

MINUTES

SPECIAL MEETING OF COUNCIL

Tuesday, 3 May 2016

Held at the
Council Conference and Reception Centre
City Hall, Little Malop Street, Geelong
commencing at 3.00p.m.

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**MINUTES OF THE SPECIAL MEETING
OF THE GREATER GEELONG CITY COUNCIL
HELD AT THE COUNCIL CONFERENCE AND RECEPTION CENTRE
CITY HALL, LITTLE MALOP STREET, GEELONG
TUESDAY, 3 MAY 2016
COMMENCING AT 3.00P.M.**

ADMINISTRATOR'S DECLARATION AND AFFIRMATION OF OFFICE:

Yehudi Blacher was appointed Interim Administrator under Section 6 of the *Local Government (Greater Geelong City Council) Act 2016* before the Chief Executive Officer on 16 April 2016.

PRESENT: Mr Yehudi Blacher (Interim Administrator)

Also present: K Spiller (Chief Executive Officer), D Frost (General Manager Strategy & Performance), P Bettess (General Manager Planning and Development), W Tieppo (General Manager City Services), L Quinn (General Manager Community Life), B Luxford (General Manager Investment and Attraction), T McDonald (Manager Customer Service & Council Business), M Kelly (Manager Financial Services), A Paterson (Executive Officer)

OPENING: The Interim Administrator declared the meeting open at 3.00pm

ACKNOWLEDGEMENTS:

Council acknowledged Wadawurrung Traditional Owners of this land and all Aboriginal and Torres Strait Islander People who are part of the Greater Geelong community today.

DECLARATIONS OF CONFLICTS OF INTEREST: Nil.

1. RATE CAP VARIATION REQUEST - UPDATE

Source: Strategy & Performance – Financial Services
General Manager: Dean Frost
Index Reference: Financial Management \ Budget FinYr 16/17

Purpose

To consider the City of Greater Geelong's application to the Essential Services Commission for a higher rate cap of 3.5%, in light of matters occurring following the submission of a rate cap variation request.

Summary

- The Minister for Local Government announced on 22 December 2015 in the Victorian Government Gazette No. S429, that the average rate cap would be 2.5% for all Victorian councils.
- Where a Council wishes to increase rates above the cap, the Fair Go Rates system provides councils with the opportunity to obtain a higher cap by making application to the Essential Services Commission (ESC).
- At a Council meeting held on 27 January 2016, a Notice of Motion was proposed and adopted by Council which stated that the ESC be advised that the City of Greater Geelong intends to apply for a higher cap for the 2016-2017 rating year.

- Council wrote to the ESC on 29 January 2016 to formally advise that the City of Greater Geelong intends to apply for a variation to the rate cap.
- The application for a higher cap of 3.5% was lodged with the ESC on 31 March 2016.
- The ESC wrote to Council on 18 April 2016, seeking confirmation of whether the City of Greater Geelong wishes to proceed with its application in view of the current developments in the Council.
- A review has been undertaken of expenditure and revenue assumptions which has provided \$1.7M improvement to the recurrent surplus. This improved position offsets the additional revenue sought under the higher rate cap for 2016-2017.

Moved and declared carried by the Interim Administrator:

That Council approves the withdrawal of Council's application to the Essential Services Commission for a higher rate cap of 3.5% for the 2016-2017 rating year.

Background

The Local Government Amendment (Fair Go Rates) Act 2015 was enacted in December 2015 and this was followed by the release of "The Fair Go Rates System - Guidance for Councils (2016-2017)".

The Minister for Local Government announced on 22 December 2015 in the Victorian Government Gazette No. S429, that the average rate cap would be 2.5% for all Victorian councils. This announcement was consistent with advice from the Department of Treasury and Finance of a forecast CPI movement for 2016-2017 of 2.5%.

Where a council wishes to increase rates above the cap set by the Minister for Local Government, the Fair Go rates system provides councils with the opportunity to obtain a higher cap by making application to the ESC.

The Commission considers and if appropriate, approves an application for a higher cap through a gazetted special order. The order sets out a higher percentage amount that becomes the average rate cap applicable for that council. To approve a council application, the Commission must be satisfied that the higher cap (or a lower higher cap set by the Commission) is appropriate.

At a Council meeting held on 27 January 2016, a Notice of Motion was proposed and adopted by Council which stated that the ESC be advised that the City of Greater Geelong intends to apply for a higher cap for the 2016-2017 rating year.

Council wrote to the ESC on 29 January 2016 to formally advise the City of Greater Geelong intends to apply for a variation to the rate cap. The application for a higher cap of 3.5% was lodged with the ESC on 31 March 2016.

Discussion

The Minister for Local Government announced on 22 December 2015 that the 2016-2017 rate cap would be **2.5%** for all Victorian Councils.

The confirmed rate cap represents a lower rate to the planned 3.5% rate increase which was adopted as part of the 2015-2016 Strategic Resource Plan. The lower rate represents \$1.6M lower revenue in 2016-2017 or an estimated \$6.7M over the 4 years to 2019-2020.

The rate cap calculation applies to the average rates for all property within the municipality. The average rates is defined as the total Rate income, excluding the Waste Service Charge, divided by the number of rateable properties.

The higher rate cap application made reference to the challenges the City of Greater Geelong is facing with the dual pressure of managing growth and renewing its' ageing infrastructure. Maintaining an affordable and acceptable service level across a vast array of services is also a primary objective. The City is going through a transition with priority investment in new infrastructure in growth areas required to service demand. This outlay is competing with the measurable need to reinvest and renew current infrastructure to ensure ongoing service provision.

Council's Strategic Resource Plan makes provision for responding to growth and in particular, funding Council's obligations under seven approved Development Contribution Plans (DCP). The capital funding gap over the life of these DCP's is estimated at \$22.3M, plus escalation over the life of the DCP. There are timing differences between receipt of DCF funding and the delivery of committed community facilities. Financial planning has taken into account the need for significant borrowings which creates future debt repayment obligations that future operating budgets must recognise. In addition, there are new operating cost increments to operate community complexes and pavilions to serve the need of new communities. There are also challenges relating to asset renewal versus development of new facilities, whilst at the same time Federal Assistance (General purpose funding) Grants have not been indexed for three years 2014-2015 to 2016-2017.

In view of the above, and in accordance with direction from Council a higher cap application of 3.5% was lodged with the ESC on 31 March 2016.

The application is under review by the ESC. The City of Greater Geelong responded to the ESC on 26 April 2016 to answer a number of questions.

On 18 April 2016 the ESC wrote to Council seeking to confirm whether the City of Greater Geelong wishes to proceed with the application in view of the current developments in the Council.

A review has been undertaken of assumptions and proposed funding for 2016-2017. A number of changes to expenditure and revenue assumptions make it possible to recommend that the application for the higher rate cap be withdrawn from the ESC.

Summary of Changes

The higher rate cap application aimed to achieve a recurrent surplus of \$1.693M to assist funding of the capital works program and reduce borrowing requirements.

The review has highlighted the following expenditure and revenue changes whilst maintaining the rate increase at the cap of 2.5%.

1. Operating cost deletions

- Local Government election cost deferred until October 2017
Net cost saving \$0.8M
- Civic allowance savings
Net cost saving \$0.1M
- Non capital projects
\$0.4M

2. Rate Revenue

- Additional growth in rate base
\$0.4M

Total improvement to recurrent surplus **\$1.7M**

The additional impact of the lower revenue in the forward years may impact on borrowing levels. The Strategic Resource Plan to 2019-2020 will reflect the impact of the lower cap and borrowing levels as part of the 2016-2017 Budget.

Environmental Implications

There are no environmental implications associated with this report.

Financial Implications

The higher rate cap application aimed to achieve a recurrent surplus of \$1.693M to assist funding of the capital works program and reduce borrowing requirements.

A review has been undertaken of assumptions and proposed funding for 2016-2017. A number of changes to expenditure and revenue assumptions make it possible to improve the recurrent surplus by \$1.7M.

These changes make it possible to propose a draft budget at 2.5% rate cap. The Strategic Resource Plan to 2019-2020 will reflect the impact of the lower cap and borrowing levels as part of the 2016-2017 Budget.

Policy/Legal/Statutory Implications

Section 185(d)(1) of the Local Government Act 1989 directs all Victorian Councils that the capped average rate in respect of the 2016-2017 financial year must not exceed the base average rate by more than the average rate cap of 2.5%.

Alignment to City Plan

This report contributes to responsible and sustainable financial management as aligned in Council's City Plan objective on How We Do Business.

Officer Direct or Indirect Interest

No Council officers involved in the preparation of this report have a direct or indirect interest in any matters to which this report relates.

Risk Assessment

Council has a statutory obligation to adopt the annual budget by 30 June each year. The rate capping framework presents significant challenges to Council in funding forward year commitments in response to growth whilst demonstrating prudent financial management.

The higher rate cap application was to be assessed by ESC and a decision advised by 31 May 2016. The changes proposed in this report mitigates the risk of changes to the 2016-2017 Budget, if the higher rate cap application was not approved.

Social Considerations

The rate capping framework is designed to create a fairer rating system to honour a Labour party election commitment.

Human Rights Charter

There are no known positive or negative effects.

Consultation and Communication

The lower rate cap 2.5% will form part of communications associated with consideration of the Proposed 2016-2017 Draft Budget.

2. VARIATION TO COUNCIL MEETING TIMETABLE

Source: Strategy & Performance - Customer Service & Council Business
General Manager: Dean Frost
Index Reference: Council Governance

Purpose

The purpose of this report is to advise on a change to the Council meeting schedule for May 2016 and adopt a process for future meeting dates.

Summary

- Council has previously determined that it will hold Ordinary Council Meetings on the third Tuesday of each month.
- This report addresses a change to the previously scheduled meeting for 17 May 2016.
- If there are any future changes to scheduled Ordinary Council meetings they will be published on the Geelong Australia website and communicated through City News.

Moved and declared carried by the Interim Administrator:

That Council resolves:

- 1) to reschedule the 17 May 2016 Ordinary Meeting of Council to 10 May 2016;**
- 2) that any further changes to scheduled Ordinary Council meeting dates, will be advertised in City News and on the Geelong Australia website.**

Background

In accordance with the current meeting cycle, the May Council Meetings was scheduled for 17 May 2016, it is now proposed to bring this meeting forward to 10 May 2016.

Discussion

With the appointment of an Interim Administrator in April 2016, scheduled Council meetings have been postponed and the scheduled meeting for 17 May 2016 has been changed to 10 May 2016.

The role of the Interim Administrator is to prepare for the incoming administrators and further changes to Council meeting dates may be required. Whilst there is no foreseeable changes to the existing schedule, it is recommended that any changes will be communicated through City News and on the Geelong Australia website.

There is the provision under the Local Government Act to a call a Special Meeting of Council should it become necessary to deal with urgent business.

Environmental Implications

There are no environmental implications associated with this report.

Financial Implications

There are no financial implications associated with this report.

Policy/Legal/Statutory Implications

The Local Government Act 1989 allows Council to determine Council Meeting dates, as appropriate.

Alignment to City Plan

In accordance with our strategic objective 'How We Do Business', we have provided a transparent process for variations to Council's Meeting schedule..

Officer Direct or Indirect Interest

No officer involved in the preparation of this report has an interest in relation to the information provided.

Risk Assessment

Variations can be implemented by the Chief Executive Officer.

Social Considerations

There are no social considerations likely to arise from this report.

Human Rights Charter

We have taken into consideration all Human Rights as part of the drafting process of this report, none of which apply.

Consultation and Communication

The variation in the Meeting schedule will be advertised through *City News* and on Council's website.

CLOSE OF MEETING:

As there was no further business the meeting closed at 3.08pm. Tuesday, 3 May 2016.

Signed: _____
Interim Administrator

Date of Confirmation: _____