Council decisions, actions and information is to be ensured.

5.4.2 Draft 2023/24 Strathbogie Shire Council Budget - Preparation of Draft Budget, and Draft Fees and Charges for Exhibition and Comment (cont.)

Consultation with the community around budget priorities has already begun through our *Share Strathbogie* sessions and has helped inform the draft Budget.

Further community consultation and feedback is proposed during the 28-day exhibition period.

The draft Budget and draft Fees and Charges will be considered by Council at a series of meetings open to the public and streamed online via Council's website.

Council's Audit and Risk Committee were presented with the range of draft budget documents on 21 April 2023 acting in its capacity as an independent means of review, accountability and transparency.

SUSTAINABILITY CONSIDERATIONS

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted.

Within the Budget are a number of provisions which allocate funding to environment and sustainability programs.

Social

The Budget provides funding for a range of programs which are designed to improve:

- (a) sense of community – e.g. cultural activities, stakeholder participation, recognition of diversity, cultural heritage or social cohesion
- (b) community services – e.g. range and quality of services for different groups (children and families, young people, elderly people and people with disabilities), accessibility of services or cost of services
- (c) community health and well-being – e.g. recreation facilities, public safety, health services and facilities or public health implications
- (d) (e) transport – e.g. safety for travellers, emissions and fuel consumption, public transport usage, walking and cycling or transportation needs of all people.

Climate change

Council is mindful of the requirement under section 9(2)(c) of the 2020 Act relating to overarching governance principles to mitigate and plan for climate change risks.

The Budget identifies increased resourcing to pursue actions in Council's soon to be completed Climate Change Action Plan.

5.4.2 Draft 2023/24 Strathbogie Shire Council Budget - Preparation of Draft Budget, and Draft Fees and Charges for Exhibition and Comment (cont.)

CONCLUSION

This report allows for the draft Budget to be placed on public exhibition to seek final community feedback in accordance with the Consultation and Engagement Plan.

ATTACHMENTS

Attachment 1: 2023/24 Draft Budget Document

Attachment 2: 2023/24 Draft Fees and Charges

Confidential Appendices

These appendices have been classified as being confidential in accordance with section 66(2)(a) and Part 1, section 3 of the Local Government Act 2020 as they relate to:

- (f) *personal information, being information which if released would result in the unreasonable disclosure of information about any person or their personal affairs; and*
- (g) *private commercial information, being information provided by a business, commercial or financial undertaking that -*
 - (ii) *if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage*

C.A. 1 (f & g) Rental payments and capital works expenditure for the Euroa Caravan Park as per the terms of the lease transferred to Lilly Ann Pty Ltd on 21 February 2017

THERE BEING NO FURTHER BUSINESS, THE MEETING CLOSED AT P.M.