



Special Meeting of Council

MINUTES

Wednesday 29 April 2009
Queenscliff Town Hall
Learmonth Street, Queenscliff
7:00pm

PRESENT: Councillors.

Cr. J. Burgess, Cr. H. Butler, Cr. L. Davies, Cr. D. Mitchell

Officers.

L. Jenner – Chief Executive Officer

E. Wuchatsch - General Manager Governance & Community

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Special Meeting of Council

1. **OPENING OF MEETING**
7:00pm
2. **APOLOGIES**
Mayor Bob Merriman
3. **PECUNIARY INTEREST & CONFLICT OF INTEREST DISCLOSURES**
Nil
4. **CHIEF EXECUTIVE OFFICER'S REPORT**
 - 4.1 **Borough of Queenscliffe 2009/10 -2012/13 Council Plan & 2009/10 Budget including the Strategic Resource Allocation Plan**

File Number: QG054.01.01
Responsible Officer: Chief Executive Officer

Introduction

It is with pleasure that I present the *Borough of Queenscliffe Council Plan 2009/10-2012/13* for consideration pursuant to section 125 of the Local Government Act 1989 and the *Borough of Queenscliffe Strategic Resource Allocation Plan* pursuant to section 126 of the Local Government Act 1989.

A copy of the 2009/10 - 2012/13 Council Plan and 2009/10 Budget including the Strategic Resource Allocation Plan have been forwarded to Councillors under separate cover.

Background

The legislative requirements relating to 4 year Council Plans are contained in Section 125 of the Local Government Act 1989 (Act). Section 125 of the Act specifies as follows:

A Council Plan must include—

- (a) *the strategic objectives of the Council;*
- (b) *strategies for achieving the objectives for at least the next 4 years;*
- (c) *strategic indicators for monitoring the achievement of the objectives;*
- (d) *a Strategic Resource Plan containing the matters specified in section 126;*
- (e) *any other matters which are prescribed by the regulations.*

Legislative requirements relating to 4 year Strategic Resource Plans are contained in section 126 of the Local Government Act 1989. Section 126 specifies that:



A Council must—

- (a) review the Strategic Resource Plan during the preparation of the Council Plan; and*
- (b) adopt the Strategic Resource Plan not later than 30 June each year.*

Statutory Requirements

As part of the Local Government (Democratic Reform) Act 2003, the Council Plan provisions of the Local Government Act 1989 were replaced with provisions relating to the requirement for Council to prepare and approve its Council Plan by 30 June 2009.

The Council Plan must be reviewed at least once in every financial year to consider whether it requires any adjustment in respect to the remaining period of the Plan.

Should the initial plan be adjusted it is required to be advertised for public submissions in accordance with section 223 of the Act. Council is then required under section 125 (10) to advise the Minister for Local Government of the details of the adjustments to the Council Plan.

Council Plan 2009 - 2013

The newly elected Council has approached the challenge of preparing a four year strategic plan with a high level of motivation and due consideration to the needs of the community and context that will influence the Borough of Queenscliffe in the short, medium and long term. Council has also undertaken the task of preparing the Plan with attention to engaging members of the community, through the recently created Portfolio Reference Groups, to both inform and shape its content. The final draft Plan reflects the needs and aspirations of the Borough community and the leadership role of Council.

The Plan is framed around five key Strategic Directions:

- Governance, Finance & External Relations
- Sustainability & Local Environment
- Business & Tourism
- Community Development
- Planning, Heritage & Community Assets

Council has crafted a set of strategies linked to these five priority areas that will see Council placing emphasis on working with the Borough community, local community organisations and businesses, our municipal neighbours and other levels of Government. The Plan clearly identifies the objectives for Council's four year term of office.

The Plan also defines the priority actions for 2009/10. This next 12 months will be a period that incorporates definitive action in areas where the priorities are clear as well as focused planning where Council needs to review previous activities and determine priorities for the future.



The 2009/10 Business Plan priority actions that will focus the attention and energies of Council and staff include:

- Promoting strong community engagement through the portfolio reference groups and community planning process
- Continuing to support and encourage community organisations and recognise community volunteers
- Facilitating civic events and activities
- Advocating for key issues that impact on residents' quality of life and the local environment
- Improving risk management, best illustrated in the preparation and implementation of a Tree Removal and Replacement Strategy
- Producing a strategy to move the Council and community towards carbon neutrality
- Developing a strategic financial plan for the next 10 years to guide financial planning over the next decade
- Reviewing the Borough of Queenscliffe Planning Scheme
- Developing the Asset Maintenance and Renewal Program so that Council can confidently identify priority capital works projects into the medium and long term
- Develop and implement a Council Customer Service Charter to guide and improve the Council's interaction with residents and visitors

In 2009/10 emphasis will also be placed on undertaking capital works designed to improve the amenity and assets in the local community. The capital works program will include:

- Completing the Queenscliff Playground and associated improvements in Princess and Citizens Parks
- Implementing priorities identified in the Hesse Street Revitalisation Strategy
- Constructing traffic calming devices in Point Lonsdale Shopping Centre
- Improving coastal safety signage and access to local beaches
- General improvements to coastal and foreshore reserves
- Improvement access to local bus shelters
- Improvements to draining equipment in Point Lonsdale

While the 2009 - 2013 Council Plan and 2009/10 Business Plan provides a strategic direction and clear set of priorities for the short to medium term, the Plan and the recent consultation with the community representatives on the portfolio reference groups also flag important challenges moving forward. These include:

- Ensuring the continuing independence of the Borough
- Maximising state and federal grant revenue for Council priorities
- Improving asset management so that Council can confidently identify priority capital works projects over the short, medium and long term
- Raising adequate income to provide services and fund asset renewal
- Clarifying and improving Council's role in environmental management
- Determining the future use of key Crown land reserves

The Council Plan as a strategic document guides and the annual Business Plan directly informs the development of the annual budget. I will outline the key dimensions of the 2009/10 budget.



2009/10 Budget including Strategic Resource Plan

The Council budget has been prepared for the 2009/10 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay.

It is proposed that general rates increase by 3.5% or \$162,000 for the 2009/10 year, a reduction from 6.75% in the 2008/09 year. While the Strategic Resource Plan indicates 4.5% rate increases from 2010/11 to 2012/13 this will need to be reviewed each year, particularly as Council considers more details regarding the challenges of providing services and meeting the costs associated with asset renewal.

The 3.5% rate increase in 2009/10 will raise total rates of \$4,822,000, including \$20,000 generated from supplementary rates. Of the \$162,000 increase, \$44,000 will go toward maintaining service levels and meeting the cost of a number of external influences affecting the operating budget. The remaining \$118,000 increase will go towards capital works to address the asset renewal needs of the Borough.

The expected operating result for the 2009/10 year is a surplus of \$375,000, which is an increase of \$315,000 over 2008/09. The improved operating result is due mainly to an increase in rate revenue of \$298,000 which includes a 3.5% rate increase, supplementary valuations and the impact of property revaluations. The underlying result, which excludes items such as capital grants and contributions is a deficit of \$115,000, down from \$259,000 in 2008/09. The forecast operating result for the 2008/09 year is a surplus of \$65,000.

Services are delivered in a range of programs to meet community needs and achieve Council's strategic objectives. For the 2009/10 year estimates have been provided on the basis of a "business as usual" budget with any new project assessment being evaluated on priority and funding availability. This process has underlined the challenges going forward including the capacity of Council to finance and support a range of community driven initiatives designed to improve social, sporting and historical facilities.

The capital works program for the 2009/10 year is planned to be \$1,095,000 of which \$185,000 will come from Council operations, \$490,000 from external grants and contributions and the balance of \$420,000 from Crown Land Reserves. The capital expenditure program has been set and prioritised based on a business case evaluation process and via a community consultation process involving the newly formed Portfolio Reference Groups. This has enabled Council to assess some feedback and develop a prioritised list within a tight fiscal framework. This year's program includes \$880,000 for Caravan Park / Crown Land projects predominantly for playground development and annual replacement of foreshore assets. \$225,000 has been allocated for rate funded projects including the annual asset renewal program and Hesse Street revitalisation.

Net assets (net worth) are expected to increase by \$385,000 to \$40,980,000 although net current assets (working capital) will reduce by \$213,000 to \$37,000 as at 30 June 2010. This is mainly due to Council the progressively using cash reserves to fund the capital works program as well as debt redemption.



A high level Strategic Resource Plan (SRP) for the years 2009/10 to 2012/2013 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. A key objective of the SRP is financial sustainability in the medium to long term, whilst still achieving the Council's strategic objectives as specified in the Council Plan. The SRP forecasts that Council's operating result will be in surplus, including the underlying result (that is, net of capital income and abnormal items).

Concluding Comments

The Council is at the beginning of its four year period of planning and acting to shape the future of the Borough of Queenscliffe. As Chief Executive Officer I have been impressed by the Council's motivation and commitment to working with the local community for the betterment of the Borough. I have also been inspired by the new look staff team that combines both fresh and experienced staff. This group is small and nimble and dedicated to improving the Borough. I look forward to working with the Council and leading the staff team in achieving the future directions outlined and responding to the emerging challenges.

Councillors: Butler/Davies

Having complied with procedures enunciated in the Local Government Act 1989 and the Local Government Regulations 2004 that Council:

- 1. Consider the contents of the 2009/10 - 2012/13 Council Plan and determine that it is appropriate to present this document to the public for comment.**

Carried



Councillors: Davies/Butler

Having complied with procedures enunciated in the Local Government Act 1989 and the Local Government Regulations 2004 that Council:

- 2. That the 2009/10 Budget including the Strategic Resource Allocation Plan as presented, be accepted by Council and that Council give public notice of its preparation.**
- 3. Give public notice by way of newspaper advertisements that Council has prepared the 2009/10 - 2012/13 Council Plan and the 2009/10 Budget including the Strategic Resource Allocation Plan and call for public submissions by no later than 4:30 pm on Friday 29 May in accordance with Section 129 of the Local Government Act.**
- 4. Conduct two public information session to be held at 7:00pm on Monday 4 May 2009 at the Queenscliff Town Hall and at 7:30pm on Thursday 7 May 2009 at the Hawthorn Town Hall.**
- 5. At its ordinary meeting at 7:00pm on Wednesday 17 June 2009 that Council will consider submissions to the 2009/10 - 2012/13 Council Plan with a view to finalising this document at that meeting.**
- 6. At its ordinary meeting at 7:00pm on Wednesday 17 June 2009 consider submissions to the 2009/10 Budget including the Strategic Resource Plan and resolve to adopt the 2009/10 Budget with or without amendment.**

Carried

Cr Davies extended a vote of thanks to staff involved in preparing the Council Plan and Budget.

Cr Mitchell spoke to the Motion and requested that his comments be included in the minutes.

The next 12 months of the new financial year for Council will be a challenging time. Much needs to change.

Council at present is financially constrained and unsustainable.

There is currently not an adequate surplus to spend on new projects.

In fact the Underlying Operating Result adjusted for items of Capital Income and Crown Land Surplus Receipts tied to future Crown Land Capital Works, is a very sizeable Deficit.

The problem is compounded by the fact that the charge for Depreciation needs to be set aside for the renewal and replacement of existing assets.

This has not been done in the past based on a properly assessed and programmed Asset Management Plan applicable to all the Municipality's assets.



Admittedly the Town Hall Redevelopment constitutes a renewal of existing assets. This project was funded entirely with debt and is being repaid at approximately \$200,000 per annum.

The charge for Depreciation is currently \$700,000 and after applying the \$200,000 annual Town Hall Debt Repayment there is \$500,000 that should be applied to a program of renewal and replacement of existing assets.

Currently the \$500,000 is utilised largely to meet Operating Expenditure and the residual providing the only meagre source of funds for new Capital Works.

The challenge this year is for Council to get its Operations onto a sustainable footing.

Understanding the value of Service Provision, defining a comprehensive Asset Management Plan and settling on a meaningful Financial Management Reporting framework are key outcomes to deliver financial sustainability.

The attraction is for asset sales to provide much needed cash for new projects.

Injections of large amounts of new funding from asset sales runs the risk of swamping efforts to rigorously assess and achieve underlying financial sustainability.

More particularly the application of funds from asset realisations on new income earning activities could be defrayed on operating expenditure if the principles of financial sustainability have not first been determined and applied to the current operations.

I support the current draft Council Plan and Budget put out tonight for public submission on the basis that we as a Council seek to achieve these above stated objectives.

Attachments

- 1: Draft Council Plan 2009-2013
- 2: 2009/10 Budget including Strategic Resource Allocation Plan

6. CLOSE OF MEETING 7:22PM